

State of Minnesota

HOUSE OF REPRESENTATIVES**Unofficial Engrossment**

House Engrossment of a Senate File

EIGHTY-EIGHTH SESSION

S. F. No. 489

Senate Author(s): Pappas and Rosen

House Action

04/15/2013 Companion to House File No. 629. (Authors:Murphy, M.; Nelson and Benson, M.)

Read First Time and Referred to the Committee on Ways and Means

04/29/2013 Adoption of Report: Pass as Amended and Read Second Time

A bill for an act

1.1 relating to retirement; modifying State Board of Investment provisions; MSRS
1.2 administrative provisions; PERA administrative provisions; benefit accrual rate
1.3 specification; revisions and repeals of former local police and paid firefighter
1.4 relief association laws; volunteer firefighter retirement changes; one person
1.5 and small group retirement changes; miscellaneous provisions; state patrol
1.6 retirement plan financial solvency measures; PERA plans salary definitions;
1.7 public employees police and fire retirement plan financial solvency measures;
1.8 Teachers Retirement Association early retirement reduction factors; first class
1.9 city teacher retirement increases and financial solvency measures; judges
1.10 retirement plan financial solvency measures; requiring reports; appropriating
1.11 money; amending Minnesota Statutes 2012, sections 3.85, subdivision 10;
1.12 3A.011; 3A.03, subdivision 3; 3A.07; 3A.115; 3A.13; 3A.15; 6.495, subdivisions
1.13 1, 3; 6.67; 11A.24, subdivision 1; 13D.01, subdivision 1; 69.011, subdivisions
1.14 1, 2, 3, 4; 69.021, subdivisions 1, 2, 3, 4, 5, 7, 7a, 8, 9, 10, 11; 69.031,
1.15 subdivisions 1, 3, 5; 69.041; 69.051, subdivisions 1, 1a, 1b, 2, 3, 4; 69.33; 69.77,
1.16 subdivisions 1, 2, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13; 69.771, subdivision 1; 69.774,
1.17 subdivision 1; 69.80; 275.70, subdivision 5; 297L.10, subdivision 1; 345.381;
1.18 352.01, subdivisions 2a, 17b; 352.029, subdivisions 1, 2a, 2b, 3, 5; 352.03,
1.19 subdivisions 4, 8; 352.045, by adding subdivisions; 352.113, subdivisions 4,
1.20 6, 8, by adding subdivisions; 352.115, subdivision 3; 352.22, subdivision 3;
1.21 352.87, subdivision 3; 352.93, subdivision 2; 352.95, subdivision 1; 352.955,
1.22 subdivisions 1, 3; 352B.011, subdivisions 4, 13; 352B.02, subdivisions 1a,
1.23 1c; 352B.08, subdivisions 1, 2, 2a; 352B.10, subdivisions 1, 5, by adding
1.24 a subdivision; 352B.11, subdivisions 1, 2b; 352D.04, subdivision 2; 353.01,
1.25 subdivisions 2a, 2b, 6, 10, 16, 17a, 29, 41, 47; 353.03, subdivision 3; 353.031,
1.26 subdivision 4; 353.27, subdivision 7; 353.29, subdivision 3; 353.34, subdivisions
1.27 1, 2; 353.35, subdivision 1; 353.50, subdivisions 3, 6; 353.64, subdivision 1a;
1.28 353.65, subdivisions 2, 3; 353.651, subdivisions 3, 4; 353.656, subdivisions 1,
1.29 1a, 3a; 353.657, subdivisions 2, 2a, 3, 3a; 353.659; 353.665, subdivisions 1,
1.30 5, 8, by adding a subdivision; 353.71, subdivision 1; 353E.001, subdivision
1.31 1; 353E.04, subdivision 3; 353E.06, subdivision 1; 353F.02, subdivisions 3,
1.32 4, 6, by adding a subdivision; 353F.025, subdivisions 1, 2; 353F.03; 353F.04;
1.33 353F.05; 353F.051, subdivision 1; 353F.052; 353F.06; 353F.07; 353F.08;
1.34 353G.05, subdivision 2; 354.07, subdivision 1; 354.44, subdivision 6; 354A.011,
1.35 subdivision 21; 354A.021, subdivision 2; 354A.12, subdivisions 1, 2a, 3a, 3c,
1.36 7, by adding subdivisions; 354A.27, subdivision 7, by adding a subdivision;
1.37 354A.31, subdivisions 3, 4, 4a, 7; 354A.35, subdivision 2; 356.20, subdivisions
1.38 2, 4; 356.214, subdivision 1; 356.215, subdivisions 1, 8, 18; 356.216; 356.219,

2.1 subdivisions 1, 2, 8; 356.30, subdivisions 1, 3; 356.315, subdivision 9, by
 2.2 adding a subdivision; 356.401, subdivision 3; 356.406, subdivision 1; 356.415,
 2.3 subdivisions 1, 1a, 1b, 1c, 1e, 2, by adding a subdivision; 356.47, subdivision
 2.4 1; 356.48, subdivision 1; 356.635, subdivision 1; 356.91; 356A.01, subdivision
 2.5 19; 356A.06, subdivision 4; 356A.07, subdivision 2; 423A.02, subdivisions 1,
 2.6 1b, 2, 3, 3a, 4, 5; 424A.001, subdivision 4, by adding a subdivision; 424A.01,
 2.7 subdivision 6; 424A.015, subdivisions 1, 4; 424A.016, subdivision 6; 424A.02,
 2.8 subdivisions 7, 9; 424A.10, subdivisions 1, 2; 475.52, subdivision 6; 490.121,
 2.9 subdivisions 21f, 22, by adding subdivisions; 490.123, subdivisions 1a, 1b;
 2.10 490.124, subdivision 1; proposing coding for new law in Minnesota Statutes,
 2.11 chapters 3A; 6; 353F; 354; 356; 490; repealing Minnesota Statutes 2012, sections
 2.12 3A.02, subdivision 3; 69.021, subdivision 6; 69.77, subdivision 3; 352.045,
 2.13 subdivisions 3, 4; 352.955, subdivision 2; 352B.11, subdivision 2c; 352C.001;
 2.14 352C.091, subdivision 1; 352C.10; 353.29, subdivision 6; 353.64, subdivision 3;
 2.15 353.665, subdivisions 2, 3, 4, 6, 7, 9, 10; 353.667; 353.668; 353.669; 353.6691;
 2.16 353A.01; 353A.02; 353A.03; 353A.04; 353A.05; 353A.06; 353A.07; 353A.08;
 2.17 353A.081; 353A.083; 353A.09; 353A.10; 353B.01; 353B.02; 353B.03; 353B.04;
 2.18 353B.05; 353B.06; 353B.07; 353B.08; 353B.09; 353B.10; 353B.11; 353B.12;
 2.19 353B.13; 353B.14; 353F.02, subdivisions 4, 5; 353F.025, subdivision 3;
 2.20 354A.27, subdivision 6; 356.315, subdivisions 1, 1a, 2, 2a, 2b, 3, 4, 5, 5a, 6, 7,
 2.21 8; 423A.01; 423A.02, subdivision 1a; 423A.04; 423A.05; 423A.07; 423A.10;
 2.22 423A.11; 423A.12; 423A.13; 423A.14; 423A.15; 423A.16; 423A.17; 423A.171;
 2.23 423A.18; 423A.19; 423A.20; 423A.21; 423A.22; 424A.10, subdivision 5.

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

2.25 ARTICLE 1

2.26 STATE BOARD OF INVESTMENT PROVISIONS

2.27 Section 1. Minnesota Statutes 2012, section 11A.24, subdivision 1, is amended to read:

2.28 Subdivision 1. **Securities generally.** (a) Pursuant to an investment policy adopted
 2.29 by the state board, the state board is authorized to purchase, sell, lend, and exchange the
 2.30 securities specified in this section, for funds or accounts specifically made subject to this
 2.31 section; This authority including includes puts and call options, and future contracts,
 2.32 and swap contracts marked to market, if these options and contracts are traded on a
 2.33 contract market regulated by a governmental agency or by a financial institution regulated
 2.34 by a governmental agency. These securities may be owned directly or through shares
 2.35 in exchange-traded or mutual funds, or as units in commingled trusts, subject to any
 2.36 limitations as specified in this section.

2.37 (b) Any agreement to lend securities must be concurrently collateralized with cash
 2.38 or securities with a market value of not less than 100 percent of the market value of the
 2.39 loaned securities at the time of the agreement. Any agreement for put and call options
 2.40 and futures contracts may only be entered into with a fully offsetting amount of cash or
 2.41 securities. Only securities authorized by this section, excluding those under subdivision 6,
 2.42 paragraph (a), clauses (1) to (3), may be accepted as collateral or offsetting securities.

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

3.2 **ARTICLE 2**

3.3 **MSRS ADMINISTRATIVE PROVISIONS**

3.4 Section 1. Minnesota Statutes 2012, section 3.85, subdivision 10, is amended to read:

3.5 Subd. 10. **Standards for pension valuations and cost estimates.** The commission
3.6 shall adopt standards prescribing specific detailed methods to calculate, evaluate, and
3.7 display current and proposed law liabilities, costs, and actuarial equivalents of all public
3.8 employee pension plans in Minnesota. These standards shall be consistent with chapter
3.9 356 and be updated annually. At a minimum, the standards must not shall contain a
3.10 valuation requirement requirements that is inconsistent comply with generally accepted
3.11 accounting principles applicable to government pension plans. The standards may include
3.12 additional financial, funding, or valuation requirements that are not required under
3.13 generally accepted accounting principles applicable to government pension plans.

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

3.15 Sec. 2. Minnesota Statutes 2012, section 3A.011, is amended to read:

3.16 **3A.011 ADMINISTRATION OF PLAN PLANS.**

3.17 The executive director and the board of directors of the Minnesota State Retirement
3.18 System shall administer the legislators retirement plan plans specified in accordance this
3.19 chapter consistent with this chapter and chapter chapters 356 and 356A.

3.20 **EFFECTIVE DATE.** This section is effective July 1, 2013.

3.21 Sec. 3. Minnesota Statutes 2012, section 3A.03, subdivision 3, is amended to read:

3.22 Subd. 3. **Legislators retirement fund.** (a) The legislators retirement fund, a special
3.23 retirement fund, is created within the state treasury and must be credited with assets equal
3.24 to the participation of the legislators retirement plan in the Minnesota postretirement
3.25 investment fund as of June 30, 2009, and any investment proceeds on those assets. The
3.26 legislators retirement fund must be credited with any investment proceeds on the assets of
3.27 the retirement fund.

3.28 (b) The payment of annuities under section 3A.115, paragraph (b), is appropriated
3.29 from the legislators retirement fund.

3.30 **EFFECTIVE DATE.** This section is effective July 1, 2013.

4.1 Sec. 4. Minnesota Statutes 2012, section 3A.07, is amended to read:

4.2 **3A.07 APPLICATION.**

4.3 (a) Except as provided in paragraph (b) and section 3A.17, this chapter applies
4.4 to members of the legislature in service after July 1, 1965, who otherwise meet the
4.5 requirements of this chapter.

4.6 (b) Members of the legislature who were elected for the first time after June 30,
4.7 1997, or members of the legislature who were elected before July 1, 1997, and who, after
4.8 July 1, 1998, elect not to be members of the plan established by this chapter are covered
4.9 by the unclassified employees retirement program governed by chapter 352D.

4.10 (c) The post-July 1, 1998, coverage election under paragraph (b) is irrevocable
4.11 and must be made on a form prescribed by the director. The second chance referendum
4.12 election under Laws 2002, chapter 392, article 15, also is irrevocable.

4.13 **EFFECTIVE DATE.** This section is effective July 1, 2013.

4.14 Sec. 5. Minnesota Statutes 2012, section 3A.115, is amended to read:

4.15 **3A.115 RETIREMENT ALLOWANCE APPROPRIATION;**
4.16 **POSTRETIREMENT ADJUSTMENT.**

4.17 (a) The amount necessary to fund the retirement allowance granted under this
4.18 chapter to a former legislator retiring after June 30, 2003, or to that legislator's survivor,
4.19 and the retirement allowance granted under section 3A.17 to a former constitutional
4.20 officer or the survivor of that constitutional officer is appropriated from the general fund to
4.21 the director to pay pension obligations due to the retiree.

4.22 (b) The amount necessary to fund the retirement allowance granted under this
4.23 chapter to a former legislator retiring before July 1, 2003, must be paid from the legislators
4.24 retirement fund created under section 3A.03, subdivision 3, until the assets of the fund
4.25 are exhausted and at that time, the amount necessary to fund the retirement allowances
4.26 under this paragraph is appropriated from the general fund to the director to pay pension
4.27 obligations to the retiree and survivor.

4.28 (c) Retirement allowances payable to retired legislators and their survivors under
4.29 this chapter must be adjusted as provided in sections 3A.02, subdivision 6, and 356.415.

4.30 **EFFECTIVE DATE.** This section is effective July 1, 2013.

5.1 Sec. 6. Minnesota Statutes 2012, section 3A.13, is amended to read:

5.2 **3A.13 EXEMPTION FROM PROCESS AND TAXATION; HEALTH**
5.3 **PREMIUM DEDUCTION.**

5.4 (a) The provisions of section 356.401 apply to the legislators retirement plan plans
5.5 specified in this chapter.

5.6 (b) The executive director of the Minnesota State Retirement System must, at the
5.7 request of a retired legislator or constitutional officer who is enrolled in a health insurance
5.8 plan covering state employees, deduct the person's health insurance premiums from the
5.9 person's annuity and transfer the amount of the premium to a health insurance carrier
5.10 covering state employees.

5.11 **EFFECTIVE DATE.** This section is effective July 1, 2013.

5.12 Sec. 7. Minnesota Statutes 2012, section 3A.15, is amended to read:

5.13 **3A.15 ~~COORDINATED PROGRAM~~ PROGRAMS OF THE LEGISLATORS**
5.14 **RETIREMENT PLAN.**

5.15 ~~The coordinated program of the legislators retirement plan is created.~~ The provisions
5.16 of sections 3A.01 to 3A.13 apply to the coordinated program and basic programs of the
5.17 legislators retirement plan.

5.18 **EFFECTIVE DATE.** This section is effective July 1, 2013.

5.19 Sec. 8. **3A.17 CONSTITUTIONAL OFFICERS.**

5.20 Subdivision 1. **Application.** (a) This section specifies the retirement plan applicable
5.21 to a former constitutional officer who was first elected to a constitutional office after July
5.22 1, 1967, and before July 1, 1997. The plan includes the applicable portions of chapters
5.23 352C and 356 in effect on the date on which the person terminated active service as a
5.24 constitutional officer.

5.25 (b) Nothing in this section, this act, or Laws 2006, chapter 271, article 10, section
5.26 33, subdivision 2, is intended to increase or reduce the benefits of former constitutional
5.27 officers or their survivors or to adversely modify their eligibility for benefits in effect
5.28 as of June 30, 2012.

5.29 Subd. 2. **Benefit adjustments.** Retirement allowances payable to retired
5.30 constitutional officers and surviving spouse benefits payable must be adjusted under
5.31 section 356.415.

5.32 **EFFECTIVE DATE.** This section is effective July 1, 2013.

6.1 Sec. 9. Minnesota Statutes 2012, section 352.01, subdivision 17b, is amended to read:

6.2 Subd. 17b. **Duty disability, physical or psychological.** "Duty disability, physical
6.3 or psychological," for a correctional employee, means an occupational disability that is
6.4 the direct result of an injury incurred during, or a disease arising out of, the performance
6.5 of normal duties or the performance of less frequent duties either of which are present
6.6 inherent dangers specific to the correctional employee.

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

6.8 Sec. 10. Minnesota Statutes 2012, section 352.03, subdivision 8, is amended to read:

6.9 Subd. 8. **Medical adviser.** ~~The state commissioner of health or other executive~~
6.10 director may contract with an accredited independent organization specializing in
6.11 disability determinations, licensed physician physicians, or physicians on the staff of the
6.12 commissioner of health as designated by the commissioner may designate shall, to be the
6.13 medical adviser of to the director system.

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

6.15 Sec. 11. Minnesota Statutes 2012, section 352.045, is amended by adding a subdivision
6.16 to read:

6.17 Subd. 3a. **Contribution rate revision; general state employees retirement plan.**

6.18 (a) Notwithstanding the contribution rates stated in plan law, the employee and employer
6.19 contribution rates for the general state employees retirement plan must be adjusted:

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

6.26 (2) if the regular actuarial valuation of the plan under section 356.215 indicates that
6.27 there is a contribution deficiency equal to or greater than 0.5 percent of covered payroll
6.28 and that the deficiency has existed for at least two consecutive years, the employee and
6.29 employer contribution rates must be increased as determined under paragraph (c) to a level
6.30 such that no deficiency exists based on the most recent actuarial valuation.

6.31 (b) If the actuarially required contribution of the plan is less than the total support
6.32 provided by the combined employee and employer contribution rates by more than one
6.33 percent of covered payroll, the plan employee and employer contribution rates must be

7.1 decreased incrementally over one or more years by no more than 0.25 percent of pay
7.2 each for employee and employer contribution rates to a level such that there remains a
7.3 contribution sufficiency of at least one percent of covered payroll. No contribution rate
7.4 decrease may be made until at least two years have elapsed since any adjustment under
7.5 this paragraph has been fully implemented.

7.6 (c) If the actuarially required contribution exceeds the total support provided by the
7.7 employee and employer contribution rates, the employee and employer contribution rates
7.8 must be increased equally to eliminate that contribution deficiency. If the contribution
7.9 deficiency is:

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

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

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

7.16 (d) Any recommended adjustment to the contribution rates must be reported to
7.17 the chair and the executive director of the Legislative Commission on Pensions and
7.18 Retirement by January 15 following receipt of the most recent annual actuarial valuation
7.19 prepared under section 356.215. The report must include draft legislation to revise the
7.20 employee and employer contributions stated in plan law. If the Legislative Commission
7.21 on Pensions and Retirement does not recommend against the rate change or does not
7.22 recommend a modification in the rate change, the recommended adjustment becomes
7.23 effective on the first day of the first full payroll period in the fiscal year following receipt
7.24 of the most recent actuarial valuation that gave rise to the adjustment.

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

7.28 (f) Before any reduction in contributions to eliminate a sufficiency in excess of one
7.29 percent of covered pay may be recommended, the executive director must review any
7.30 need for a change in actuarial assumptions, as recommended by the actuary retained under
7.31 section 356.214 in the most recent experience study of the general employees retirement
7.32 plan prepared under section 356.215 and the standards for actuarial work promulgated by
7.33 the Legislative Commission on Pensions and Retirement that may result in an increase
7.34 in the actuarially required contribution and must report to the Legislative Commission
7.35 on Pensions and Retirement any recommendation by the board to use the sufficiency
7.36 exceeding one percent of covered payroll to offset the impact of an actuarial assumption

8.1 change recommended by the actuary retained under section 356.214, subdivision 1, and
8.2 reviewed by the actuary retained by the commission under section 356.214, subdivision 4.

8.3 (g) No contribution sufficiency in excess of one percent of covered pay may be
8.4 proposed to be used to increase benefits, and no benefit increase may be proposed that
8.5 would initiate an automatic adjustment to increase contributions under this subdivision.
8.6 Any proposed benefit improvement must include a recommendation, prepared by the
8.7 actuary retained under section 356.214, subdivision 1, and reviewed by the actuary
8.8 retained by the Legislative Commission on Pensions and Retirement as provided under
8.9 section 356.214, subdivision 4, on how the benefit modification will be funded.

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

8.11 Sec. 12. Minnesota Statutes 2012, section 352.045, is amended by adding a subdivision
8.12 to read:

8.13 Subd. 3b. **Contribution rate revision; correctional state employees retirement**
8.14 **plan and State Patrol retirement plan.** (a) Subdivision 3a applies to the correctional
8.15 state employees retirement plan under this chapter and to the State Patrol retirement plan
8.16 established under chapter 352B, except as stated in this subdivision.

8.17 (b) Any limitations on the amount of contribution rate changes stated in subdivision
8.18 3a apply only to the amount of the employee contribution revision. The employer
8.19 contribution for the correctional state employees retirement plan or the State Patrol
8.20 retirement plan, whichever is applicable, must be adjusted so that the employer
8.21 contribution is equal to 60 percent of the sum of employee plus employer contributions.

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

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

8.26 Sec. 13. Minnesota Statutes 2012, section 352.113, subdivision 4, is amended to read:

8.27 Subd. 4. **Medical or psychological examinations; authorization for payment of**
8.28 **benefit.** (a) Any physician, psychologist, chiropractor, or physician assistant providing
8.29 any service specified in this section must be licensed.

8.30 (b) An applicant shall provide ~~medical, chiropractic, or psychological~~ a detailed
8.31 report signed by a physician, and at least one additional report signed by a physician,
8.32 chiropractor, psychologist, or physician assistant with evidence to support an application
8.33 for total and permanent disability.

9.1 ~~(b) The director shall have the employee examined by at least one additional~~
9.2 ~~licensed chiropractor, physician, or psychologist designated by the medical adviser. The~~
9.3 ~~chiropractors, physicians, or psychologists shall make written reports to the director~~
9.4 ~~concerning the employee's disability including must include an expert opinions as to~~
9.5 ~~opinion regarding whether the employee is permanently and totally disabled within~~
9.6 ~~the meaning of section 352.01, subdivision 17, and that the disability arose before the~~
9.7 ~~employee was placed on any paid or unpaid leave of absence or terminated public service.~~

9.8 (c) If there is medical evidence that supports the expectation that at some point
9.9 the person applying for the disability benefit will no longer be disabled, the decision
9.10 granting the disability benefit may provide for a termination date upon which the total and
9.11 permanent disability can be expected to no longer exist. When a termination date is part
9.12 of the decision granting benefits, prior to the benefit termination the executive director
9.13 shall review any evidence provided by the disabled employee to show that the disabling
9.14 condition for which benefits were initially granted continues. If the benefits cease, the
9.15 disabled employee may follow the appeal procedures described in section 356.96 or may
9.16 reapply for disability benefits using the process described in this subdivision.

9.17 (d) Any claim to disability must be supported by a report from the employer
9.18 indicating that there is no available work that the employee can perform with the disabling
9.19 condition and that all reasonable accommodations have been considered. Upon request of
9.20 the executive director, an employer shall provide evidence of the steps the employer has
9.21 taken to attempt to provide reasonable accommodations and continued employment to
9.22 the claimant.

9.23 ~~(e)~~ (e) The director shall also obtain written certification from the employer
9.24 stating whether the employment has ceased or whether the employee is on sick leave of
9.25 absence because of a disability that will prevent further service to the employer and ~~as a~~
9.26 ~~consequence~~ that the employee is not entitled to compensation from the employer.

9.27 ~~(f)~~ (f) The medical adviser shall consider the reports of the physicians, physician
9.28 assistants, psychologists, and chiropractors and any other evidence supplied by the
9.29 employee or other interested parties. If the medical adviser finds the employee totally and
9.30 permanently disabled, the adviser shall make appropriate recommendation to the director
9.31 in writing together with the date from which the employee has been totally disabled. The
9.32 director shall then determine if the disability occurred within 18 months of filing the
9.33 application, while still in the employment of the state, and the propriety of authorizing
9.34 payment of a disability benefit as provided in this section.

9.35 ~~(g)~~ (g) A terminated employee may apply for a disability benefit within 18 months of
9.36 termination as long as the disability occurred while in the employment of the state. The

10.1 fact that an employee is placed on leave of absence without compensation because of
10.2 disability does not bar that employee from receiving a disability benefit.

10.3 (f) (h) Unless the payment of a disability benefit has terminated because the
10.4 employee is no longer totally disabled, or because the employee has reached normal
10.5 retirement age as provided in this section, the disability benefit must cease with the last
10.6 payment received by the disabled employee or which had accrued during the lifetime of the
10.7 employee unless there is a spouse surviving. In that event, the surviving spouse is entitled
10.8 to the disability benefit for the calendar month in which the disabled employee died.

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

10.10 Sec. 14. Minnesota Statutes 2012, section 352.113, is amended by adding a subdivision
10.11 to read:

10.12 Subd. 4a. **Independent medical examination or vocational rehabilitation**
10.13 **counseling.** Any individual applying for or receiving disability benefits shall submit
10.14 to an independent medical examination or an assessment by a certified rehabilitation
10.15 counselor if requested by the executive director or designee. The examination must be
10.16 paid for by the system.

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

10.18 Sec. 15. Minnesota Statutes 2012, section 352.113, subdivision 6, is amended to read:

10.19 Subd. 6. **Regular medical or psychological examinations.** At least once each
10.20 year during the first five years following the allowance of a disability benefit to any
10.21 employee, and at least once in every three-year period thereafter, the director may require
10.22 any disabled employee to ~~undergo a~~ provide medical, chiropractic, or psychological
10.23 ~~examination~~ evidence to support the continuation of the total and permanent disability.
10.24 ~~The examination must be made at the place of residence of the employee, or at any place~~
10.25 ~~mutually agreed upon,~~ evidence must be in a form and manner prescribed by the executive
10.26 director for review by an expert or experts designated by the medical adviser and engaged
10.27 by the director. ~~If any examination indicates~~ the medical information provided to the
10.28 medical adviser indicates that the employee is no longer permanently and totally disabled,
10.29 or is engaged in or can engage in a gainful occupation, payments of the disability benefit
10.30 by the fund must be discontinued. The payments must be discontinued as soon as the
10.31 employee is reinstated to the payroll following a sick leave of absence, but in no case may
10.32 payment be made for more than 60 days after the medical adviser finds that the employee
10.33 is no longer permanently and totally disabled.

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

11.2 Sec. 16. Minnesota Statutes 2012, section 352.113, subdivision 8, is amended to read:

11.3 Subd. 8. **Refusal of examination.** If a ~~disabled-employee~~ person applying for a
11.4 disability benefit refuses to submit to ~~an expert~~ a medical or psychological examination,
11.5 the disability application shall be rejected. If a disability benefit recipient refuses to submit
11.6 to a medical or psychological examination as required, payments by the fund must be
11.7 discontinued and the director shall revoke all rights of the employee in any disability benefit.

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

11.9 Sec. 17. Minnesota Statutes 2012, section 352.113, is amended by adding a subdivision
11.10 to read:

11.11 Subd. 14. **Disabilitant earnings reports.** Disability benefit recipients must report
11.12 all earnings from reemployment and income from workers' compensation to the system
11.13 annually by May 15 in a format prescribed by the executive director. If the form is not
11.14 submitted by June 15, benefits must be suspended effective July 1. If the form deemed
11.15 acceptable by the executive director is received after the June 15 deadline, benefits shall
11.16 be reinstated retroactive to July 1.

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

11.18 Sec. 18. Minnesota Statutes 2012, section 352.22, subdivision 3, is amended to read:

11.19 Subd. 3. **Deferred annuity.** (a) An employee who has at least three years of
11.20 allowable service if employed before July 1, 2010, or who has at least five years of
11.21 allowable service if employed after June 30, 2010, when termination occurs may elect
11.22 to leave the accumulated contributions in the fund and thereby be entitled to a deferred
11.23 retirement annuity. The annuity must be computed under the law in effect when state
11.24 service terminated, on the basis of the allowable service credited to the person before
11.25 the termination of service.

11.26 (b) An employee on layoff or on leave of absence without pay, except a leave of
11.27 absence for health reasons, and who does not return to state service must have an annuity,
11.28 deferred annuity, or other benefit to which the employee may become entitled computed
11.29 under the law in effect on the employee's last working day.

11.30 (c) No application for a deferred annuity may be made more than 60 days before
11.31 the time the former employee reaches the required age for entitlement to the payment of
11.32 the annuity. The deferred annuity begins to accrue no earlier than 60 days before the date

12.1 the application is filed in the office of the system, but not (1) before the date on which
12.2 the employee reaches the required age for entitlement to the annuity nor (2) before the
12.3 day following the termination of state service in a position which is not covered by the
12.4 retirement system.

12.5 (d) Application for the accumulated contributions left on deposit with the fund may
12.6 be made at any time following the date of the termination of service.

12.7 (e) Deferred annuities must be augmented as provided in section 352.72, subdivision
12.8 2.

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

12.10 Sec. 19. Minnesota Statutes 2012, section 352.955, subdivision 1, is amended to read:

12.11 Subdivision 1. **Election to transfer prior MSRS-general service credit.** (a) An
12.12 eligible employee described in paragraph (b) may elect to transfer service credit in the
12.13 general state employees retirement plan of the Minnesota State Retirement System to the
12.14 correctional state employees retirement plan for eligible prior correctional employment.

12.15 (b) An eligible employee is a person who is covered by ~~Laws 2007, chapter 134,~~
12.16 ~~article 3, section 6, or who became eligible for retirement coverage by the correctional~~
12.17 ~~state employees retirement plan of the Minnesota State Retirement System under Laws~~
12.18 ~~2006, chapter 271, article 2, Laws 2007, chapter 134, article 3, or legislation implementing~~
12.19 the recommendations under section 352.91, subdivision 4a.

12.20 (c) Eligible prior correctional employment is employment covered correctional
12.21 service defined in Laws 2007, chapter 134, article 3, section 6, or is employment by the
12.22 Department of Corrections or by the Department of Human Services that preceded the
12.23 effective date of the retirement coverage transfer under Laws 2006, chapter 271, article
12.24 2, Laws 2007, chapter 134, article 3, or legislation implementing the recommendations
12.25 under section 352.91, subdivision 4a by the general state employees retirement plan of
12.26 the Minnesota State Retirement System, is continuous service, and is certified by the
12.27 commissioner of corrections and the commissioner of human services, whichever applies,
12.28 and by the commissioner of management and budget to the executive director of the
12.29 Minnesota State Retirement System as service that would qualify for correctional state
12.30 employees retirement plan coverage under section 352.91, if the service was had been
12.31 rendered after the date of coverage transfer.

12.32 (d) The election to transfer past service credit under this section must be made in
12.33 writing by the applicable person on a form prescribed by the executive director of the
12.34 Minnesota State Retirement System and must be filed with the executive director of the
12.35 Minnesota State Retirement System on or before ~~(1) January 1, 2008, or the one year~~

13.1 anniversary of the coverage transfer, ~~whichever is later~~, or (2) the date of the eligible
13.2 employee's termination of state employment, whichever is earlier.

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

13.4 Sec. 20. Minnesota Statutes 2012, section 352.955, subdivision 3, is amended to read:

13.5 Subd. 3. **Payment of additional equivalent contributions; ~~post-June 30, 2007,~~**
13.6 **coverage transfers.** (a) An eligible employee who is transferred to plan coverage ~~after~~
13.7 ~~June 30, 2007,~~ and who elects to transfer past service credit under this section must pay
13.8 an additional member contribution for that prior service period. The additional member
13.9 contribution is the amount computed under paragraph (b), plus the greater of the amount
13.10 computed under paragraph (c), or 40 percent of the unfunded actuarial accrued liability
13.11 attributable to the past service credit transfer.

13.12 (b) The executive director shall compute, for the most recent 12 months of service
13.13 credit eligible for transfer, or for the entire period eligible for transfer if less than 12
13.14 months, the difference between the employee contribution rate or rates for the general state
13.15 employees retirement plan and the employee contribution rate or rates for the correctional
13.16 state employees retirement plan applied to the eligible employee's salary during that
13.17 transfer period, plus compound interest at a monthly rate of 0.71 percent.

13.18 (c) The executive director shall compute, for any service credit being transferred
13.19 on behalf of the eligible employee and not included under paragraph (b), the difference
13.20 between the employee contribution rate or rates for the general state employees retirement
13.21 plan and the employee contribution rate or rates for the correctional state employees
13.22 retirement plan applied to the eligible employee's salary during that transfer period, plus
13.23 compound interest at a monthly rate of 0.71 percent.

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

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

13.32 (f) The additional equivalent member contribution under this subdivision must be
13.33 paid in a lump sum. Payment must accompany the election to transfer the prior service
13.34 credit. No transfer election or additional equivalent member contribution payment may be
13.35 made by a person or accepted by the executive director after the one year anniversary date

14.1 of the effective date of the retirement coverage transfer, or the date on which the eligible
14.2 employee terminates state employment, whichever is earlier.

14.3 (g) If an eligible employee elects to transfer past service credit under this section
14.4 and pays the additional equivalent member contribution amount under paragraph (a), the
14.5 applicable department shall pay an additional equivalent employer contribution amount.
14.6 The additional employer contribution is the amount computed under paragraph (d), plus
14.7 the greater of the amount computed under paragraph (e), or 60 percent of the unfunded
14.8 actuarial accrued liability attributable to the past service credit transfer.

14.9 (h) The unfunded actuarial accrued liability attributable to the past service credit
14.10 transfer is the present value of the benefit obtained by the transfer of the service credit
14.11 to the correctional state employees retirement plan reduced by the amount of the asset
14.12 transfer under subdivision 4, by the amount of the member contribution equivalent
14.13 payment computed under paragraph (b), and by the amount of the employer contribution
14.14 equivalent payment computed under paragraph (d).

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

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

14.20 Sec. 21. Minnesota Statutes 2012, section 352B.011, subdivision 13, is amended to read:

14.21 Subd. 13. **Surviving spouse.** "Surviving spouse" means a member's or former
14.22 member's legally married spouse ~~who resided with the member or former member at the~~
14.23 ~~time of death and was married to the member or former member, for a period of at least~~
14.24 ~~one year, during or before the time of membership.~~

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

14.26 Sec. 22. Minnesota Statutes 2012, section 352B.10, is amended by adding a
14.27 subdivision to read:

14.28 Subd. 7. **Disabilitant earnings reports.** Disability benefit recipients must report
14.29 all earnings from reemployment and income from workers' compensation to the system
14.30 annually by May 15 in a format prescribed by the executive director. If the form is not
14.31 submitted by June 15, benefits must be suspended effective July 1. If the form deemed
14.32 acceptable by the executive director is received after the June 15 deadline, benefits shall
14.33 be reinstated retroactive to July 1.

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

15.2 Sec. 23. Minnesota Statutes 2012, section 352D.04, subdivision 2, is amended to read:

15.3 Subd. 2. **Contribution rates.** (a) The money used to purchase shares under this
15.4 section is the employee and employer contributions provided in this subdivision.

15.5 (b) The employee contribution is an amount equal to the percent of salary specified
15.6 in section 352.04, subdivision 2, or 352.045, subdivision 3 3a.

15.7 (c) The employer contribution is an amount equal to six percent of salary.

15.8 (d) For members of the legislature, the contributions under this subdivision also must
15.9 be made on per diem payments received during a regular or special legislative session, but
15.10 may not be made on per diem payments received outside of a regular or special legislative
15.11 session, on the additional compensation attributable to a leadership position under section
15.12 3.099, subdivision 3, living expense payments under section 3.101, or special session
15.13 living expense payments under section 3.103.

15.14 (e) For a judge who is a member of the unclassified plan under section 352D.02,
15.15 subdivision 1, paragraph (c), clause (16), the employee contribution rate is eight percent
15.16 of salary, and there is no employer contribution.

15.17 (f) These contributions must be made in the manner provided in section 352.04,
15.18 subdivisions 4, 5, and 6.

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

15.20 Sec. 24. Minnesota Statutes 2012, section 356.20, subdivision 4, is amended to read:

15.21 Subd. 4. **Contents of financial report.** (a) The financial report required by
15.22 this section must contain financial statements and disclosures that indicate the financial
15.23 operations and position of the retirement plan and fund. The report must conform with
15.24 generally accepted governmental accounting principles, applied on a consistent basis. The
15.25 report must be audited.

15.26 (b) The report must include, ~~as part of its exhibits or its footnotes, an actuarial~~
15.27 ~~disclosure item based on a statement that~~ the actuarial valuation calculations prepared
15.28 by the actuary retained under section 356.214 or by the actuary retained by the
15.29 retirement fund or plan, whichever applies, ~~according to~~ comply with applicable actuarial
15.30 requirements enumerated in section 356.215, and specified in the most recent standards
15.31 for actuarial work adopted by the Legislative Commission on Pensions and Retirement.
15.32 The actuarial value of assets, the actuarial accrued liabilities, ~~including accrued reserves,~~
15.33 and the unfunded actuarial accrued liability of the fund or plan must be disclosed. The
15.34 ~~disclosure item~~ report must contain a ~~declaration~~ certification by the actuary retained

16.1 under section 356.214 or the actuary retained by the fund or plan, whichever applies,
16.2 specifying that ~~the required reserves for any retirement, disability, or survivor~~ normal
16.3 cost and the actuarial accrued liabilities for all benefits provided under a benefit formula
16.4 are computed in accordance with the entry age actuarial cost method and in accordance
16.5 with the most recent applicable standards for actuarial work adopted by the Legislative
16.6 Commission on Pensions and Retirement.

16.7 (c) The report must contain an itemized exhibit describing the administrative
16.8 expenses of the plan, including, but not limited to, the following items, classified on a
16.9 consistent basis from year to year, and with any further meaningful detail:

- 16.10 (1) personnel expenses;
- 16.11 (2) communication-related expenses;
- 16.12 (3) office building and maintenance expenses;
- 16.13 (4) professional services fees; and
- 16.14 (5) other expenses.

16.15 (d) The report must contain an itemized exhibit describing the investment expenses
16.16 of the plan, including, but not limited to, the following items, classified on a consistent
16.17 basis from year to year, and with any further meaningful detail:

- 16.18 (1) internal investment-related expenses; and
- 16.19 (2) external investment-related expenses.

16.20 (e) Any additional statements or exhibits or more detailed or subdivided itemization
16.21 of a disclosure item that will enable the management of the plan to portray a true
16.22 interpretation of the plan's financial condition must be included in the additional
16.23 statements or exhibits.

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

16.25 Sec. 25. Minnesota Statutes 2012, section 356.214, subdivision 1, is amended to read:

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

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

- 16.34 (1) the teachers retirement plan, Teachers Retirement Association;
- 16.35 (2) the general state employees retirement plan, Minnesota State Retirement System;

- 17.1 (3) the correctional employees retirement plan, Minnesota State Retirement System;
- 17.2 (4) the State Patrol retirement plan, Minnesota State Retirement System;
- 17.3 (5) the judges retirement plan, Minnesota State Retirement System;
- 17.4 (6) the general employees retirement plan, Public Employees Retirement
- 17.5 Association, including the MERF division;
- 17.6 (7) the public employees police and fire plan, Public Employees Retirement
- 17.7 Association;
- 17.8 (8) the Duluth teachers retirement plan, Duluth Teachers Retirement Fund
- 17.9 Association;
- 17.10 (9) the St. Paul teachers retirement plan, St. Paul Teachers Retirement Fund
- 17.11 Association;
- 17.12 (10) the legislators retirement plan, Minnesota State Retirement System; and
- 17.13 ~~(11) the elective state officers retirement plan, Minnesota State Retirement System;~~
- 17.14 ~~and~~
- 17.15 ~~(12)~~ (11) the local government correctional service retirement plan, Public
- 17.16 Employees Retirement Association.
- 17.17 (c) The actuarial valuation for the legislators retirement plan must include a separate
- 17.18 calculation of total plan actuarial accrued liabilities due to constitutional officer coverage
- 17.19 under section 3A.17.
- 17.20 ~~(e)~~ (d) The contracts must require completion of the annual actuarial valuation
- 17.21 calculations on a fiscal year basis, with the contents of the actuarial valuation calculations
- 17.22 as specified in section 356.215, and in conformity with the standards for actuarial work
- 17.23 adopted by the Legislative Commission on Pensions and Retirement.
- 17.24 The contracts must require completion of annual experience data collection and
- 17.25 processing and a quadrennial published experience study for the plans listed in paragraph
- 17.26 (b), clauses (1), (2), and (6), as provided for in the standards for actuarial work adopted by
- 17.27 the commission. The experience data collection, processing, and analysis must evaluate
- 17.28 the following:
- 17.29 (1) individual salary progression;
- 17.30 (2) the rate of return on investments based on the current asset value;
- 17.31 (3) payroll growth;
- 17.32 (4) mortality;
- 17.33 (5) retirement age;
- 17.34 (6) withdrawal; and
- 17.35 (7) disablement.

18.1 ~~(d)~~ (e) The actuary shall annually prepare a report to the governing or managing
18.2 board or administrative official and the legislature, summarizing the results of the actuarial
18.3 valuation calculations. The actuary shall include with the report any recommendations
18.4 concerning the appropriateness of the support rates to achieve proper funding of
18.5 the retirement plans by the required funding dates. The actuary shall, as part of the
18.6 quadrennial experience study, include recommendations on the appropriateness of the
18.7 actuarial valuation assumptions required for evaluation in the study.

18.8 ~~(e)~~ (f) If the actuarial gain and loss analysis in the actuarial valuation calculations
18.9 indicates a persistent pattern of sizable gains or losses, the governing or managing board
18.10 or administrative official shall direct the actuary to prepare a special experience study for
18.11 a plan listed in paragraph (b), clause (3), (4), (5), (7), (8), (9), (10), (11), or (12), in the
18.12 manner provided for in the standards for actuarial work adopted by the commission.

18.13 **EFFECTIVE DATE.** This section is effective July 1, 2013.

18.14 Sec. 26. Minnesota Statutes 2012, section 356.215, subdivision 1, is amended to read:

18.15 Subdivision 1. **Definitions.** (a) For the purposes of sections 3.85 and 356.20 to
18.16 356.23, each of the terms in the following paragraphs has the meaning given.

18.17 (b) "Actuarial valuation" means a set of calculations prepared by an actuary retained
18.18 under section 356.214 if so required under section 3.85, or otherwise, by an approved
18.19 actuary, to determine the normal cost and the accrued actuarial liabilities of a benefit
18.20 plan, according to the entry age actuarial cost method and based upon stated assumptions
18.21 including, but not limited to rates of interest, mortality, salary increase, disability,
18.22 withdrawal, and retirement and to determine the payment necessary to amortize over a
18.23 stated period any unfunded accrued actuarial liability disclosed as a result of the actuarial
18.24 valuation of the benefit plan.

18.25 (c) "Approved actuary" means a person who is regularly engaged in the business of
18.26 providing actuarial services and who is a fellow in the Society of Actuaries.

18.27 (d) "Entry age actuarial cost method" means an actuarial cost method under which
18.28 the actuarial present value of the projected benefits of each individual currently covered
18.29 by the benefit plan and included in the actuarial valuation is allocated on a level basis over
18.30 the service of the individual, if the benefit plan is governed by section 69.773, or over the
18.31 earnings of the individual, if the benefit plan is governed by any other law, between the
18.32 entry age and the assumed exit age, with the portion of the actuarial present value which is
18.33 allocated to the valuation year to be the normal cost and the portion of the actuarial present
18.34 value not provided for at the valuation date by the actuarial present value of future normal
18.35 costs to be the actuarial accrued liability, with aggregation in the calculation process to be

19.1 the sum of the calculated result for each covered individual and with recognition given to
19.2 any different benefit formulas which may apply to various periods of service.

19.3 (e) "Experience study" means a report providing experience data and an actuarial
19.4 analysis of the adequacy of the actuarial assumptions on which actuarial valuations are
19.5 based.

19.6 (f) "Actuarial value of assets" means:

19.7 ~~(1) For the July 1, 2012, actuarial valuation, the market value of all assets as of
19.8 June 30, 2012, reduced by:~~

19.9 ~~(i) 20 percent of the difference between the actual net change in the market value of
19.10 assets other than the Minnesota postretirement investment fund between June 30, 2009,
19.11 and June 30, 2008, and the computed increase in the market value of assets other than the
19.12 Minnesota postretirement investment fund over that fiscal year period if the assets had
19.13 earned a rate of return on assets equal to the annual percentage preretirement interest rate
19.14 assumption used in the actuarial valuation for July 1, 2008;~~

19.15 ~~(ii) 40 percent of the difference between the actual net change in the market value of
19.16 total assets between June 30, 2010, and June 30, 2009, and the computed increase in the
19.17 market value of total assets over that fiscal year period if the assets had earned a rate of
19.18 return on assets equal to the annual percentage preretirement interest rate assumption used
19.19 in the actuarial valuation for July 1, 2009;~~

19.20 ~~(iii) 60 percent of the difference between the actual net change in the market value
19.21 of total assets between June 30, 2011, and June 30, 2010, and the computed increase in the
19.22 market value of total assets over that fiscal year period if the assets had earned a rate of
19.23 return on assets equal to the annual percentage preretirement interest rate assumption used
19.24 in the actuarial valuation for July 1, 2010;~~

19.25 ~~(iv) 80 percent of the difference between the actual net change in the market value of
19.26 total assets between June 30, 2012, and June 30, 2011, and the computed increase in the
19.27 market value of total assets over that fiscal year period if the assets had earned a rate of
19.28 return on assets equal to the annual percentage preretirement interest rate assumption used
19.29 in the actuarial valuation for July 1, 2011; and~~

19.30 ~~(v) if applicable, 20 percent of the difference between the actual net change in the
19.31 market value of the Minnesota postretirement investment fund between June 30, 2009,
19.32 and June 30, 2008, and the computed increase in the market value of assets over that fiscal
19.33 year period if the assets had increased at 8.5 percent annually.~~

19.34 ~~(2) For the July 1, 2013, and following actuarial valuations, the market value of all
19.35 assets as of the preceding June 30, reduced by:~~

20.1 ~~(i)~~ (1) 20 percent of the difference between the actual net change in the market value
20.2 of total assets between the June 30 that occurred three years earlier and the June 30 that
20.3 occurred four years earlier and the computed increase in the market value of total assets
20.4 over that fiscal year period if the assets had earned a rate of return on assets equal to the
20.5 annual percentage preretirement interest rate assumption used in the actuarial valuation
20.6 for the July 1 that occurred four years earlier;

20.7 ~~(ii)~~ (2) 40 percent of the difference between the actual net change in the market value
20.8 of total assets between the June 30 that occurred two years earlier and the June 30 that
20.9 occurred three years earlier and the computed increase in the market value of total assets
20.10 over that fiscal year period if the assets had earned a rate of return on assets equal to the
20.11 annual percentage preretirement interest rate assumption used in the actuarial valuation
20.12 for the July 1 that occurred three years earlier;

20.13 ~~(iii)~~ (3) 60 percent of the difference between the actual net change in the market
20.14 value of total assets between the June 30 that occurred one year earlier and the June 30 that
20.15 occurred two years earlier and the computed increase in the market value of total assets
20.16 over that fiscal year period if the assets had earned a rate of return on assets equal to the
20.17 annual percentage preretirement interest rate assumption used in the actuarial valuation
20.18 for the July 1 that occurred two years earlier; and

20.19 ~~(iv)~~ (4) 80 percent of the difference between the actual net change in the market
20.20 value of total assets between the most recent June 30 and the June 30 that occurred
20.21 one year earlier and the computed increase in the market value of total assets over that
20.22 fiscal year period if the assets had earned a rate of return on assets equal to the annual
20.23 percentage preretirement interest rate assumption used in the actuarial valuation for the
20.24 July 1 that occurred one year earlier.

20.25 (g) "Unfunded actuarial accrued liability" means the total current and expected
20.26 future benefit obligations, reduced by the sum of the actuarial value of assets and the
20.27 present value of future normal costs.

20.28 (h) "Pension benefit obligation" means the actuarial present value of credited
20.29 projected benefits, determined as the actuarial present value of benefits estimated to be
20.30 payable in the future as a result of employee service attributing an equal benefit amount,
20.31 including the effect of projected salary increases and any step rate benefit accrual rate
20.32 differences, to each year of credited and expected future employee service.

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

20.34 Sec. 27. Minnesota Statutes 2012, section 356.215, subdivision 8, is amended to read:

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

21.4 (1) select and ultimate interest rate assumption

21.5		ultimate	ultimate
21.6		preretirement	postretirement
21.7		interest rate	interest rate
21.8	plan	assumption	assumption
21.9	general state employees retirement plan	8.5%	6.0%
21.10	correctional state employees retirement plan	8.5	6.0
21.11	State Patrol retirement plan	8.5	6.0
21.12	legislators retirement plan, and for the	0.0	-2.0 until June 30,
21.13	<u>constitutional officers calculation of total plan</u>		2040, and -2.5 after
21.14	<u>liabilities</u>		June 30, 2040 0.0
21.15	elective state officers retirement plan	0.0	-2.0 until June 30,
21.16			2040, and -2.5 after
21.17			June 30, 2040
21.18	judges retirement plan	8.5	6.0
21.19	general public employees retirement plan	8.5	6.0
21.20	public employees police and fire retirement plan	8.5	6.0
21.21	local government correctional service	8.5	6.0
21.22	retirement plan		
21.23	teachers retirement plan	8.5	6.0
21.24	Duluth teachers retirement plan	8.5	8.5
21.25	St. Paul teachers retirement plan	8.5	8.5

21.26 Except for the legislators retirement plan and the ~~elective state~~ constitutional officers
 21.27 ~~retirement plan~~ calculation of total plan liabilities, the select preretirement interest rate
 21.28 assumption for the period after June 30, 2012, through June 30, 2017, is 8.0 percent.

21.29 Except for the legislators retirement plan and the ~~elective state~~ constitutional officers
 21.30 ~~retirement plan~~ calculation of total plan liabilities, the select postretirement interest rate
 21.31 assumption for the period after June 30, 2012, through June 30, 2017, is 5.5 percent,
 21.32 except for the Duluth teachers retirement plan and the St. Paul teachers retirement plan,
 21.33 each with a select postretirement interest rate assumption for the period after June 30,
 21.34 2012, through June 30, 2017, of 8.0 percent.

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

21.36		interest rate
21.37	plan	assumption
21.38	Bloomington Fire Department Relief Association	6.0
21.39	local monthly benefit volunteer firefighters relief	5.0
21.40	associations	

22.1 (b) The actuarial valuation must use the applicable following single rate future salary
 22.2 increase assumption, the applicable following modified single rate future salary increase
 22.3 assumption, or the applicable following graded rate future salary increase assumption:

22.4 (1) single rate future salary increase assumption

22.5	plan	future salary increase assumption
22.6	legislators retirement plan	5.0%
22.7	judges retirement plan	3.0
22.8	Bloomington Fire Department Relief	4.0
22.9	Association	

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

22.12	plan	future salary increase assumption
22.13	local government correctional service retirement plan	assumption C
22.14	Duluth teachers retirement plan	assumption A
22.15	St. Paul teachers retirement plan	assumption B

22.16 For plans other than the Duluth teachers
 22.17 retirement plan, the select calculation
 22.18 is: during the designated select period, a
 22.19 designated percentage rate is multiplied by
 22.20 the result of the designated integer minus T,
 22.21 where T is the number of completed years
 22.22 of service, and is added to the applicable
 22.23 future salary increase assumption. The
 22.24 designated select period is ten years and the
 22.25 designated integer is ten for all retirement
 22.26 plans covered by this clause. The designated
 22.27 percentage rate is 0.3 percent for the St. Paul
 22.28 Teachers Retirement Fund Association. The
 22.29 select calculation for the Duluth Teachers
 22.30 Retirement Fund Association is 8.00 percent
 22.31 per year for service years one through seven,
 22.32 7.25 percent per year for service years seven
 22.33 and eight, and 6.50 percent per year for
 22.34 service years eight and nine.

22.35 The ultimate future salary increase assumption is:

22.36	age	A	B	C
22.37	16	8.00%	6.90%	9.00%

23.1	17	8.00	6.90	9.00
23.2	18	8.00	6.90	9.00
23.3	19	8.00	6.90	9.00
23.4	20	6.90	6.90	9.00
23.5	21	6.90	6.90	8.75
23.6	22	6.90	6.90	8.50
23.7	23	6.85	6.85	8.25
23.8	24	6.80	6.80	8.00
23.9	25	6.75	6.75	7.75
23.10	26	6.70	6.70	7.50
23.11	27	6.65	6.65	7.25
23.12	28	6.60	6.60	7.00
23.13	29	6.55	6.55	6.75
23.14	30	6.50	6.50	6.75
23.15	31	6.45	6.45	6.50
23.16	32	6.40	6.40	6.50
23.17	33	6.35	6.35	6.50
23.18	34	6.30	6.30	6.25
23.19	35	6.25	6.25	6.25
23.20	36	6.20	6.20	6.00
23.21	37	6.15	6.15	6.00
23.22	38	6.10	6.10	6.00
23.23	39	6.05	6.05	5.75
23.24	40	6.00	6.00	5.75
23.25	41	5.90	5.95	5.75
23.26	42	5.80	5.90	5.50
23.27	43	5.70	5.85	5.25
23.28	44	5.60	5.80	5.25
23.29	45	5.50	5.75	5.00
23.30	46	5.40	5.70	5.00
23.31	47	5.30	5.65	5.00
23.32	48	5.20	5.60	5.00
23.33	49	5.10	5.55	5.00
23.34	50	5.00	5.50	5.00
23.35	51	4.90	5.45	5.00
23.36	52	4.80	5.40	5.00
23.37	53	4.70	5.35	5.00
23.38	54	4.60	5.30	5.00
23.39	55	4.50	5.25	4.75
23.40	56	4.40	5.20	4.75
23.41	57	4.30	5.15	4.50
23.42	58	4.20	5.10	4.25
23.43	59	4.10	5.05	4.25

24.1	60	4.00	5.00	4.25
24.2	61	3.90	5.00	4.25
24.3	62	3.80	5.00	4.25
24.4	63	3.70	5.00	4.25
24.5	64	3.60	5.00	4.25
24.6	65	3.50	5.00	4.00
24.7	66	3.50	5.00	4.00
24.8	67	3.50	5.00	4.00
24.9	68	3.50	5.00	4.00
24.10	69	3.50	5.00	4.00
24.11	70	3.50	5.00	4.00

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

24.13	general state employees retirement plan of the						assumption A
24.14	Minnesota State Retirement System						
24.15	general employees retirement plan of the Public						assumption B
24.16	Employees Retirement Association						
24.17	Teachers Retirement Association						assumption C
24.18	public employees police and fire retirement plan						assumption D
24.19	State Patrol retirement plan						assumption E
24.20	correctional state employees retirement plan of the						assumption F
24.21	Minnesota State Retirement System						

24.22	service						
24.23	length	A	B	C	D	E	F
24.24	1	10.50%	12.03%	12.00%	13.00%	8.00%	6.00%
24.25	2	8.10	8.90	9.00	11.00	7.50	5.85
24.26	3	6.90	7.46	8.00	9.00	7.00	5.70
24.27	4	6.20	6.58	7.50	8.00	6.75	5.55
24.28	5	5.70	5.97	7.25	6.50	6.50	5.40
24.29	6	5.30	5.52	7.00	6.10	6.25	5.25
24.30	7	5.00	5.16	6.85	5.80	6.00	5.10
24.31	8	4.70	4.87	6.70	5.60	5.85	4.95
24.32	9	4.50	4.63	6.55	5.40	5.70	4.80
24.33	10	4.40	4.42	6.40	5.30	5.55	4.65
24.34	11	4.20	4.24	6.25	5.20	5.40	4.55
24.35	12	4.10	4.08	6.00	5.10	5.25	4.45
24.36	13	4.00	3.94	5.75	5.00	5.10	4.35
24.37	14	3.80	3.82	5.50	4.90	4.95	4.25
24.38	15	3.70	3.70	5.25	4.80	4.80	4.15
24.39	16	3.60	3.60	5.00	4.80	4.65	4.05
24.40	17	3.50	3.51	4.75	4.80	4.50	3.95
24.41	18	3.50	3.50	4.50	4.80	4.35	3.85
24.42	19	3.50	3.50	4.25	4.80	4.20	3.75
24.43	20	3.50	3.50	4.00	4.80	4.05	3.75

25.1	21	3.50	3.50	3.90	4.70	4.00	3.75
25.2	22	3.50	3.50	3.80	4.60	4.00	3.75
25.3	23	3.50	3.50	3.70	4.50	4.00	3.75
25.4	24	3.50	3.50	3.60	4.50	4.00	3.75
25.5	25	3.50	3.50	3.50	4.50	4.00	3.75
25.6	26	3.50	3.50	3.50	4.50	4.00	3.75
25.7	27	3.50	3.50	3.50	4.50	4.00	3.75
25.8	28	3.50	3.50	3.50	4.50	4.00	3.75
25.9	29	3.50	3.50	3.50	4.50	4.00	3.75
25.10	30 or more	3.50	3.50	3.50	4.50	4.00	3.75

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

25.15	plan	payroll growth assumption
25.16	general state employees retirement plan of the	3.75%
25.17	Minnesota State Retirement System	
25.18	correctional state employees retirement plan	3.75
25.19	State Patrol retirement plan	3.75
25.20	judges retirement plan	3.00
25.21	general employees retirement plan of the Public	3.75
25.22	Employees Retirement Association	
25.23	public employees police and fire retirement plan	3.75
25.24	local government correctional service retirement plan	3.75
25.25	teachers retirement plan	3.75
25.26	Duluth teachers retirement plan	4.50
25.27	St. Paul teachers retirement plan	5.00

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

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

25.35 **EFFECTIVE DATE.** This section is effective July 1, 2013.

25.36 Sec. 28. Minnesota Statutes 2012, section 356.30, subdivision 3, is amended to read:

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

- 26.1 (1) the general state employees retirement plan of the Minnesota State Retirement
 26.2 System, established under chapter 352;
- 26.3 (2) the correctional state employees retirement plan of the Minnesota State
 26.4 Retirement System, established under chapter 352;
- 26.5 (3) the unclassified employees retirement program, established under chapter 352D;
- 26.6 (4) the State Patrol retirement plan, established under chapter 352B;
- 26.7 (5) the legislators retirement plan, established under chapter 3A, including
 26.8 constitutional officers as specified in that chapter;
- 26.9 ~~(6) the elective state officers retirement plan, established under chapter 352C;~~
- 26.10 ~~(7)~~ (6) the general employees retirement plan of the Public Employees Retirement
 26.11 Association, established under chapter 353, including the MERF division of the Public
 26.12 Employees Retirement Association;
- 26.13 ~~(8)~~ (7) the public employees police and fire retirement plan of the Public Employees
 26.14 Retirement Association, established under chapter 353;
- 26.15 ~~(9)~~ (8) the local government correctional service retirement plan of the Public
 26.16 Employees Retirement Association, established under chapter 353E;
- 26.17 ~~(10)~~ (9) the Teachers Retirement Association, established under chapter 354;
- 26.18 ~~(11)~~ (10) the St. Paul Teachers Retirement Fund Association, established under
 26.19 chapter 354A;
- 26.20 ~~(12)~~ (11) the Duluth Teachers Retirement Fund Association, established under
 26.21 chapter 354A; and
- 26.22 ~~(13)~~ (12) the judges retirement fund, established by chapter 490.

26.23 **EFFECTIVE DATE.** This section is effective July 1, 2013.

26.24 Sec. 29. Minnesota Statutes 2012, section 356.401, subdivision 3, is amended to read:

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

- 26.27 (1) the legislators retirement plan, established by chapter 3A, including constitutional
 26.28 officers as specified in that chapter;
- 26.29 (2) the general state employees retirement plan of the Minnesota State Retirement
 26.30 System, established by chapter 352;
- 26.31 (3) the correctional state employees retirement plan of the Minnesota State
 26.32 Retirement System, established by chapter 352;
- 26.33 (4) the State Patrol retirement plan, established by chapter 352B;
- 26.34 ~~(5) the elective state officers retirement plan, established by chapter 352C;~~

27.1 ~~(6)~~ (5) the unclassified state employees retirement program, established by chapter
27.2 352D;

27.3 ~~(7)~~ (6) the general employees retirement plan of the Public Employees Retirement
27.4 Association, established by chapter 353, including the MERF division of the Public
27.5 Employees Retirement Association;

27.6 ~~(8)~~ (7) the public employees police and fire plan of the Public Employees Retirement
27.7 Association, established by chapter 353;

27.8 ~~(9)~~ (8) the public employees defined contribution plan, established by chapter 353D;

27.9 ~~(10)~~ (9) the local government correctional service retirement plan of the Public
27.10 Employees Retirement Association, established by chapter 353E;

27.11 ~~(11)~~ (10) the voluntary statewide lump-sum volunteer firefighter retirement plan,
27.12 established by chapter 353G;

27.13 ~~(12)~~ (11) the Teachers Retirement Association, established by chapter 354;

27.14 ~~(13)~~ (12) the Duluth Teachers Retirement Fund Association, established by chapter
27.15 354A;

27.16 ~~(14)~~ (13) the St. Paul Teachers Retirement Fund Association, established by chapter
27.17 354A;

27.18 ~~(15)~~ (14) the individual retirement account plan, established by chapter 354B;

27.19 ~~(16)~~ (15) the higher education supplemental retirement plan, established by chapter
27.20 354C; and

27.21 ~~(17)~~ (16) the judges retirement fund, established by chapter 490.

27.22 **EFFECTIVE DATE.** This section is effective July 1, 2013.

27.23 Sec. 30. Minnesota Statutes 2012, section 356.415, subdivision 1a, is amended to read:

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

27.25 **System plans other than State Patrol retirement plan.** (a) Retirement annuity, disability

27.26 benefit, or survivor benefit recipients of the legislators retirement ~~plan~~ plans, including

27.27 constitutional officers as specified in chapter 3A, the general state employees retirement

27.28 plan, the correctional state employees retirement plan, ~~the elected state officers retirement~~

27.29 ~~plan,~~ the unclassified state employees retirement program, and the judges retirement plan

27.30 are entitled to a postretirement adjustment annually on January 1, as follows:

27.31 (1) a postretirement increase of two percent must be applied each year, effective

27.32 on January 1, to the monthly annuity or benefit of each annuitant or benefit recipient

27.33 who has been receiving an annuity or a benefit for at least 18 full months before the

27.34 January 1 increase; and

28.1 (2) for each annuitant or benefit recipient who has been receiving an annuity or
28.2 a benefit for at least six full months, an annual postretirement increase of 1/12 of two
28.3 percent for each month that the person has been receiving an annuity or benefit must be
28.4 applied, effective January 1, following the calendar year in which the person has been
28.5 retired for at least six months, but has been retired for less than 18 months.

28.6 (b) The increases provided by this subdivision commence on January 1, 2011.
28.7 Increases under this subdivision for the general state employees retirement plan, the
28.8 correctional state employees retirement plan, or the judges retirement plan terminate
28.9 on December 31 of the calendar year in which the actuarial valuation prepared by the
28.10 approved actuary under sections 356.214 and 356.215 and the standards for actuarial work
28.11 promulgated by the Legislative Commission on Pensions and Retirement indicates that the
28.12 market value of assets of the retirement plan equals or exceeds 90 percent of the actuarial
28.13 accrued liability of the retirement plan and increases under subdivision 1 recommence
28.14 after that date. Increases under this subdivision for the legislators retirement plan or the
28.15 elected state officers retirement plan terminate on December 31 of the calendar year in
28.16 which the actuarial valuation prepared by the approved actuary under sections 356.214 and
28.17 356.215 and the standards for actuarial work promulgated by the Legislative Commission
28.18 on Pensions and Retirement indicates that the market value of assets of the general state
28.19 employees retirement plan equals or exceeds 90 percent of the actuarial accrued liability
28.20 of the retirement plan and increases under subdivision 1 recommence after that date.

28.21 (c) An increase in annuity or benefit payments under this subdivision must be made
28.22 automatically unless written notice is filed by the annuitant or benefit recipient with the
28.23 executive director of the applicable covered retirement plan requesting that the increase
28.24 not be made.

28.25 **EFFECTIVE DATE.** This section is effective July 1, 2013.

28.26 Sec. 31. Minnesota Statutes 2012, section 356.415, subdivision 2, is amended to read:

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

28.29 (1) the legislators retirement plan established under chapter 3A, including
28.30 constitutional officers as specified in that chapter;

28.31 (2) the correctional state employees retirement plan of the Minnesota State
28.32 Retirement System established under chapter 352;

28.33 (3) the general state employees retirement plan of the Minnesota State Retirement
28.34 System established under chapter 352;

28.35 (4) the State Patrol retirement plan established under chapter 352B;

- 29.1 ~~(5) the elective state officers retirement plan established under chapter 352C;~~
 29.2 ~~(6)~~ (5) the general employees retirement plan of the Public Employees Retirement
 29.3 Association established under chapter 353, including the MERF division of the Public
 29.4 Employees Retirement Association;
 29.5 ~~(7)~~ (6) the public employees police and fire retirement plan of the Public Employees
 29.6 Retirement Association established under chapter 353;
 29.7 ~~(8)~~ (7) the local government correctional employees retirement plan of the Public
 29.8 Employees Retirement Association established under chapter 353E;
 29.9 ~~(9)~~ (8) the teachers retirement plan established under chapter 354; and
 29.10 ~~(10)~~ (9) the judges retirement plan established under chapter 490.

29.11 **EFFECTIVE DATE.** This section is effective July 1, 2013.

29.12 Sec. 32. **APPLICATION AND INTENT.**

29.13 Sections 2 to 8 and 25 to 31 merge the remaining provisions of the elective
 29.14 state officers retirement plan into the legislators retirement plan chapter to achieve
 29.15 administrative savings, including reduced cost for actuarial calculations. Nothing in those
 29.16 sections should be interpreted as modifying benefits or benefit eligibility compared to law
 29.17 in effect immediately before the effective date of this section.

29.18 **EFFECTIVE DATE.** This section is effective July 1, 2013.

29.19 Sec. 33. **REPEALER.**

- 29.20 (a) Minnesota Statutes 2012, sections 3A.02, subdivision 3; 352C.001; 352C.091,
 29.21 subdivision 1; and 352C.10, are repealed.
 29.22 (b) Minnesota Statutes 2012, sections 352.045, subdivisions 3 and 4; and 352.955,
 29.23 subdivision 2, are repealed.

29.24 **EFFECTIVE DATE.** Paragraph (a) is effective July 1, 2013. Paragraph (b) is
 29.25 effective the day following final enactment.

29.26 **ARTICLE 3**

29.27 **PERA ADMINISTRATIVE PROVISIONS**

- 29.28 Section 1. Minnesota Statutes 2012, section 353.01, subdivision 2b, is amended to read:
 29.29 Subd. 2b. **Excluded employees.** (a) The following public employees are not eligible
 29.30 to participate as members of the association with retirement coverage by the general

30.1 employees retirement plan, the local government correctional employees retirement plan
30.2 under chapter 353E, or the public employees police and fire retirement plan:

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

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

30.8 (3) election officers or election judges;

30.9 (4) patient and inmate personnel who perform services for a governmental
30.10 subdivision;

30.11 (5) except as otherwise specified in subdivision 12a, employees who are hired for
30.12 a temporary position as defined under subdivision 12a, and employees who resign from
30.13 a nontemporary position and accept a temporary position within 30 days in the same
30.14 governmental subdivision;

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

30.17 (7) employees who by virtue of their employment in one governmental subdivision
30.18 are required by law to be a member of and to contribute to any of the plans or funds
30.19 administered by the Minnesota State Retirement System, the Teachers Retirement
30.20 Association, the Duluth Teachers Retirement Fund Association, the St. Paul Teachers
30.21 Retirement Fund Association, or any police or firefighters relief association governed by
30.22 section 69.77 that has not consolidated with the Public Employees Retirement Association,
30.23 or any local police or firefighters consolidation account who have not elected the type of
30.24 benefit coverage provided by the public employees police and fire fund under sections
30.25 353A.01 to 353A.10, or any persons covered by section 353.665, subdivision 4, 5, or 6,
30.26 who have not elected public employees police and fire plan benefit coverage. This clause
30.27 must not be construed to prevent a person from being a member of and contributing to
30.28 the Public Employees Retirement Association and also belonging to and contributing to
30.29 another public pension plan or fund for other service occurring during the same period
30.30 of time. A person who meets the definition of "public employee" in subdivision 2 by
30.31 virtue of other service occurring during the same period of time becomes a member of the
30.32 association unless contributions are made to another public retirement fund on the salary
30.33 based on the other service or to the Teachers Retirement Association by a teacher as
30.34 defined in section 354.05, subdivision 2;

30.35 (8) persons who are members of a religious order and are excluded from coverage
30.36 under the federal Old Age, Survivors, Disability, and Health Insurance Program for the

31.1 performance of service as specified in United States Code, title 42, section 410(a)(8)(A),
31.2 as amended through January 1, 1987, if no irrevocable election of coverage has been made
31.3 under section 3121(r) of the Internal Revenue Code of 1954, as amended;

31.4 (9) employees of a governmental subdivision who have not reached the age of
31.5 23 and are enrolled on a full-time basis to attend or are attending classes on a full-time
31.6 basis at an accredited school, college, or university in an undergraduate, graduate, or
31.7 professional-technical program, or a public or charter high school;

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

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

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

31.14 (13) except for employees of Hennepin County or Hennepin Healthcare System, Inc.,
31.15 foreign citizens who are employed by a governmental subdivision under a work permit, or
31.16 an H-1b visa initially issued or extended for a combined period less than three years of
31.17 employment. Upon extension of the employment beyond the three-year period, the foreign
31.18 citizens must be reported for membership beginning the first of the month thereafter
31.19 provided the monthly earnings threshold as provided under subdivision 2a is met;

31.20 (14) public hospital employees who elected not to participate as members of the
31.21 association before 1972 and who did not elect to participate from July 1, 1988, to October
31.22 1, 1988;

31.23 (15) except as provided in section 353.86, volunteer ambulance service personnel, as
31.24 defined in subdivision 35, but persons who serve as volunteer ambulance service personnel
31.25 may still qualify as public employees under subdivision 2 and may be members of the
31.26 Public Employees Retirement Association and participants in the general employees
31.27 retirement plan or the public employees police and fire plan, whichever applies, on the
31.28 basis of compensation received from public employment service other than service as
31.29 volunteer ambulance service personnel;

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

32.1 (17) pipefitters and associated trades personnel employed by Independent School
32.2 District No. 625, St. Paul, with coverage under a collective bargaining agreement by the
32.3 pipefitters local 455 pension plan who were either first employed after May 1, 1997, or,
32.4 if first employed before May 2, 1997, elected to be excluded under Laws 1997, chapter
32.5 241, article 2, section 12;

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

32.13 (19) bricklayers, allied craftworkers, cement masons, glaziers, glassworkers,
32.14 painters, allied tradesworkers, and plasterers who are employed by the city of St. Paul
32.15 or Independent School District No. 625, St. Paul, with coverage under a collective
32.16 bargaining agreement by the Bricklayers and Allied Craftworkers Local 1 pension plan,
32.17 the Cement Masons Local 633 pension plan, the Glaziers and Glassworkers Local L-1324
32.18 pension plan, the Painters and Allied Trades Local 61 pension plan, or the Twin Cities
32.19 Plasterers Local 265 pension plan who were either first employed after May 1, 2001, or if
32.20 first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special
32.21 Session chapter 10, article 10, section 6;

32.22 (20) plumbers who are employed by the Metropolitan Airports Commission, with
32.23 coverage under a collective bargaining agreement by the Plumbers Local 34 pension plan,
32.24 who either were first employed after May 1, 2001, or if first employed before May 2,
32.25 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article
32.26 10, section 6;

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

32.30 (22) persons who are provided supported employment or work-study positions by a
32.31 governmental subdivision and who participate in an employment or industries program
32.32 maintained for the benefit of these persons where the governmental subdivision limits
32.33 the position's duration up to three five years or less, including persons participating in a
32.34 federal or state subsidized on-the-job training, work experience, senior citizen, youth, or
32.35 unemployment relief program where the training or work experience is not provided as a
32.36 part of, or for, future permanent public employment;

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

33.2 (24) reemployed annuitants of the association during the course of that
33.3 reemployment; and

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

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

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

33.10 Sec. 2. Minnesota Statutes 2012, section 353.01, subdivision 16, is amended to read:

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

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

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

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

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

33.23 (5) a period of authorized personal, parental, or medical leave of absence without
33.24 pay, including a leave of absence covered under the federal Family Medical Leave Act,
33.25 that does not exceed one year, and for which a member obtained service credit for each
33.26 month in the leave period by payment under section 353.0161 to the fund made in place of
33.27 salary deductions. An employee must return to public service and render a minimum of
33.28 three months of allowable service in order to be eligible to make payment under section
33.29 353.0161 for a subsequent authorized leave of absence without pay. Upon payment, the
33.30 employee must be granted allowable service credit for the purchased period;

33.31 (6) a periodic, repetitive leave that is offered to all employees of a governmental
33.32 subdivision. The leave program may not exceed 208 hours per annual normal work cycle
33.33 as certified to the association by the employer. A participating member obtains service
33.34 credit by making employee contributions in an amount or amounts based on the member's
33.35 average salary, excluding overtime pay, that would have been paid if the leave had not been

34.1 taken. The employer shall pay the employer and additional employer contributions on
34.2 behalf of the participating member. The employee and the employer are responsible to pay
34.3 interest on their respective shares at the rate of 8.5 percent a year, compounded annually,
34.4 from the end of the normal cycle until full payment is made. An employer shall also make
34.5 the employer and additional employer contributions, plus 8.5 percent interest, compounded
34.6 annually, on behalf of an employee who makes employee contributions but terminates
34.7 public service. The employee contributions must be made within one year after the end of
34.8 the annual normal working cycle or within 30 days after termination of public service,
34.9 whichever is sooner. The executive director shall prescribe the manner and forms to be
34.10 used by a governmental subdivision in administering a periodic, repetitive leave. Upon
34.11 payment, the member must be granted allowable service credit for the purchased period;

34.12 (7) an authorized temporary or seasonal layoff under subdivision 12, limited to three
34.13 months allowable service per authorized temporary or seasonal layoff in one calendar year.
34.14 An employee who has received the maximum service credit allowed for an authorized
34.15 temporary or seasonal layoff must return to public service and must obtain a minimum of
34.16 three months of allowable service subsequent to the layoff in order to receive allowable
34.17 service for a subsequent authorized temporary or seasonal layoff;

34.18 (8) a period during which a member is absent from employment by a governmental
34.19 subdivision by reason of service in the uniformed services, as defined in United States
34.20 Code, title 38, section 4303(13), if the member returns to public service with the same
34.21 governmental subdivision upon discharge from service in the uniformed service within the
34.22 time frames required under United States Code, title 38, section 4312(e), provided that
34.23 the member did not separate from uniformed service with a dishonorable or bad conduct
34.24 discharge or under other than honorable conditions. The service must be credited if the
34.25 member pays into the fund equivalent employee contributions based upon the contribution
34.26 rate or rates in effect at the time that the uniformed service was performed multiplied
34.27 by the full and fractional years being purchased and applied to the annual salary rate.
34.28 The annual salary rate is the average annual salary, ~~excluding overtime pay~~, during the
34.29 purchase period that the member would have received if the member had continued to
34.30 be employed in covered employment rather than to provide uniformed service, or, if
34.31 the determination of that rate is not reasonably certain, the annual salary rate is the
34.32 member's average salary rate, ~~excluding overtime pay~~, during the 12-month period of
34.33 covered employment rendered immediately preceding the period of the uniformed service.
34.34 Payment of the member equivalent contributions must be made during a period that begins
34.35 with the date on which the individual returns to public employment and that is three times
34.36 the length of the military leave period, or within five years of the date of discharge from

35.1 the military service, whichever is less. If the determined payment period is less than
35.2 one year, the contributions required under this clause to receive service credit may be
35.3 made within one year of the discharge date. Payment may not be accepted following 30
35.4 days after termination of public service under subdivision 11a. If the member equivalent
35.5 contributions provided for in this clause are not paid in full, the member's allowable
35.6 service credit must be prorated by multiplying the full and fractional number of years of
35.7 uniformed service eligible for purchase by the ratio obtained by dividing the total member
35.8 contributions received by the total member contributions otherwise required under this
35.9 clause. The equivalent employer contribution, and, if applicable, the equivalent additional
35.10 employer contribution must be paid by the governmental subdivision employing the
35.11 member if the member makes the equivalent employee contributions. The employer
35.12 payments must be made from funds available to the employing unit, using the employer
35.13 and additional employer contribution rate or rates in effect at the time that the uniformed
35.14 service was performed, applied to the same annual salary rate or rates used to compute the
35.15 equivalent member contribution. The governmental subdivision involved may appropriate
35.16 money for those payments. The amount of service credit obtainable under this section may
35.17 not exceed five years unless a longer purchase period is required under United States Code,
35.18 title 38, section 4312. The employing unit shall pay interest on all equivalent member and
35.19 employer contribution amounts payable under this clause. Interest must be computed at a
35.20 rate of 8.5 percent compounded annually from the end of each fiscal year of the leave or the
35.21 break in service to the end of the month in which the payment is received. Upon payment,
35.22 the employee must be granted allowable service credit for the purchased period; or

35.23 (9) a period specified under section 353.0162.

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

35.29 (c) For a public employee who has prior service covered by a local police or
35.30 firefighters relief association that has consolidated with the Public Employees Retirement
35.31 Association under chapter 353A or to which section 353.665 applies, and who has
35.32 elected the type of benefit coverage provided by the public employees police and fire
35.33 fund either under section 353A.08 following the consolidation or under section 353.665,
35.34 subdivision 4, "allowable service" is a period of service credited by the local police or
35.35 firefighters relief association as of the effective date of the consolidation based on law

36.1 and on bylaw provisions governing the relief association on the date of the initiation
36.2 of the consolidation procedure.

36.3 (d) No member may receive more than 12 months of allowable service credit in a
36.4 year either for vesting purposes or for benefit calculation purposes. For an active member
36.5 who was an active member of the former Minneapolis Firefighters Relief Association
36.6 on December 29, 2011, "allowable service" is the period of service credited by the
36.7 Minneapolis Firefighters Relief Association as reflected in the transferred records of the
36.8 association up to December 30, 2011, and the period of service credited under paragraph
36.9 (a), clause (1), after December 30, 2011. For an active member who was an active member
36.10 of the former Minneapolis Police Relief Association on December 29, 2011, "allowable
36.11 service" is the period of service credited by the Minneapolis Police Relief Association as
36.12 reflected in the transferred records of the association up to December 30, 2011, and the
36.13 period of service credited under paragraph (a), clause (1), after December 30, 2011.

36.14 (e) MS 2002 [Expired]

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

36.16 Sec. 3. Minnesota Statutes 2012, section 353.01, subdivision 17a, is amended to read:

36.17 Subd. 17a. **Average salary.** (a) "Average salary," ~~for purposes of calculating a~~
36.18 ~~retirement annuity under section 353.29, subdivision 3~~ unless otherwise specified, means
36.19 an amount equivalent to the average of the highest salary of the member, police officer,
36.20 or firefighter, whichever applies, upon which employee contributions were paid for any
36.21 five successive years of allowable service, based on dates of salary periods as listed on
36.22 salary deduction reports. Average salary must be based upon all allowable service if
36.23 this service is less than five years.

36.24 (b) "Average salary" may not include any reduced salary paid during a period
36.25 in which the employee is entitled to benefit payments from workers' compensation for
36.26 temporary disability, unless the average salary is higher, including this period.

36.27 (c) "Average salary," for purposes of calculating benefits for a surviving spouse or
36.28 dependent children under section 353.657, subdivision 2 or 3, means the average of the
36.29 full-time monthly base salary rate in effect during the last six months of allowable service.
36.30 If the employment during the last six months of allowable service was part-time, the
36.31 average salary must be prorated based on the actual number of hours worked.

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

36.33 Sec. 4. Minnesota Statutes 2012, section 353.01, subdivision 29, is amended to read:

37.1 Subd. 29. **Designated beneficiary.** "Designated beneficiary" means the person or,
37.2 organization, trust, or estate designated by a member, former member, ~~disabilitant, or~~
37.3 ~~retired member in writing, signed and filed with the association before the death of the~~
37.4 ~~member, former member, disabilitant, or retired member,~~ or a person legally authorized
37.5 to act on behalf of the member or former member to receive a refund of the balance of
37.6 the member's or former member's accumulated deductions after death. A beneficiary
37.7 designation is valid if it is made in the form prescribed by the executive director and
37.8 is received by the association on or before the date of death of the member or former
37.9 member. If a beneficiary designation is deemed to be invalid for any reason, any remaining
37.10 balance of the member's or former member's accumulated deductions are subject to the
37.11 provisions of section 353.32, subdivisions 4 and 5.

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

37.13 Sec. 5. Minnesota Statutes 2012, section 353.27, subdivision 7, is amended to read:

37.14 Subd. 7. **Adjustment for erroneous receipts or disbursements.** (a) Except
37.15 as provided in paragraph (b), erroneous employee deductions and erroneous employer
37.16 contributions and additional employer contributions to the general employees retirement
37.17 plan of the Public Employees Retirement Association or to the public employees police
37.18 and fire retirement plan for a person who otherwise does not qualify for membership
37.19 under this chapter, are considered:

37.20 (1) valid if the initial erroneous deduction began before January 1, 1990. Upon
37.21 determination of the error by the association, the person may continue membership in the
37.22 association while employed in the same position for which erroneous deductions were
37.23 taken, or file a written election to terminate membership and apply for a refund upon
37.24 termination of public service or defer an annuity under section 353.34; or

37.25 (2) invalid, if the initial erroneous employee deduction began on or after January 1,
37.26 1990. Upon determination of the error, the association shall refund all erroneous employee
37.27 deductions and all erroneous employer contributions as specified in paragraph (e). No
37.28 person may claim a right to continued or past membership in the association based on
37.29 erroneous deductions which began on or after January 1, 1990.

37.30 (b) Erroneous deductions taken from the salary of a person who did not qualify
37.31 for membership in the general employees retirement plan of the Public Employees
37.32 Retirement Association or in the public employees police and fire retirement plan by
37.33 virtue of concurrent employment before July 1, 1978, which required contributions to
37.34 another retirement fund or relief association established for the benefit of officers and
37.35 employees of a governmental subdivision, are invalid. Upon discovery of the error,

38.1 allowable service credit for all invalid service if forfeited and, upon termination of public
38.2 service, the association shall refund all erroneous employee deductions to the person, with
38.3 interest as determined under section 353.34, subdivision 2, and all erroneous employer
38.4 contributions without interest to the employer. This paragraph has both retroactive and
38.5 prospective application.

38.6 (c) Adjustments to correct employer contributions and employee deductions taken
38.7 in error from amounts which are not salary under section 353.01, subdivision 10, must
38.8 be made as specified in paragraph (e). The period of adjustment must be limited to the
38.9 fiscal year in which the error is discovered by the association and the immediate two
38.10 preceding fiscal years.

38.11 (d) If there is evidence of fraud or other misconduct on the part of the employee or
38.12 the employer, the board of trustees may authorize adjustments to the account of a member
38.13 or former member to correct erroneous employee deductions and employer contributions
38.14 on invalid salary and the recovery of any overpayments for a period longer than provided
38.15 for under paragraph (c).

38.16 (e) Upon discovery of the receipt of erroneous employee deductions and employer
38.17 contributions under paragraph (a), clause (2), or paragraph (c), the association must require
38.18 the employer to discontinue the erroneous employee deductions and erroneous employer
38.19 contributions reported on behalf of a member. Upon discontinuation, the association must:

38.20 (1) for a member, provide a refund in the amount of the invalid employee deductions
38.21 with interest on the invalid employee deductions at the rate specified under section 353.34,
38.22 subdivision 2, from the received date of each invalid salary transaction through the date
38.23 the credit or refund is made;

38.24 (2) for a former member who:

38.25 (i) is not receiving a retirement annuity or benefit, return the erroneous employee
38.26 deductions to the former member through a refund with interest at the rate specified under
38.27 section 353.34, subdivision 2, from the received date of each invalid salary transaction
38.28 through the date the credit or refund is made; or

38.29 (ii) is receiving a retirement annuity or disability benefit, or a person who is
38.30 receiving an optional annuity or survivor benefit, for whom it has been determined an
38.31 overpayment must be recovered, adjust the payment amount and recover the overpayments
38.32 as provided under this section; and

38.33 (3) return the invalid employer contributions reported on behalf of a member or
38.34 former member to the employer by providing a credit against future contributions payable
38.35 by the employer.

39.1 (f) In the event that a salary warrant or check from which a deduction for the
39.2 retirement fund was taken has been canceled or the amount of the warrant or check
39.3 returned to the funds of the department making the payment, a refund of the sum
39.4 deducted, or any portion of it that is required to adjust the deductions, must be made
39.5 to the department or institution.

39.6 (g) If the ~~accrual date of any~~ association discovers that a retirement annuity, survivor
39.7 benefit, or disability benefit is within the limitation period specified in paragraph (e), and
39.8 an overpayment has resulted has been incorrectly calculated by using invalid service or
39.9 salary, or due to any erroneous calculation procedure, the association must recalculate
39.10 the annuity or benefit payable and recover any begin payment of the corrected annuity or
39.11 benefit effective the first of the month following discovery of the error. Any overpayment
39.12 resulting from the incorrect calculation must be recovered as provided under subdivision
39.13 7b, if the accrual date, or any adjustment in the amount of the annuity or benefit calculated
39.14 after the accrual date, except adjustments required under section 353.656, subdivision 4,
39.15 falls within the current fiscal year and the two immediate previous fiscal years.

39.16 (h) Notwithstanding the provisions of this subdivision, the association may apply
39.17 the Revenue Procedures defined in the federal Internal Revenue Service Employee Plans
39.18 Compliance Resolution System and not issue a refund of erroneous employee deductions
39.19 and employer contributions or not recover a small overpayment of benefits if the cost to
39.20 correct the error would exceed the amount of the member refund or overpayment.

39.21 (i) Any fees or penalties assessed by the federal Internal Revenue Service for any
39.22 failure by an employer to follow the statutory requirements for reporting eligible members
39.23 and salary must be paid by the employer.

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

39.25 Sec. 6. Minnesota Statutes 2012, section 353.34, subdivision 1, is amended to read:

39.26 Subdivision 1. **Refund or deferred annuity.** (a) A former member is entitled to
39.27 either a refund of accumulated employee deductions under subdivision 2, or to a deferred
39.28 annuity under subdivision 3. Application for a refund may not be made before the date of
39.29 termination of public service. ~~Except as specified in paragraph (b),~~ A refund must be paid
39.30 within 120 days following receipt of the application unless the applicant has again become
39.31 a public employee required to be covered by the association.

39.32 (b) If an individual was placed on layoff under section 353.01, subdivision 12 or 12c,
39.33 a refund is not payable before termination of service under section 353.01, subdivision 11a.

39.34 (c) An individual who terminates public service covered by the Public Employees
39.35 Retirement Association general employees retirement plan, the MERF division, the Public

40.1 Employees Retirement Association police and fire retirement plan, or the public employees
40.2 local government correctional service retirement plan, and who is employed by a different
40.3 employer and who becomes an active member covered by one of the other two plans, may
40.4 receive a refund of employee contributions plus annual compound interest from the plan
40.5 from which the member terminated service at the applicable rate specified in subdivision 2.

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

40.7 Sec. 7. Minnesota Statutes 2012, section 353.34, subdivision 2, is amended to read:

40.8 Subd. 2. **Refund with interest.** (a) Except as provided in subdivision 1, any person
40.9 who ceases to be a public employee is entitled to receive a refund in an amount equal to
40.10 accumulated deductions with annual compound interest to the first day of the month
40.11 in which the refund is processed.

40.12 (b) For a person who ceases to be a public employee before July 1, 2011, the refund
40.13 interest is at the rate of six percent to June 30, 2011, and at the rate of four percent after
40.14 June 30, 2011. For a person who ceases to be a public employee after July 1, 2011, the
40.15 refund interest is at the rate of four percent.

40.16 (c) If a person repays a refund and subsequently applies for another refund, the
40.17 repayment amount, including interest, is added to the fiscal year balance in which the
40.18 repayment was made.

40.19 (d) If the refund payable to a member is based on employee deductions that are
40.20 determined to be invalid under section 353.27, subdivision 7, the interest payable on the
40.21 invalid employee deductions is four percent.

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

40.23 Sec. 8. Minnesota Statutes 2012, section 353.50, subdivision 3, is amended to read:

40.24 Subd. 3. **Service credit and benefit liability transfer.** (a) All allowable service
40.25 credit and salary credit of the members of the Minneapolis Employees Retirement Fund
40.26 as specified in the records of the Minneapolis Employees Retirement Fund through June
40.27 30, 2010, are transferred to the MERF division of the Public Employees Retirement
40.28 Association and are credited by the MERF division. ~~Annuities or benefits of persons~~
40.29 ~~who are active members of the former Minneapolis Employees Retirement Fund on~~
40.30 ~~June 30, 2010, must be calculated under Minnesota Statutes 2008, sections 422A.11;~~
40.31 ~~422A.12; 422A.13; 422A.14; 422A.15; 422A.151; 422A.155; 422A.156; 422A.16;~~
40.32 ~~422A.17; 422A.18; 422A.19; 422A.20; and 422A.23, but are only eligible for automatic~~
40.33 ~~postretirement adjustments after December 31, 2010, under section 356.415.~~

41.1 (b) The liability for the payment of annuities and benefits of the Minneapolis
41.2 Employees Retirement Fund retirees and benefit recipients as specified in the records of
41.3 the Minneapolis Employees Retirement Fund on June 29, 2010, is transferred to the
41.4 MERF division of the Public Employees Retirement Association on June 30, 2010.

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

41.6 Sec. 9. Minnesota Statutes 2012, section 353.50, subdivision 6, is amended to read:

41.7 Subd. 6. **Benefits.** (a) **Retired, disabled, deferred, and inactive member benefits.**

41.8 The annuities and benefits of, or attributable to, retired, disabled, deferred, or inactive
41.9 Minneapolis Employees Retirement Fund members with that status as of June 30, 2010,
41.10 ~~with the exception of post-December 31, 2010, postretirement adjustments, which~~
41.11 ~~are governed by paragraph (b);~~ as calculated under Minnesota Statutes 2008, sections
41.12 422A.11; 422A.12; 422A.13; 422A.14; 422A.15; 422A.151; 422A.155; 422A.156;
41.13 422A.16; 422A.17; 422A.18; 422A.19; 422A.20; and 422A.23, continue in force ~~after the~~
41.14 ~~administrative consolidation under Laws 2010, chapter 359, article 11.~~

41.15 (b) **Benefits; benefit eligibility for June 30, 2010, active members.** Persons who
41.16 were active members of the former Minneapolis Employees Retirement Fund on June
41.17 30, 2010, upon satisfying eligibility requirements stated in the applicable sections of
41.18 Minnesota Statutes 2008 specified in paragraph (a), are entitled to annuities or benefits
41.19 specified in those sections. Eligibility for a formula retirement annuity includes the
41.20 requirement in Minnesota Statutes 2008, sections 422A.13 and 422A.16, that the
41.21 terminating member has attained retirement age, which is age 60 if the person has at least
41.22 ten years of service credit, or any age if the person has 30 or more years of service credit.

41.23 (b) (c) **Postretirement adjustments.** After December 31, 2010, annuities and
41.24 benefits from the MERF division are eligible for annual automatic postretirement
41.25 adjustments solely under section 356.415.

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

41.27 Sec. 10. Minnesota Statutes 2012, section 353.657, subdivision 2, is amended to read:

41.28 Subd. 2. **Benefit amount.** (a) The spouse of a deceased member is entitled to
41.29 receive a monthly benefit for life equal to the following percentage of the member's
41.30 average ~~full-time monthly salary rate~~, as defined in section 353.01, subdivision 17a,
41.31 paragraph (c), as a member of the police and fire plan ~~in effect over the last six months of~~
41.32 ~~allowable service preceding the month in which death occurred:~~

42.1 (1) if the death was a line of duty death, 60 percent of the stated average salary
42.2 is payable; and

42.3 (2) if the death was not a line of duty death or if death occurred while receiving
42.4 disability benefits that accrued before July 1, 2007, 50 percent of the stated average salary
42.5 is payable.

42.6 (b) ~~If the member was a part-time employee in the position for which the employee~~
42.7 ~~qualified for participation in the police and fire plan, the monthly survivor benefit is based~~
42.8 ~~on the salary rate in effect for that member's part-time service during the last six months~~
42.9 ~~of allowable service. If the member's status changed from full time to part time for due~~
42.10 ~~to health reasons during the last year 12 months of employment, notwithstanding the~~
42.11 ~~definition of average salary in section 353.01, subdivision 17a, paragraph (c), the average~~
42.12 ~~salary used to compute the monthly survivor benefit is~~ must be based on the full-time
42.13 salary rate of the position held as a member of the police and fire plan in effect over the
42.14 last six months of allowable service preceding the month in which the death occurred.

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

42.16 Sec. 11. Minnesota Statutes 2012, section 353.657, subdivision 2a, is amended to read:

42.17 Subd. 2a. **Death while eligible survivor benefit.** (a) If a member or former member
42.18 who has attained the age of at least 50 years and either who is vested under section
42.19 353.01, subdivision 47, or who has credit for at least 30 years of allowable service,
42.20 regardless of age attained, dies before the annuity or disability benefit becomes payable,
42.21 notwithstanding any designation of beneficiary to the contrary, the surviving spouse may
42.22 elect to receive a death while eligible survivor benefit.

42.23 (b) Notwithstanding the definition of surviving spouse in section 353.01, subdivision
42.24 20, a former spouse of the member, if any, is entitled to a portion of the death while
42.25 eligible survivor benefit if stipulated under the terms of a marriage dissolution decree
42.26 filed with the association. If there is no surviving spouse or child or children, a former
42.27 spouse may be entitled to a lump-sum refund payment under section 353.32, subdivision
42.28 1, if provided for in a marriage dissolution decree but not a death while eligible survivor
42.29 benefit despite the terms of a marriage dissolution decree filed with the association.

42.30 (c) The benefit may be elected instead of a refund with interest under section 353.32,
42.31 subdivision 1, or surviving spouse benefits otherwise payable under subdivisions 1 and
42.32 2. The benefit must be an annuity equal to the 100 percent joint and survivor annuity
42.33 which the member could have qualified for on the date of death, computed as provided in
42.34 sections 353.651, ~~subdivisions 2 and~~ subdivision 3, and 353.30, subdivision 3.

43.1 (d) The surviving spouse may apply for the annuity at any time after the date
43.2 on which the deceased employee would have attained the required age for retirement
43.3 based on the employee's allowable service. Sections 353.34, subdivision 3, and 353.71,
43.4 subdivision 2, apply to a deferred annuity payable under this subdivision.

43.5 (e) No payment accrues beyond the end of the month in which entitlement to
43.6 such annuity has terminated. An amount equal to the excess, if any, of the accumulated
43.7 contributions which were credited to the account of the deceased employee over and
43.8 above the total of the annuities paid and payable to the surviving spouse must be paid to
43.9 the deceased member's last designated beneficiary or, if none, to the legal representative of
43.10 the estate of such deceased member.

43.11 (f) Any member may request in writing, with the signed consent of the spouse, that
43.12 this subdivision not apply and that payment be made only to the designated beneficiary, as
43.13 otherwise provided by this chapter.

43.14 (g) For a member who is employed as a full-time firefighter by the Department of
43.15 Military Affairs of the state of Minnesota, allowable service as a full-time state Military
43.16 Affairs Department firefighter credited by the Minnesota State Retirement System may be
43.17 used in meeting the minimum allowable service requirement of this subdivision.

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

43.19 Sec. 12. Minnesota Statutes 2012, section 353.657, subdivision 3, is amended to read:

43.20 Subd. 3. **Dependent children.** (a) A dependent child, as defined in section 353.01,
43.21 subdivision 15, is entitled to receive a monthly benefit equal to ten percent of the member's
43.22 average ~~full-time monthly salary rate~~, as defined in section 353.01, subdivision 17a,
43.23 paragraph (c), as a member of the police and fire plan ~~in effect over the last six months of~~
43.24 ~~allowable service preceding the month in which death occurred.~~

43.25 (b) If the member's status changed from full-time to part-time due to health reasons
43.26 during the last 12 months of employment, notwithstanding the definition of average salary
43.27 in section 353.01, subdivision 17a, paragraph (c), the average salary used to compute the
43.28 monthly dependent child benefit must be based on the full-time salary rate of the position
43.29 held as a member of the police and fire plan in effect over the last six months of allowable
43.30 service preceding the month in which the death occurred.

43.31 (c) Payments for the benefit of a dependent child must be made to the surviving
43.32 parent, or to the legal guardian of the child or to any adult person with whom the child
43.33 may at the time be living, provided only that the parent or other person to whom any
43.34 amount is to be paid advises the board in writing that the amount will be held or used in
43.35 trust for the benefit of the child.

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

44.2 Sec. 13. Minnesota Statutes 2012, section 353F.02, subdivision 3, is amended to read:

44.3 Subd. 3. **Effective date of privatization.** "Effective date of privatization" means
 44.4 the date that the operation of ~~the~~ a medical facility or other public employing unit is
 44.5 assumed by another employer or the date that ~~the~~ a medical facility or other public
 44.6 employing unit is purchased by another employer and active membership in the Public
 44.7 Employees Retirement Association consequently terminates.

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

44.9 Sec. 14. Minnesota Statutes 2012, section 353F.02, subdivision 4, is amended to read:

44.10 Subd. 4. **Medical facility.** "Medical facility" means:

- 44.11 (1) Bridges Medical Services;
- 44.12 (2) Cedarview Care Center in Steele County;
- 44.13 (3) the City of Cannon Falls Hospital;
- 44.14 (4) the Chris Jenson Health and Rehabilitation Center in St. Louis County;
- 44.15 (5) Cornerstone Nursing and Rehabilitation Center in Clearwater County Memorial
 44.16 ~~Hospital doing business as Clearwater Health Services in Bagley;~~
- 44.17 (6) the Dassel Lakeside Community Home;
- 44.18 (7) the Douglas County Hospital, with respect to the Mental Health Unit;
- 44.19 (8) the Fair Oaks Lodge, Wadena;
- 44.20 (9) the Glencoe Area Health Center;
- 44.21 (10) Hutchinson Area Health Care;
- 44.22 (11) Lake County Sunrise Home;
- 44.23 ~~(11)~~ (12) the Lakefield Nursing Home;
- 44.24 ~~(12)~~ (13) the Lakeview Nursing Home in Gaylord;
- 44.25 ~~(13)~~ (14) the Luverne Public Hospital;
- 44.26 ~~(14)~~ (15) the Oakland Park Nursing Home;
- 44.27 ~~(15)~~ (16) the RenVilla Nursing Home;
- 44.28 ~~(16)~~ (17) the Rice Memorial Hospital in Willmar, with respect to the Department
 44.29 of Radiology and the Department of Radiation/Oncology;
- 44.30 ~~(17)~~ (18) the St. Peter Community Health Care Center;
- 44.31 ~~(18)~~ (19) the Traverse Care Center in Traverse County;
- 44.32 ~~(19)~~ (20) the Waconia-Ridgeview Medical Center;
- 44.33 ~~(20)~~ (21) the Weiner Memorial Medical Center, Inc.;
- 44.34 ~~(21)~~ (22) the Wheaton Community Hospital; and

45.1 ~~(22)~~ (23) the Worthington Regional Hospital.

45.2 **EFFECTIVE DATE.** This section is effective the day following final enactment if
 45.3 Minnesota Statutes, section 353F.02, subdivision 4, is not repealed in the 2013 legislative
 45.4 session.

45.5 Sec. 15. Minnesota Statutes 2012, section 353F.02, is amended by adding a subdivision
 45.6 to read:

45.7 **Subd. 4a. Privatized former public employer.** "Privatized former public employer"
 45.8 means a medical facility or other employing unit formerly included in the definition of
 45.9 governmental subdivision under section 353.01, subdivision 6, that is privatized and
 45.10 whose employees are certified for participation under this chapter.

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

45.12 Sec. 16. Minnesota Statutes 2012, section 353F.02, subdivision 6, is amended to read:

45.13 **Subd. 6. ~~Terminated medical facility or other~~ Privatized former public**
 45.14 **employing unit employee.** "~~Terminated medical facility or other~~ (a) "Privatized former
 45.15 public employing unit employee" means a person who:

45.16 (1) was employed by the privatized former public employer on the day before the
 45.17 effective date by the ~~medical facility or other public employing unit of privatization~~; or

45.18 (2) terminated employment with the ~~medical facility or other~~ privatized former
 45.19 public employing unit employer on the day before the effective date; and

45.20 (3) was a participant in the general employees retirement plan of the Public
 45.21 Employees Retirement Association at the time of termination of employment with the
 45.22 ~~medical facility or other~~ privatized former public employing unit employer.

45.23 (b) Privatized former public employee does not mean a person who, on the day
 45.24 before the effective date of privatization, was simultaneously employed with the privatized
 45.25 former public employer and by a governmental subdivision under section 353.01,
 45.26 subdivision 6, and who, after the effective date of privatization, continues to accrue
 45.27 service credit under section 353.01, subdivision 16, through simultaneous employment
 45.28 with a governmental subdivision.

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

45.30 Sec. 17. Minnesota Statutes 2012, section 353F.025, subdivision 1, is amended to read:

45.31 **Subdivision 1. Eligibility determination.** (a) The chief clerical officer of a
 45.32 governmental subdivision may submit a resolution from the governing body to the

46.1 executive director of the Public Employees Retirement Association which supports
 46.2 providing coverage under this chapter for employees of that governmental subdivision
 46.3 who are privatized, and which states that the governing body will pay for actuarial
 46.4 calculations, as further specified in paragraph (c).

46.5 (b) The governing body must also provide a copy of any applicable purchase or
 46.6 lease agreement and any other information requested by the executive director to allow the
 46.7 executive director to verify that under the proposed employer change, the new employer
 46.8 does not qualify as a governmental subdivision under section 353.01, subdivision 6,
 46.9 making the employees ineligible for continued coverage as active members of the general
 46.10 employees retirement plan of the Public Employees Retirement Association.

46.11 (c) Following receipt of a resolution and a determination by the executive director
 46.12 that the new employer is not a governmental subdivision, the executive director shall
 46.13 direct the consulting actuary retained under section 356.214 to determine whether the
 46.14 general employees retirement plan of the Public Employees Retirement Association, if
 46.15 coverage under this chapter is provided, is expected to receive a net gain or a net loss if
 46.16 privatization occurs. A net gain is expected if the actuarial liability of the special benefit
 46.17 coverage provided under this chapter, if extended to the applicable employees under the
 46.18 privatization, is less than the actuarial gain otherwise to accrue to the plan. A net loss is
 46.19 expected if the actuarial accrued liability of the special benefit coverage provided under
 46.20 this chapter, if extended to the applicable employees under the privatization, is more than
 46.21 the actuarial gain otherwise to accrue to the plan. The date of the actuarial calculations
 46.22 used to make this determination must be within one year of the effective date, ~~as defined~~
 46.23 ~~in section 353F.02, subdivision 3 of privatization.~~

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

46.25 Sec. 18. Minnesota Statutes 2012, section 353F.025, subdivision 2, is amended to read:

46.26 Subd. 2. **Recommendation to legislature Reporting privatizations.** (a) If the
 46.27 actuarial calculations under subdivision 1, paragraph (c), indicate ~~that privatization can~~
 46.28 be approved because a net gain to the general employees retirement plan of the Public
 46.29 Employees Retirement Association is expected ~~due to the privatization~~, or if paragraph (e)
 46.30 (b) applies, the executive director shall, following acceptance of the actuarial calculations
 46.31 by the board of trustees, forward a recommendation notice and supporting documentation,
 46.32 including a copy of the actuary's report and findings, to the chair of the Legislative
 46.33 ~~Commission on Pensions and Retirement, the chair of the Governmental Operations,~~
 46.34 ~~Reform, Technology and Elections Committee of the house of representatives, the chair~~
 46.35 ~~of the State and Local Government Operations and Oversight Committee of the senate,~~

47.1 and the executive director of the Legislative Commission on Pensions and Retirement
47.2 and the chairs and the ranking minority members of the committees with jurisdiction over
47.3 governmental operations in the house of representatives and senate. The recommendation
47.4 must be in the form of an addition to the definition of "medical facility" under section
47.5 353F.02, subdivision 4, or to "other public employing unit" under section 353F.02,
47.6 subdivision 5, whichever is applicable. The recommendation must be forwarded to the
47.7 legislature before January 15 for the recommendation to be considered in that year's
47.8 legislative session. The recommendation may be included as part of public pension
47.9 administrative legislation under section 356B.05.

47.10 (b) ~~If a medical facility or other public employing unit listed under section 353F.02,~~
47.11 ~~subdivision 4 or 5, fails to privatize within one year of the final enactment date of the~~
47.12 ~~legislation adding the entity to the applicable definition, its inclusion under this chapter is~~
47.13 ~~voided, and the executive director shall include in the subsequent proposed legislation under~~
47.14 ~~paragraph (a) a recommendation that the applicable entity be stricken from the definition.~~

47.15 (e) (b) If the calculations under subdivision 1, paragraph (c), indicate a net loss, the
47.16 executive director shall forward a recommendation recommend to the board of trustees
47.17 that the privatization be included as an addition under paragraph (a) approved if the chief
47.18 clerical officer of the applicable governmental subdivision submits a resolution from
47.19 the governing body specifying that a lump sum payment will be made to the executive
47.20 director Public Employees Retirement Association equal to the net loss, plus interest.
47.21 The interest must be computed using the applicable ultimate preretirement interest rate
47.22 assumption under section 356.215, subdivision 8, expressed as a monthly rate, from the
47.23 date of the actuarial valuation from which the actuarial accrued liability data was used to
47.24 determine the net loss in the actuarial study under subdivision 1, to the date of payment,
47.25 with annual compounding. Payment must be made on or after the effective date defined
47.26 under section 353F.02 of privatization.

47.27 (c) The Public Employees Retirement Association must maintain a list that includes
47.28 the names of all privatized former public employers in the association's comprehensive
47.29 annual financial report and on the association's Web site. Annually by March 1, the
47.30 association must submit to the executive director of the Legislative Commission on
47.31 Pensions and Retirement the names of any privatized former public employers approved
47.32 since the publication of the previous fiscal year's comprehensive annual financial report.

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

48.1 Sec. 19. Minnesota Statutes 2012, section 353F.03, is amended to read:

48.2 **353F.03 VESTING RULE FOR CERTAIN EMPLOYEES.**

48.3 Notwithstanding any provision of chapter 353 to the contrary, a ~~terminated medical~~
48.4 ~~facility or other privatized former public employing unit~~ employee is eligible to receive a
48.5 retirement annuity under section 353.29 of the edition of Minnesota Statutes published
48.6 in the year before the year in which the privatization occurred, without regard to the
48.7 requirement specified in section 353.01, subdivision 47.

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

48.9 Sec. 20. Minnesota Statutes 2012, section 353F.04, is amended to read:

48.10 **353F.04 AUGMENTATION INTEREST RATES FOR ~~TERMINATED~~**
48.11 **MEDICAL OR OTHER PRIVATIZED FORMER PUBLIC EMPLOYING UNIT**
48.12 **FACILITY EMPLOYEES.**

48.13 Subdivision 1. **Enhanced augmentation rates.** (a) The deferred annuity of a
48.14 ~~terminated medical facility or other privatized former public employing unit~~ employee is
48.15 subject to augmentation under section 353.71, subdivision 2, of the edition of Minnesota
48.16 Statutes published in the year in which the privatization occurred, except that the rate of
48.17 augmentation is as specified in this subdivision.

48.18 (b) This paragraph applies if the ~~legislation adding the medical facility or other~~
48.19 ~~employing unit to section 353F.02, subdivision 4 or 5, as applicable, effective date of~~
48.20 ~~privatization was enacted before July 26, 2005, and became effective before January 1,~~
48.21 ~~2008, for the Hutchinson Area Health Care on or before January 1, 2007, for all other~~
48.22 ~~medical facilities and all other employing units~~ and also applies to Hutchinson Area Health
48.23 Care with a privatization effective date of January 1, 2008. For a ~~terminated medical~~
48.24 ~~facility or other privatized former public employing unit~~ employee, the augmentation
48.25 rate is 5.5 percent compounded annually until January 1 following the year in which the
48.26 person attains age 55. From that date to the effective date of retirement, the augmentation
48.27 rate is 7.5 percent compounded annually.

48.28 (c) If paragraph (b) is not applicable, and if the effective date of the privatization is
48.29 before January 1, 2011, the augmentation rate is four percent compounded annually until
48.30 January 1, following the year in which the person attains age 55. From that date to the
48.31 effective date of retirement, the augmentation rate is six percent compounded annually.

48.32 (d) If the effective date of the privatization is after December 31, 2010, the applicable
48.33 augmentation rate depends on the result of computations specified in section 353F.025,
48.34 subdivision 1. If those computations indicate no loss or a net gain to the fund of the

49.1 general employees retirement plan of the Public Employees Retirement Association, the
 49.2 augmentation rate is 2.0 percent compounded annually until the effective date of retirement.
 49.3 If the computations under that subdivision indicate a net loss to the fund if a 2.0 percent
 49.4 augmentation rate is used, but a net gain or no loss if a 1.0 percent rate is used, then the
 49.5 augmentation rate is 1.0 percent compounded annually until the effective date of retirement.

49.6 ~~(e) The term "effective date of the privatization" as used in this subdivision means~~
 49.7 ~~the "effective date" as defined in section 353F.02, subdivision 3.~~

49.8 Subd. 2. **Exceptions.** The increased augmentation rates specified in subdivision
 49.9 1 do not apply if ~~the terminated medical facility or other~~ to a privatized former public
 49.10 employing unit employee:

49.11 (1) beginning the first of the month in which the privatized former public employee
 49.12 becomes covered again by a retirement plan enumerated in section 356.30, subdivision 3, if
 49.13 the employee continues to be covered and accrues at least six months of credited service; ~~or~~

49.14 (2) beginning the first of the month after a privatized former public employee
 49.15 terminates service with the successor entity; or

49.16 ~~(2) (3) if the person~~ begins receipt of a retirement annuity while employed by
 49.17 the employer which assumed operations of or purchased ~~the medical facility or other~~
 49.18 privatized former public employing unit or purchased the medical facility or other public
 49.19 employing unit employer.

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

49.21 Sec. 21. Minnesota Statutes 2012, section 353F.05, is amended to read:

49.22 **353F.05 AUTHORIZATION FOR ADDITIONAL ALLOWABLE SERVICE**
 49.23 **FOR EARLY RETIREMENT PURPOSES.**

49.24 (a) For the purpose of determining eligibility for early retirement benefits provided
 49.25 under section 353.30, subdivision 1a, of the edition of Minnesota Statutes published in
 49.26 the year before the year in which the privatization occurred, and notwithstanding any
 49.27 provision of chapter 353, to the contrary, the years of allowable service for a ~~terminated~~
 49.28 ~~medical facility or other~~ privatized former public employing unit employee who transfers
 49.29 employment on the effective date of privatization and does not apply for a refund of
 49.30 contributions under section 353.34, subdivision 1, of the edition of Minnesota Statutes
 49.31 published in the year before the year in which the privatization occurred, or any similar
 49.32 provision, includes service with the successor employer to the ~~medical facility or other~~
 49.33 privatized former public employing unit employer following the effective date. The
 49.34 successor employer shall provide any reports that the executive director of the Public

50.1 Employees Retirement Association may reasonably request to permit calculation of
50.2 benefits.

50.3 (b) To be eligible for early retirement benefits under this section, the individual must
50.4 separate from service with the successor to the privatized former public employer to the
50.5 medical facility. The ~~terminated eligible individual~~ privatized former public employee, or
50.6 an individual authorized to act on behalf of that ~~individual~~ employee, may apply for an
50.7 annuity following application procedures under section 353.29, subdivision 4.

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

50.9 Sec. 22. Minnesota Statutes 2012, section 353F.051, subdivision 1, is amended to read:

50.10 Subdivision 1. **Eligibility.** A ~~terminated medical facility or other~~ privatized former
50.11 public employing unit employee who is totally and permanently disabled under Minnesota
50.12 Statutes 1998, section 353.01, subdivision 19, and who had a medically documented
50.13 preexisting condition of the disability before the termination of coverage, may apply for
50.14 a disability benefit.

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

50.16 Sec. 23. Minnesota Statutes 2012, section 353F.052, is amended to read:

50.17 **353F.052 APPLICATION OF SURVIVING SPOUSE, DEPENDENT CHILD**
50.18 **PROVISION.**

50.19 Notwithstanding any provisions of law to the contrary, subdivisions within section
50.20 353.32 of the edition of Minnesota Statutes published in the year before the year in which
50.21 a privatization occurred, applicable to the surviving spouse or dependent children of a
50.22 former member as defined in section 353.01, subdivision 7a, apply to the survivors of a
50.23 ~~terminated medical facility or other~~ privatized former public employing unit employee.

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

50.25 Sec. 24. **[353F.057] TERMINATION FROM SERVICE REQUIREMENT.**

50.26 Upon termination of service from the privatized former public employer or any
50.27 successor entity after the effective date of privatization, a privatized former public
50.28 employee must separate from any employment relationship with the privatized former
50.29 public employer or any successor entity for at least 30 days to qualify to receive a
50.30 retirement annuity under this chapter.

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

51.1 Sec. 25. Minnesota Statutes 2012, section 353F.06, is amended to read:

51.2 **353F.06 APPLICATION OF REEMPLOYED ANNUITANT EARNINGS**
51.3 **LIMITATIONS.**

51.4 If a privatized former public employee satisfies the separation from service
51.5 requirement in section 353F.057 and thereafter resumes employment with the privatized
51.6 former public employer or any successor entity or a governmental subdivision under
51.7 section 353.01, subdivision 6, the reemployed annuitant earnings limitations of section
51.8 353.37 apply to ~~any service by a terminated medical facility or other public employing~~
51.9 ~~unit employee as an employee of the successor employer to the medical facility.~~

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

51.11 Sec. 26. Minnesota Statutes 2012, section 353F.07, is amended to read:

51.12 **353F.07 EFFECT ON REFUND.**

51.13 Notwithstanding any provision of chapter 353 to the contrary, ~~terminated medical~~
51.14 ~~facility or other~~ privatized former public employing unit employees may receive a refund
51.15 of employee accumulated contributions plus interest as provided in section 353.34,
51.16 subdivision 2, at any time after the transfer of employment to the successor employer of
51.17 the ~~terminated medical facility or other~~ privatized former public employing unit employer.
51.18 If a ~~terminated medical facility or other~~ privatized former public employing unit employee
51.19 has received a refund from a pension plan listed in section 356.30, subdivision 3, the
51.20 person may not repay that refund unless the person again becomes a member of one of
51.21 those listed plans and complies with section 356.30, subdivision 2.

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

51.23 Sec. 27. Minnesota Statutes 2012, section 353F.08, is amended to read:

51.24 **353F.08 COUNSELING SERVICES.**

51.25 The ~~medical facility or other~~ privatized former public employing unit employer and
51.26 the executive director of the Public Employees Retirement Association shall provide
51.27 ~~terminated medical facility or other~~ privatized former public employing unit employees
51.28 with counseling on their benefits available under the general employees retirement plan
51.29 of the Public Employees Retirement Association during the ~~90 days following a period~~
51.30 mutually agreed upon before or after the effective date of privatization.

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

52.1 Sec. 28. Minnesota Statutes 2012, section 356.415, subdivision 1, is amended to read:

52.2 Subdivision 1. **Annual postretirement adjustments; generally.** (a) Except as
52.3 otherwise provided in subdivision 1a, 1b, 1c, 1d, or 1e, retirement annuity, disability
52.4 benefit, or survivor benefit recipients of a covered retirement plan are entitled to a
52.5 postretirement adjustment annually on January 1, as follows:

52.6 (1) a postretirement increase of 2.5 percent must be applied each year, effective
52.7 January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who has
52.8 been receiving an annuity or a benefit for at least 12 full months prior to the January 1
52.9 increase; and

52.10 (2) for each annuitant or benefit recipient who has been receiving an annuity or a
52.11 benefit amount for at least one full month, an annual postretirement increase of 1/12 of 2.5
52.12 percent for each month that the person has been receiving an annuity or benefit must be
52.13 applied, effective on January 1 following the calendar year in which the person has been
52.14 retired for less than 12 months.

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

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

52.19 ~~(d) The retirement annuity payable to a person who retires before becoming eligible
52.20 for Social Security benefits and who has elected the optional payment as provided in
52.21 section 353.29, subdivision 6, must be treated as the sum of a period-certain retirement
52.22 annuity and a life retirement annuity for the purposes of any postretirement adjustment.
52.23 The period-certain retirement annuity plus the life retirement annuity must be the
52.24 annuity amount payable until age 62 for section 353.29, subdivision 6. A postretirement
52.25 adjustment granted on the period-certain retirement annuity must terminate when the
52.26 period-certain retirement annuity terminates.~~

52.27 **EFFECTIVE DATE.** This section is effective January 1, 2014.

52.28 Sec. 29. Minnesota Statutes 2012, section 356.415, subdivision 1b, is amended to read:

52.29 Subd. 1b. **Annual postretirement adjustments; PERA; general employees**
52.30 **retirement plan and local government correctional retirement plan.** (a) Retirement
52.31 annuity, disability benefit, or survivor benefit recipients of the general employees
52.32 retirement plan of the Public Employees Retirement Association and the local government
52.33 correctional service retirement plan are entitled to a postretirement adjustment annually
52.34 on January 1, as follows:

53.1 (1) for January 1, 2011, and each successive January 1 until funding stability is
53.2 restored for the applicable retirement plan, a postretirement increase of one percent must
53.3 be applied each year, effective on January 1, to the monthly annuity or benefit amount of
53.4 each annuitant or benefit recipient who has been receiving an annuity or benefit for at least
53.5 12 full months as of the current June 30;

53.6 (2) for January 1, 2011, and each successive January 1 until funding stability is
53.7 restored for the applicable retirement plan, for each annuitant or benefit recipient who has
53.8 been receiving an annuity or a benefit for at least one full month, but less than 12 full
53.9 months as of the current June 30, an annual postretirement increase of 1/12 of one percent
53.10 for each month the person has been receiving an annuity or benefit must be applied;

53.11 (3) for each January 1 following the restoration of funding stability for the applicable
53.12 retirement plan, a postretirement increase of 2.5 percent must be applied each year,
53.13 effective January 1, to the monthly annuity or benefit amount of each annuitant or benefit
53.14 recipient who has been receiving an annuity or benefit for at least 12 full months as of
53.15 the current June 30; and

53.16 (4) for each January 1 following restoration of funding stability for the applicable
53.17 retirement plan, for each annuity or benefit recipient who has been receiving an annuity or
53.18 a benefit for at least one full month, but less than 12 full months as of the current June
53.19 30, an annual postretirement increase of 1/12 of 2.5 percent for each month the person
53.20 has been receiving an annuity or benefit must be applied.

53.21 (b) Funding stability is restored when the market value of assets of the applicable
53.22 retirement plan equals or exceeds 90 percent of the actuarial accrued liabilities of the
53.23 applicable plan in the most recent prior actuarial valuation prepared under section 356.215
53.24 and the standards for actuarial work by the approved actuary retained by the Public
53.25 Employees Retirement Association under section 356.214.

53.26 (c) If, after applying the increase as provided for in paragraph (a), clauses (3)
53.27 and (4), the market value of the applicable retirement plan is determined in the next
53.28 subsequent actuarial valuation prepared under section 356.215 to be less than 90 percent
53.29 of the actuarial accrued liability of any of the applicable Public Employees Retirement
53.30 Association plans, the increase provided in paragraph (a), clauses (1) and (2), are to be
53.31 applied as of the next successive January until funding stability is again restored.

53.32 (d) An increase in annuity or benefit payments under this section must be made
53.33 automatically unless written notice is filed by the annuitant or benefit recipient with the
53.34 executive director of the Public Employees Retirement Association requesting that the
53.35 increase not be made.

54.1 ~~(e) The retirement annuity payable to a person who retires before becoming eligible~~
54.2 ~~for Social Security benefits and who has elected the optional payment, as provided in~~
54.3 ~~section 353.29, subdivision 6, must be treated as the sum of a period-certain retirement~~
54.4 ~~annuity and a life retirement annuity for the purposes of any postretirement adjustment.~~
54.5 ~~The period-certain retirement annuity plus the life retirement annuity must be the~~
54.6 ~~annuity amount payable until age 62 for section 353.29, subdivision 6. A postretirement~~
54.7 ~~adjustment granted on the period-certain retirement annuity must terminate when the~~
54.8 ~~period-certain retirement annuity terminates.~~

54.9 **EFFECTIVE DATE.** This section is effective January 1, 2014.

54.10 Sec. 30. Minnesota Statutes 2012, section 356.635, subdivision 1, is amended to read:

54.11 Subdivision 1. **Retirement benefit commencement.** (a) The retirement benefit of a
54.12 member who has terminated employment must begin no later than the later of April 1 of
54.13 the calendar year following the calendar year that the member attains the federal minimum
54.14 distribution age under section 401(a)(9) of the Internal Revenue Code or April 1 of the
54.15 calendar year following the calendar year in which the member terminated employment.

54.16 (b) The consent requirements of section 411(a)(11) of the Internal Revenue Code do
54.17 not apply to the extent that a distribution is required to satisfy the requirements of section
54.18 401(a)(9) of the Internal Revenue Code.

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

54.20 Sec. 31. **REPEALER.**

54.21 (a) Minnesota Statutes 2012, sections 353F.02, subdivisions 4 and 5; and 353F.025,
54.22 subdivision 3, are repealed.

54.23 (b) Minnesota Statutes 2012, section 353.29, subdivision 6, is repealed.

54.24 **EFFECTIVE DATE.** Paragraph (a) is effective the day following final enactment.

54.25 Paragraph (b) is effective January 1, 2014.

54.26 **ARTICLE 4**

54.27 **BENEFIT ACCRUAL RATE SPECIFICATION**

54.28 Section 1. Minnesota Statutes 2012, section 352.115, subdivision 3, is amended to read:

54.29 Subd. 3. **Retirement annuity formula.** (a) This paragraph, in conjunction with
54.30 section 352.116, subdivision 1, applies to a person who became a covered employee or a
54.31 member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989,

55.1 unless paragraph (b), in conjunction with section 352.116, subdivision 1a, produces a
55.2 higher annuity amount, in which case paragraph (b) ~~will apply~~ applies. The employee's
55.3 average salary, as defined in section 352.01, subdivision 14a, multiplied by ~~the 1.2 percent~~
55.4 ~~specified in section 356.315, subdivision 1~~, per year of allowable service for the first ten
55.5 years and ~~the 1.7 percent specified in section 356.315, subdivision 2~~, for each later year of
55.6 allowable service and pro rata for completed months less than a full year ~~shall determine~~
55.7 determines the amount of the retirement annuity to which the employee is entitled.

55.8 (b) This paragraph applies to a person who has become at least 55 years old and
55.9 first became a covered employee after June 30, 1989, and to any other covered employee
55.10 who has become at least 55 years old and whose annuity amount, when calculated under
55.11 this paragraph and in conjunction with section 352.116, subdivision 1a, is higher than it is
55.12 when calculated under paragraph (a), in conjunction with section 352.116, subdivision 1.
55.13 The employee's average salary, as defined in section 352.01, subdivision 14a, multiplied
55.14 by ~~the 1.7 percent specified in section 356.315, subdivision 2~~, for each year of allowable
55.15 service and pro rata for months less than a full year ~~shall determine~~ determines the amount
55.16 of the retirement annuity to which the employee is entitled.

55.17 Sec. 2. Minnesota Statutes 2012, section 352.87, subdivision 3, is amended to read:

55.18 Subd. 3. **Retirement annuity formula.** A person specified in subdivision 1 is
55.19 entitled to receive a retirement annuity applicable for allowable service credit under this
55.20 section calculated by multiplying the employee's average salary, as defined in section
55.21 352.01, subdivision 14a, by ~~the 2.0 percent specified in section 356.315, subdivision 2a~~,
55.22 for each year or portions of a year of allowable service credit. No reduction for retirement
55.23 before the normal retirement age, as specified in section 352.01, subdivision 25, applies
55.24 to service to which this section applies.

55.25 Sec. 3. Minnesota Statutes 2012, section 352.93, subdivision 2, is amended to read:

55.26 Subd. 2. **Calculating monthly annuity.** The monthly annuity under this section
55.27 must be determined by multiplying the average monthly salary by the number of years, or
55.28 completed months, of covered correctional service by ~~the 2.4 percent specified in section~~
55.29 ~~356.315, subdivision 5~~ if employed as a correctional state employee before July 1, 2010,
55.30 or 2.2 percent if employed as a correctional state employee after June 30, 2010.

55.31 Sec. 4. Minnesota Statutes 2012, section 352.95, subdivision 1, is amended to read:

55.32 Subdivision 1. **Duty disability; computation of benefit.** A covered correctional
55.33 employee who is determined to have a duty disability, physical or psychological, as

56.1 defined under section 352.01, subdivision 17b, is entitled to a duty disability benefit. The
56.2 duty disability benefit must be based on covered correctional service only. The duty
56.3 disability benefit amount is 50 percent of the average salary defined in section 352.93,
56.4 plus an additional 2.4 percent equal to that specified in section ~~356.315, subdivision 5~~, if
56.5 employed as a correctional state employee before July 1, 2010, or 2.2 percent if employed
56.6 as a correctional state employee after June 30, 2010, for each year of covered correctional
56.7 service in excess of 20 years, ten months, prorated for completed months.

56.8 Sec. 5. Minnesota Statutes 2012, section 352B.08, subdivision 2, is amended to read:

56.9 Subd. 2. **Normal retirement annuity.** The annuity must be paid in monthly
56.10 installments. The annuity ~~shall be~~ is equal to the amount determined by multiplying the
56.11 average monthly salary of the member by the 3.0 percent specified in section ~~356.315,~~
56.12 ~~subdivision 6~~, for each year and pro rata for completed months of service.

56.13 Sec. 6. Minnesota Statutes 2012, section 352B.10, subdivision 1, is amended to read:

56.14 Subdivision 1. **Duty disability.** A member who is determined to qualify for duty
56.15 disability as defined in section 352B.011, subdivision 7, is entitled to receive a duty
56.16 disability benefit while disabled. The benefits must be paid monthly. The duty disability
56.17 benefit is an amount equal to the member's average monthly salary multiplied by 60 percent,
56.18 plus an additional 3.0 percent equal to that specified in section ~~356.315, subdivision 6~~, for
56.19 each year and pro rata for completed months of service in excess of 20 years, if any.

56.20 Sec. 7. Minnesota Statutes 2012, section 353.29, subdivision 3, is amended to read:

56.21 Subd. 3. **Retirement annuity formula.** (a) This paragraph, in conjunction with
56.22 section 353.30, subdivisions 1a, 1b, and 1c, applies to any member who first became a
56.23 public employee or a member of a pension fund listed in section 356.30, subdivision 3,
56.24 before July 1, 1989, unless paragraph (b), in conjunction with section 353.30, subdivision
56.25 5, produces a higher annuity amount, in which case paragraph (b) ~~will apply~~ applies. The
56.26 average salary as defined in section 353.01, subdivision 17a, multiplied by the 2.2 percent
56.27 specified in section ~~356.315, subdivision 3~~, for each year of allowable service for the
56.28 first ten years and thereafter by the 2.7 percent specified in section ~~356.315, subdivision~~
56.29 ~~4~~, per year of allowable service and completed months less than a full year for a basic
56.30 member, and the 1.2 percent specified in section ~~356.315, subdivision 1~~, for each year
56.31 of allowable service for the first ten years and thereafter by the 1.7 percent specified in
56.32 section ~~356.315, subdivision 2~~, per year of allowable service and completed months less

57.1 than a full year for a coordinated member ~~shall determine~~ determines the amount of the
57.2 normal retirement annuity.

57.3 (b) This paragraph applies to a member who has become at least 55 years old and first
57.4 became a public employee after June 30, 1989, and to any other member whose annuity
57.5 amount, when calculated under this paragraph and in conjunction with section 353.30,
57.6 subdivision 5, is higher than it is when calculated under paragraph (a), in conjunction with
57.7 section 353.30, subdivisions 1a, 1b, and 1c. The average salary, as defined in section
57.8 353.01, subdivision 17a, multiplied by ~~the 2.7 percent specified in section 356.315,~~
57.9 ~~subdivision 4,~~ for each year of allowable service and completed months less than a full
57.10 year for a basic member and ~~the 1.7 percent specified in section 356.315, subdivision 2,~~
57.11 per year of allowable service and completed months less than a full year for a coordinated
57.12 member, ~~shall determine~~ determines the amount of the normal retirement annuity.

57.13 Sec. 8. Minnesota Statutes 2012, section 353.651, subdivision 3, is amended to read:

57.14 Subd. 3. **Retirement annuity formula.** The average salary as defined in section
57.15 353.01, subdivision 17a, multiplied by ~~the 3.0 percent specified in section 356.315,~~
57.16 ~~subdivision 6,~~ per year of allowable service determines the amount of the normal
57.17 retirement annuity. If the member has earned allowable service for performing services
57.18 other than those of a police officer or firefighter, the annuity representing that service must
57.19 be computed under sections 353.29 and 353.30.

57.20 Sec. 9. Minnesota Statutes 2012, section 353.656, subdivision 1, is amended to read:

57.21 Subdivision 1. **Duty disability; computation of benefits.** (a) A member of the
57.22 police and fire plan, other than a firefighter covered by section 353.6511, or a police
57.23 officer covered by section 353.6512, who is determined to qualify for duty disability as
57.24 defined in section 353.01, subdivision 41, ~~shall~~ is entitled to receive disability benefits
57.25 during the period of such disability in an amount equal to 60 percent of the average salary
57.26 as defined in section 353.01, subdivision 17a, plus an additional ~~percentage specified~~
57.27 ~~under section 356.315, subdivision 6,~~ 3.0 percent of that average salary for each year
57.28 of service in excess of 20 years.

57.29 (b) To be eligible for a benefit under paragraph (a), the member must have:

57.30 (1) not met the requirements for a retirement annuity under section 353.651,
57.31 subdivision 1; or

57.32 (2) met the requirements under that subdivision, but does not have at least 20 years
57.33 of allowable service credit.

58.1 (c) If paragraph (b), clause (2), applies, the disability benefit must be paid for a
58.2 period of 60 months from the disability benefit accrual date and at the end of that period
58.3 is subject to provisions of subdivision 5a.

58.4 (d) If the disability under this subdivision occurs before the member has at least five
58.5 years of allowable service credit in the police and fire plan, the disability benefit must be
58.6 computed on the average salary from which deductions were made for contribution to
58.7 the police and fire fund.

58.8 Sec. 10. Minnesota Statutes 2012, section 353.656, subdivision 1a, is amended to read:

58.9 Subd. 1a. **Total and permanent duty disability; computation of benefits.** (a) A
58.10 member of the police and fire plan, other than a firefighter covered by section 353.6511, or
58.11 a police officer covered by section 353.6512, whose disabling condition is determined
58.12 to be a duty disability that is also a permanent and total disability as defined in section
58.13 353.01, subdivision 19, is entitled to receive, for life, disability benefits in an amount
58.14 equal to 60 percent of the average salary as defined in section 353.01, subdivision 17a,
58.15 plus an additional 3.0 percent ~~specified in section 356.315, subdivision 6,~~ of that average
58.16 salary for each year of service in excess of 20 years.

58.17 (b) A disability benefit payable under paragraph (a) is subject to eligibility review
58.18 under section 353.33, subdivision 6, but the review may be waived if the executive
58.19 director receives a written statement from the association's medical advisor that no
58.20 improvement can be expected in the member's disabling condition that was the basis for
58.21 payment of the benefit under paragraph (a). A member receiving a disability benefit
58.22 under this subdivision who is found to no longer be permanently and totally disabled as
58.23 defined under section 353.01, subdivision 19, but continues to meet the definition for
58.24 receipt of a duty disability under section 353.01, subdivision 41, is subject to subdivision
58.25 1 upon written notice from the association's medical advisor that the person is no longer
58.26 considered permanently and totally disabled.

58.27 (c) If a member approved for disability benefits under this subdivision dies before
58.28 attaining normal retirement age as defined in section 353.01, subdivision 37, paragraph
58.29 (b), or within 60 months of the effective date of the disability, whichever is later,
58.30 the surviving spouse is entitled to receive a survivor benefit under section 353.657,
58.31 subdivision 2, paragraph (a), clause (1), if the death is the direct result of the disabling
58.32 condition for which disability benefits were approved, or section 353.657, subdivision
58.33 2, paragraph (a), clause (2), if the death is not directly related to the disabling condition
58.34 for which benefits were approved under this subdivision.

59.1 (d) If the election of an actuarial equivalent optional annuity is not made at the time
59.2 the permanent and total disability benefit accrues, an election must be made within 90
59.3 days before the member attains normal retirement age as defined under section 353.01,
59.4 subdivision 37, paragraph (b), or having collected total and permanent disability benefits
59.5 for 60 months, whichever is later. If a member receiving disability benefits who has
59.6 dependent children dies, subdivision 6a, paragraph (c), applies.

59.7 Sec. 11. Minnesota Statutes 2012, section 353.656, subdivision 3a, is amended to read:

59.8 Subd. 3a. **Total and permanent regular disability; computation of benefits.** (a)
59.9 A member of the police and fire plan, other than a firefighter covered by section 353.6511,
59.10 or a police officer covered by section 353.6512, whose disabling condition is determined
59.11 to be a regular disability under section 353.01, subdivision 46, that is also a permanent
59.12 and total disability as defined in section 353.01, subdivision 19, is entitled to receive, for
59.13 life, a disability benefit in an amount equal to 45 percent of the average salary as defined
59.14 in section 353.01, subdivision 17a, plus an additional 3.0 percent ~~specified in section~~
59.15 ~~356.315, subdivision 6,~~ of that average salary for each year of service in excess of 15 years.

59.16 (b) A disability benefit payable under paragraph (a) is subject to eligibility review
59.17 under section 353.33, subdivision 6, but the review may be waived if the executive
59.18 director receives a written statement from the association's medical advisor that no
59.19 improvement can be expected in the member's disabling condition that was the basis for
59.20 payment of the benefit under paragraph (a). A member receiving a disability benefit under
59.21 this subdivision who is found to no longer be permanently and totally disabled as defined
59.22 under section 353.01, subdivision 19, but continues to meet the definition for receipt
59.23 of a regular disability under section 353.01, subdivision 46, is subject to subdivision 3
59.24 upon written notice from the association's medical advisor that the person is no longer
59.25 considered permanently and totally disabled.

59.26 (c) A member approved for disability benefits under this subdivision may elect
59.27 to receive a normal disability benefit or an actuarial equivalent optional annuity. If the
59.28 election of an actuarial equivalent optional annuity is not made at the time the total and
59.29 permanent disability benefit accrues, an election must be made within 90 days before
59.30 the member attains normal retirement age as defined in section 353.01, subdivision 37,
59.31 paragraph (b), or having collected disability benefits for 60 months, whichever is later.
59.32 No surviving spouse benefits are payable if the member dies during the period in which
59.33 a normal total and permanent disability benefit is being paid. If a member receiving
59.34 disability benefits who has dependent children dies, subdivision 6a, paragraph (c), applies.

60.1 Sec. 12. Minnesota Statutes 2012, section 353E.04, subdivision 3, is amended to read:

60.2 Subd. 3. **Annuity amount.** (a) The average salary as defined in subdivision 2,
60.3 multiplied by the 1.9 percent specified in ~~section 356.315, subdivision 5a~~, for each year of
60.4 allowable service, determines the amount of the normal retirement annuity.

60.5 (b) If a person has earned allowable service in the general employees retirement plan
60.6 of the Public Employees Retirement Association or the public employees police and fire
60.7 fund prior to retirement plan before participation under this chapter, the retirement annuity
60.8 representing such service must be computed in accordance with the formula specified in
60.9 sections 353.29 and 353.30 or 353.651, whichever applies.

60.10 Sec. 13. Minnesota Statutes 2012, section 353E.06, subdivision 1, is amended to read:

60.11 Subdivision 1. **Duty disability qualification requirements.** A local government
60.12 correctional employee who is determined to qualify for a duty disability as defined in
60.13 section 353E.001, subdivision 1, is entitled to a disability benefit. The disability benefit
60.14 must be based on covered service under this chapter only and is an amount equal to 47.5
60.15 percent of the average salary defined in section 353E.04, subdivision 2, plus an additional
60.16 1.9 percent equal to ~~that specified in section 356.315, subdivision 5a~~, for each year of
60.17 covered service under this chapter in excess of 25 years.

60.18 Sec. 14. Minnesota Statutes 2012, section 354.44, subdivision 6, is amended to read:

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

60.23 (b) This paragraph, in conjunction with paragraph (c), applies to a person who first
60.24 became a member of the association or a member of a pension fund listed in section
60.25 356.30, subdivision 3, before July 1, 1989, unless paragraph (d), in conjunction with
60.26 paragraph (e), produces a higher annuity amount, in which case paragraph (d) applies. The
60.27 average salary as defined in section 354.05, subdivision 13a, multiplied by the following
60.28 percentages per year of formula service credit shall determine the amount of the annuity to
60.29 which the member qualifying therefor is entitled for service rendered before July 1, 2006:

	Coordinated Member	Basic Member
60.30		
60.31	Each year of service	the <u>1.2</u> percent specified in
60.32	during first ten	section 356.315, subdivision
60.33		1, per year
60.34	Each year of service	the <u>1.7</u> percent specified in
60.35	thereafter	section 356.315, subdivision
60.36		2, per year
		the <u>2.2</u> percent specified
		in section 356.315,
		subdivision 3, per year
		the <u>2.7</u> percent specified
		in section 356.315,
		subdivision 4, per year

61.1 For service rendered on or after July 1, 2006, the average salary as defined in section
 61.2 354.05, subdivision 13a, multiplied by the following percentages per year of service credit,
 61.3 determines the amount the annuity to which the member qualifying therefor is entitled:

	Coordinated Member	Basic Member
61.4		
61.5	Each year of service	the <u>1.4</u> percent specified in
61.6	during first ten	section 356.315, subdivision <u>the 2.2</u> percent specified
61.7		in section 356.315, <u>in section 356.315,</u>
61.8	Each year of service after	subdivision 3, <u>subdivision 3,</u> per year
61.9	ten years of service	the <u>1.9</u> percent specified in
61.10		section 356.315, subdivision <u>the 2.7</u> percent specified
		in section 356.315, <u>in section 356.315,</u>
		subdivision 4, <u>subdivision 4,</u> per year

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

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

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

61.25 (d) This paragraph applies to a member who has become at least 55 years old and
 61.26 first became a member of the association after June 30, 1989, and to any other member
 61.27 who has become at least 55 years old and whose annuity amount when calculated
 61.28 under this paragraph and in conjunction with paragraph (e), is higher than it is when
 61.29 calculated under paragraph (b), in conjunction with paragraph (c). For a basic member,
 61.30 the average salary, as defined in section 354.05, subdivision 13a, multiplied by the 2.7
 61.31 ~~percent specified by section 356.315, subdivision 4,~~ for each year of service for a basic
 61.32 member ~~shall determine~~ determines the amount of the retirement annuity to which the
 61.33 basic member is entitled. The annuity of a basic member who was a member of the
 61.34 former Minneapolis Teachers Retirement Fund Association as of June 30, 2006, must be
 61.35 determined according to the annuity formula under the articles of incorporation of the
 61.36 former Minneapolis Teachers Retirement Fund Association in effect as of that date. For a
 61.37 coordinated member, the average salary, as defined in section 354.05, subdivision 13a,
 61.38 multiplied by the 1.7 percent ~~specified in section 356.315, subdivision 2,~~ for each year of

62.1 service rendered before July 1, 2006, and by the 1.9 percent specified in section ~~356.315,~~
62.2 ~~subdivision 2b~~, for each year of service rendered on or after July 1, 2006, determines the
62.3 amount of the retirement annuity to which the coordinated member is entitled.

62.4 (e) This paragraph applies to a person who has become at least 55 years old and first
62.5 becomes a member of the association after June 30, 1989, and to any other member who
62.6 has become at least 55 years old and whose annuity is higher when calculated under
62.7 paragraph (d) in conjunction with this paragraph than when calculated under paragraph
62.8 (b), in conjunction with paragraph (c). An employee who retires under the formula annuity
62.9 before the normal retirement age shall be paid the normal annuity provided in paragraph
62.10 (d) reduced so that the reduced annuity is the actuarial equivalent of the annuity that would
62.11 be payable to the employee if the employee deferred receipt of the annuity and the annuity
62.12 amount were augmented at an annual rate of three percent compounded annually from the
62.13 day the annuity begins to accrue until the normal retirement age if the employee became
62.14 an employee before July 1, 2006, and at 2.5 percent compounded annually if the employee
62.15 becomes an employee after June 30, 2006.

62.16 (f) No retirement annuity is payable to a former employee with a salary that exceeds
62.17 95 percent of the governor's salary unless and until the salary figures used in computing
62.18 the highest five successive years average salary under paragraph (a) have been audited by
62.19 the Teachers Retirement Association and determined by the executive director to comply
62.20 with the requirements and limitations of section 354.05, subdivisions 35 and 35a.

62.21 Sec. 15. Minnesota Statutes 2012, section 354A.31, subdivision 4, is amended to read:

62.22 Subd. 4. **Computation of normal coordinated retirement annuity; St. Paul**
62.23 **fund.** (a) This subdivision applies to the coordinated program of the St. Paul Teachers
62.24 Retirement Fund Association.

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

62.28 (c) This paragraph, in conjunction with subdivision 6, applies to a person who first
62.29 became a member or a member in a pension fund listed in section 356.30, subdivision 3,
62.30 before July 1, 1989, unless paragraph (d), in conjunction with subdivision 7, produces a
62.31 higher annuity amount, in which case paragraph (d) will apply. The retirement annuity
62.32 formula percentage for purposes of this paragraph is the 1.2 percent specified in section
62.33 ~~356.315, subdivision 1~~, per year for each year of coordinated service for the first ten
62.34 years and the 1.7 percent specified in section ~~356.315, subdivision 2~~, for each year of
62.35 coordinated service thereafter.

63.1 (d) This paragraph applies to a person who has become at least 55 years old and who
63.2 first becomes a member after June 30, 1989, and to any other member who has become
63.3 at least 55 years old and whose annuity amount, when calculated under this paragraph
63.4 and in conjunction with subdivision 7 is higher than it is when calculated under paragraph
63.5 (c), in conjunction with the provisions of subdivision 6. The retirement annuity formula
63.6 percentage for purposes of this paragraph is the 1.7 percent ~~specified in section 356.315,~~
63.7 ~~subdivision 2,~~ for each year of coordinated service.

63.8 Sec. 16. Minnesota Statutes 2012, section 354A.31, subdivision 4a, is amended to read:

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

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

63.15 (c) This paragraph, in conjunction with subdivision 6, applies to a person who first
63.16 became a member or a member in a pension fund listed in section 356.30, subdivision 3,
63.17 before July 1, 1989, unless paragraph (d), in conjunction with subdivision 7, produces a
63.18 higher annuity amount, in which case paragraph (d) applies. The retirement annuity
63.19 formula percentage for purposes of this paragraph is the 1.2 percent ~~specified in section~~
63.20 ~~356.315, subdivision 1,~~ per year for each year of coordinated service for the first ten
63.21 years and the 1.7 percent ~~specified in section 356.315, subdivision 2,~~ for each subsequent
63.22 year of coordinated service.

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

63.30 Sec. 17. Minnesota Statutes 2012, section 356.30, subdivision 1, is amended to read:

63.31 Subdivision 1. **Eligibility; computation of annuity.** (a) Notwithstanding any
63.32 provisions of the laws governing the retirement plans enumerated in subdivision 3, a
63.33 person who has met the qualifications of paragraph (b) may elect to receive a retirement
63.34 annuity from each enumerated retirement plan in which the person has at least one-half

64.1 year of allowable service, based on the allowable service in each plan, subject to the
64.2 provisions of paragraph (c).

64.3 (b) A person may receive, upon retirement, a retirement annuity from each
64.4 enumerated retirement plan in which the person has at least one-half year of allowable
64.5 service, and augmentation of a deferred annuity calculated at the appropriate rate under
64.6 the laws governing each public pension plan or fund named in subdivision 3, based on
64.7 the date of the person's initial entry into public employment from the date the person
64.8 terminated all public service if:

64.9 (1) the person has allowable service in any two or more of the enumerated plans;

64.10 (2) the person has sufficient allowable service in total that equals or exceeds the
64.11 applicable service credit vesting requirement of the retirement plan with the longest
64.12 applicable service credit vesting requirement; and

64.13 (3) the person has not begun to receive an annuity from any enumerated plan or the
64.14 person has made application for benefits from each applicable plan and the effective
64.15 dates of the retirement annuity with each plan under which the person chooses to receive
64.16 an annuity are within a one-year period.

64.17 (c) The retirement annuity from each plan must be based upon the allowable service,
64.18 accrual rates, and average salary in the applicable plan except as further specified or
64.19 modified in the following clauses:

64.20 (1) the laws governing annuities must be the law in effect on the date of termination
64.21 from the last period of public service under a covered retirement plan with which the person
64.22 earned a minimum of one-half year of allowable service credit during that employment;

64.23 (2) the "average salary" on which the annuity from each covered plan in which
64.24 the employee has credit in a formula plan must be based on the employee's highest five
64.25 successive years of covered salary during the entire service in covered plans;

64.26 (3) the accrual rates to be used by each plan must be those percentages prescribed by
64.27 each plan's formula as continued for the respective years of allowable service from one
64.28 plan to the next, recognizing all previous allowable service with the other covered plans;

64.29 (4) the allowable service in all the plans must be combined in determining eligibility
64.30 for and the application of each plan's provisions in respect to reduction in the annuity
64.31 amount for retirement prior to normal retirement age; and

64.32 (5) the annuity amount payable for any allowable service under a nonformula plan
64.33 of a covered plan must not be affected, but such service and covered salary must be used
64.34 in the above calculation.

64.35 (d) This section does not apply to any person whose final termination from the last
64.36 public service under a covered plan was before May 1, 1975.

65.1 (e) For the purpose of computing annuities under this section, the accrual rates
65.2 used by any covered plan, except the public employees police and fire plan, the judges
65.3 retirement fund, and the State Patrol retirement plan, must not exceed ~~the 2.7 percent~~
65.4 ~~specified in section 356.315, subdivision 4~~, per year of service for any year of service or
65.5 fraction thereof. The formula percentage used by the judges retirement fund must not
65.6 exceed ~~the percentage rate specified in section 356.315, subdivision 8~~, 3.2 percent per
65.7 year of service for any year of service or fraction thereof. The accrual rate used by the
65.8 public employees police and fire plan and the State Patrol retirement plan must not exceed
65.9 ~~the percentage rate specified in section 356.315, subdivision 6~~, 3.0 percent per year of
65.10 service for any year of service or fraction thereof. The accrual rate or rates used by the
65.11 legislators retirement plan must not exceed 2.5 percent, but this limit does not apply to the
65.12 adjustment provided under section 3A.02, subdivision 1, paragraph (c).

65.13 (f) Any period of time for which a person has credit in more than one of the covered
65.14 plans must be used only once for the purpose of determining total allowable service.

65.15 (g) If the period of duplicated service credit is more than one-half year, or the person
65.16 has credit for more than one-half year, with each of the plans, each plan must apply its
65.17 formula to a prorated service credit for the period of duplicated service based on a fraction
65.18 of the salary on which deductions were paid to that fund for the period divided by the total
65.19 salary on which deductions were paid to all plans for the period.

65.20 (h) If the period of duplicated service credit is less than one-half year, or when
65.21 added to other service credit with that plan is less than one-half year, the service credit
65.22 must be ignored and a refund of contributions made to the person in accord with that
65.23 plan's refund provisions.

65.24 Sec. 18. Minnesota Statutes 2012, section 356.315, subdivision 9, is amended to read:

65.25 Subd. 9. **Future benefit accrual rate increases.** After January 2, 1998, benefit
65.26 accrual rate increases under ~~this section~~ 352.115, subdivision 3; 352.87, subdivision
65.27 3; 352.93, subdivision 3; 352.95, subdivision 1; 352B.08, subdivision 2; 352B.10,
65.28 subdivision 1; 353.29, subdivision 3; 353.651, subdivision 3; 353.656, subdivision
65.29 1, 1a, or 3a; 353E.04, subdivision 3; 353E.06, subdivision 1; 354.44, subdivision 6;
65.30 354A.31, subdivision 4 or 4a; 356.30, subdivision 1; 490.121, subdivision 22; or 490.124,
65.31 subdivision 1, must apply only to allowable service or formula service rendered after the
65.32 effective date of the benefit accrual rate increase.

65.33 Sec. 19. Minnesota Statutes 2012, section 490.121, subdivision 22, is amended to read:

66.1 Subd. 22. **Service credit limit.** "Service credit limit" means the greater of: (1) 24
 66.2 years of allowable service under this chapter; or (2) for judges with allowable service
 66.3 rendered before July 1, 1980, the number of years of allowable service under chapter 490,
 66.4 which, when multiplied by the percentage listed in section 356.315, subdivision 7 2.7 or 8
 66.5 3.2, whichever is applicable to each year of service, equals 76.8.

66.6 Sec. 20. Minnesota Statutes 2012, section 490.124, subdivision 1, is amended to read:

66.7 Subdivision 1. **Basic retirement annuity.** (a) Except as qualified hereinafter from
 66.8 and after the mandatory retirement date, the normal retirement date, the early retirement
 66.9 date, or one year from the disability retirement date, as the case may be, a retiring judge is
 66.10 eligible to receive a retirement annuity from the judges' retirement fund.

66.11 (b) The retirement annuity is an amount equal to: (1) the 2.7 percent specified in
 66.12 ~~section 356.315, subdivision 7~~, multiplied by the judge's final average compensation with
 66.13 that result then multiplied by the number of years and fractions of years of allowable
 66.14 service rendered before July 1, 1980; plus (2) the 3.2 percent specified in ~~section 356.315,~~
 66.15 ~~subdivision 8~~, multiplied by the judge's final average compensation with that result then
 66.16 multiplied by the number of years and fractions of years of allowable service rendered
 66.17 after June 30, 1980.

66.18 (c) Service that exceeds the service credit limit in section 490.121, subdivision 22,
 66.19 must be excluded in calculating the retirement annuity, but the compensation earned by
 66.20 the judge during this period of judicial service must be used in determining a judge's final
 66.21 average compensation and calculating the retirement annuity.

66.22 Sec. 21. **REPEALER.**

66.23 Minnesota Statutes 2012, section 356.315, subdivisions 1, 1a, 2, 2a, 2b, 3, 4, 5, 5a,
 66.24 6, 7, and 8, are repealed.

66.25 Sec. 22. **EFFECTIVE DATE.**

66.26 Sections 1 to 21 are effective the day following final enactment.

66.27 ARTICLE 5

66.28 REVISIONS AND REPEALS OF FORMER LOCAL POLICE AND PAID 66.29 FIREFIGHTER RELIEF ASSOCIATION LAWS

66.30 Section 1. Minnesota Statutes 2012, section 6.495, subdivision 1, is amended to read:

66.31 Subdivision 1. **Audit and examinations.** All powers and duties conferred and
 66.32 imposed upon the state auditor with respect to state, county, and first-class city officers,

67.1 institutions, and property are hereby extended to the various fire ~~and police~~ relief
 67.2 associations in the state. The state auditor shall annually audit the special and general
 67.3 funds of the relief association or, at the request of the board of trustees or the municipality,
 67.4 the state auditor may contract for an annual audit by a certified public accountant. The
 67.5 state auditor may determine that an annual audit is not necessary, in which case the state
 67.6 auditor shall develop a plan for examination of unaudited relief associations, and shall
 67.7 prescribe suitable systems of accounts and budgeting, and forms, books, and instructions
 67.8 concerning the same.

67.9 Copies of the written report of the state auditor on the financial condition and
 67.10 accounts of the relief association ~~shall~~ must be filed with the board of trustees of the
 67.11 relief association and the governing body of the municipality associated with the relief
 67.12 association. If the report discloses malfeasance, misfeasance, or nonfeasance with regard
 67.13 to relief association funds, copies thereof ~~shall~~ must be filed with the city attorney or county
 67.14 attorney in the city or county in which the relief association is located, and these officials of
 67.15 the law shall institute proceedings, civil or criminal, as the law and public interest require.

67.16 Sec. 2. Minnesota Statutes 2012, section 6.495, subdivision 3, is amended to read:

67.17 Subd. 3. **Report to commissioner of revenue.** The state auditor shall file with
 67.18 the commissioner of revenue a financial compliance report certifying for each relief
 67.19 association:

67.20 (1) the completion of the annual financial report required ~~pursuant to~~ under section
 67.21 69.051 and the auditing or certification of those financial reports ~~pursuant to~~ under
 67.22 subdivision 1; and

67.23 (2) the receipt of any actuarial valuations required ~~pursuant to~~ under section ~~69.77~~
 67.24 ~~or 69.773~~ or sections 31 to 42.

67.25 Sec. 3. Minnesota Statutes 2012, section 6.67, is amended to read:

67.26 **6.67 PUBLIC ACCOUNTANTS; REPORT OF POSSIBLE MISCONDUCT.**

67.27 Whenever a public accountant in the course of auditing the books and affairs of a
 67.28 political subdivision or a local public pension plan governed by ~~section 69.77~~, sections
 67.29 69.771 to 69.775, or chapter 354A or 424A, or sections 31 to 42, discovers evidence
 67.30 pointing to nonfeasance, misfeasance, or malfeasance, on the part of an officer or
 67.31 employee in the conduct of duties and affairs, the public accountant shall promptly make
 67.32 a report of such discovery to the state auditor and the county attorney of the county in
 67.33 which the governmental unit is situated and the public accountant shall also furnish a
 67.34 copy of the report of audit upon completion to said officers. The county attorney shall

68.1 act on such report in the same manner as required by law for reports made to the county
68.2 attorney by the state auditor.

68.3 Sec. 4. Minnesota Statutes 2012, section 13D.01, subdivision 1, is amended to read:

68.4 Subdivision 1. **In executive branch, local government.** All meetings, including
68.5 executive sessions, must be open to the public

68.6 (a) of a state

68.7 (1) agency,

68.8 (2) board,

68.9 (3) commission, or

68.10 (4) department,

68.11 when required or permitted by law to transact public business in a meeting;

68.12 (b) of the governing body of a

68.13 (1) school district however organized,

68.14 (2) unorganized territory,

68.15 (3) county,

68.16 (4) statutory or home rule charter city,

68.17 (5) town, or

68.18 (6) other public body;

68.19 (c) of any

68.20 (1) committee,

68.21 (2) subcommittee,

68.22 (3) board,

68.23 (4) department, or

68.24 (5) commission,

68.25 of a public body; and

68.26 (d) of the governing body or a committee of:

68.27 (1) a statewide public pension plan defined in section 356A.01, subdivision 24; or

68.28 (2) a local public pension plan governed by ~~section 69.77~~, sections 69.771 to 69.775,

68.29 or chapter 354A, or sections 31 to 42.

68.30 Sec. 5. Minnesota Statutes 2012, section 69.011, subdivision 1, is amended to read:

68.31 Subdivision 1. **Definitions.** Unless the language or context clearly indicates that
68.32 a different meaning is intended, the following words and terms, for the purposes of this
68.33 chapter and chapters 423, 423A, 424 and 424A, have the meanings ascribed to them:

68.34 (a) "Commissioner" means the commissioner of revenue.

69.1 (b) "Municipality" means:

69.2 (1) a home rule charter or statutory city;

69.3 (2) an organized town;

69.4 (3) a park district subject to chapter 398;

69.5 (4) the University of Minnesota;

69.6 (5) for purposes of the fire state aid program only, an American Indian tribal
69.7 government entity located within a federally recognized American Indian reservation;

69.8 (6) for purposes of the police state aid program only, an American Indian tribal
69.9 government with a tribal police department which exercises state arrest powers under
69.10 section 626.90, 626.91, 626.92, or 626.93;

69.11 (7) for purposes of the police state aid program only, the Metropolitan Airports
69.12 Commission; and

69.13 (8) for purposes of the police state aid program only, the Department of Natural
69.14 Resources and the Department of Public Safety with respect to peace officers covered
69.15 under chapter 352B.

69.16 (c) "Minnesota Firetown Premium Report" means a form prescribed by the
69.17 commissioner containing space for reporting by insurers of fire, lightning, sprinkler
69.18 leakage and extended coverage premiums received upon risks located or to be performed
69.19 in this state less return premiums and dividends.

69.20 (d) "Firetown" means the area serviced by any municipality having a qualified fire
69.21 department or a qualified incorporated fire department having a subsidiary volunteer
69.22 firefighters' relief association.

69.23 (e) "Market value" means latest available market value of all property in a taxing
69.24 jurisdiction, whether the property is subject to taxation, or exempt from ad valorem
69.25 taxation obtained from information which appears on abstracts filed with the commissioner
69.26 of revenue or equalized by the State Board of Equalization.

69.27 (f) "Minnesota Aid to Police Premium Report" means a form prescribed by the
69.28 commissioner for reporting by each fire and casualty insurer of all premiums received
69.29 upon direct business received by it in this state, or by its agents for it, in cash or otherwise,
69.30 during the preceding calendar year, with reference to insurance written for insuring against
69.31 the perils contained in auto insurance coverages as reported in the Minnesota business
69.32 schedule of the annual financial statement which each insurer is required to file with
69.33 the commissioner in accordance with the governing laws or rules less return premiums
69.34 and dividends.

69.35 (g) "Peace officer" means any person:

70.1 (1) whose primary source of income derived from wages is from direct employment
70.2 by a municipality or county as a law enforcement officer on a full-time basis of not less
70.3 than 30 hours per week;

70.4 (2) who has been employed for a minimum of six months prior to December 31
70.5 preceding the date of the current year's certification under subdivision 2, clause (b);

70.6 (3) who is sworn to enforce the general criminal laws of the state and local ordinances;

70.7 (4) who is licensed by the Peace Officers Standards and Training Board and is
70.8 authorized to arrest with a warrant; and

70.9 (5) who is a member of the State Patrol retirement plan or the public employees
70.10 police and fire fund.

70.11 (h) "Full-time equivalent number of peace officers providing contract service" means
70.12 the integral or fractional number of peace officers which would be necessary to provide
70.13 the contract service if all peace officers providing service were employed on a full-time
70.14 basis as defined by the employing unit and the municipality receiving the contract service.

70.15 (i) "Retirement benefits other than a service pension" means any disbursement
70.16 authorized under section 424A.05, subdivision 3, clauses (3) and (4).

70.17 (j) "Municipal clerk, municipal clerk-treasurer, or county auditor" means:

70.18 (1) for the police state aid program ~~and police relief association financial reports:~~

70.19 (i) the person who was elected or appointed to the specified position or, in the
70.20 absence of the person, another person who is designated by the applicable governing body;

70.21 (ii) in a park district, the secretary of the board of park district commissioners;

70.22 (iii) in the case of the University of Minnesota, the official designated by the Board
70.23 of Regents;

70.24 (iv) for the Metropolitan Airports Commission, the person designated by the
70.25 commission;

70.26 (v) for the Department of Natural Resources or the Department of Public Safety, the
70.27 respective commissioner;

70.28 (vi) for a tribal police department which exercises state arrest powers under section
70.29 626.90, 626.91, 626.92, or 626.93, the person designated by the applicable American
70.30 Indian tribal government; and

70.31 (2) for the fire state aid program and fire relief association financial reports, the
70.32 person who was elected or appointed to the specified position, or, for governmental
70.33 entities other than counties, if the governing body of the governmental entity designates
70.34 the position to perform the function, the chief financial official of the governmental entity
70.35 or the chief administrative official of the governmental entity.

71.1 (k) "Voluntary statewide lump-sum volunteer firefighter retirement plan" means the
71.2 retirement plan established by chapter 353G.

71.3 Sec. 6. Minnesota Statutes 2012, section 69.011, subdivision 2, is amended to read:

71.4 Subd. 2. **Qualification for fire or police state aid.** (a) Unless retirement coverage
71.5 is provided by the voluntary statewide lump-sum volunteer firefighter retirement plan, in
71.6 order to qualify to receive fire state aid, on or before March 15 annually, in conjunction
71.7 with the financial report required pursuant to section 69.051, the clerk of each municipality
71.8 having a duly organized fire department as provided in subdivision 4, or the secretary of
71.9 each independent nonprofit firefighting corporation having a subsidiary incorporated
71.10 firefighters' relief association, whichever is applicable, and the fire chief, shall jointly
71.11 certify the existence of the municipal fire department or of the independent nonprofit
71.12 firefighting corporation, whichever is applicable, which meets the minimum qualification
71.13 requirements set forth in this subdivision, and the fire personnel and equipment of the
71.14 municipal fire department or the independent nonprofit firefighting corporation as of the
71.15 preceding December 31.

71.16 (b) Where retirement coverage is provided by the voluntary statewide lump-sum
71.17 volunteer firefighter retirement plan, in order to qualify to receive fire state aid, on or
71.18 before March 15, annually, the executive director of the Public Employees Retirement
71.19 Association shall certify the existence of that coverage for each municipality and the
71.20 municipal clerk or independent nonprofit firefighting corporation secretary, whichever
71.21 applies, and the applicable fire chief shall certify the fire personnel and fire department
71.22 equipment as of the preceding December 31.

71.23 ~~(e) Certification must be made to the commissioner on a form prescribed by the~~
71.24 ~~commissioner and shall include any other facts the commissioner may require. The~~
71.25 ~~certification must be made to the commissioner in duplicate. Each copy of the certificate~~
71.26 ~~must be duly executed and is deemed to be an original. The commissioner shall forward~~
71.27 ~~one copy to the auditor of the county wherein the fire department is located and shall~~
71.28 ~~retain one copy.~~

71.29 ~~(d) On or before March 15 annually the clerk of each municipality having a duly~~
71.30 ~~organized police department and having a duly incorporated relief association shall certify~~
71.31 ~~that fact to the county auditor of the county where the police department is located and to~~
71.32 ~~the commissioner on a form prescribed by the commissioner together with the other facts~~
71.33 ~~the commissioner or auditor may require.~~

71.34 (e) (c) Except as provided in subdivision 2b, on or before March 15 annually, in
71.35 order to qualify to receive police state aid, the clerk of each municipality and the auditor of

72.1 each county employing one or more peace officers as defined in subdivision 1, clause (g),
 72.2 shall certify the number of such peace officers to the commissioner on forms prescribed by
 72.3 the commissioner. Credit for officers employed less than a full year must be apportioned.
 72.4 Each full month of employment of a qualifying officer during the calendar year entitles the
 72.5 employing municipality or county to credit for 1/12 of the payment for employment of a
 72.6 peace officer for the entire year. For purposes of sections 69.011 to 69.051, employment
 72.7 of a peace officer commences when the peace officer is entered on the payroll of the
 72.8 respective municipal police department or county sheriff's department. No peace officer
 72.9 may be included in the certification of the number of peace officers by more than one
 72.10 ~~municipality or county~~ employing unit for the same month.

72.11 (d) A certification made under this subdivision must be filed with the commissioner,
 72.12 must be made on a form prescribed by the commissioner, and must include any other facts
 72.13 that the commissioner requires.

72.14 Sec. 7. Minnesota Statutes 2012, section 69.011, subdivision 3, is amended to read:

72.15 Subd. 3. **Failure to file certificate deemed waiver.** (a) If a certification required by
 72.16 this section is not filed with the commissioner by the due date prescribed by this section,
 72.17 the commissioner shall notify the county, the municipality, or the nonprofit firefighting
 72.18 corporation that a portion or all of its current year aid will be forfeited if the certification
 72.19 is not received within ten days.

72.20 (b) The amount of aid forfeited is equal to the amount of state police aid or state fire
 72.21 aid determined for the county, the municipality, or the nonprofit firefighting corporation
 72.22 for the current year, multiplied by five percent for each week or fraction of a week that
 72.23 this certification is late. The penalty ~~will~~ must be computed beginning ten days after the
 72.24 postmark date of the commissioner's notification as required under this subdivision. All
 72.25 forfeited aid amounts revert to the general fund in the state treasury. Failure to receive the
 72.26 certificate form ~~cannot~~ may not be used as a defense for ~~not filing~~ a failure to file.

72.27 Sec. 8. Minnesota Statutes 2012, section 69.011, subdivision 4, is amended to read:

72.28 Subd. 4. **Qualification for fire state aid.** ~~Any~~ (a) A municipality in this state
 72.29 qualifies to receive fire state aid if it meets the general requirements of paragraph (b) and
 72.30 if it meets the specific requirements of paragraph (c).

72.31 (b) Minimum qualifications for fire state aid include the following:

72.32 (1) having for more than one year an organized fire department and officially
 72.33 established by the governing body of the municipality or an independent nonprofit
 72.34 firefighting corporation created under the nonprofit corporation act of this state and

73.1 operating exclusively for firefighting purposes and providing retirement and relief benefits
73.2 to its members; and

73.3 (2) having a separate subsidiary incorporated firefighter's relief and pension
73.4 association providing retirement and relief benefits, or participating in the voluntary
73.5 statewide lump-sum volunteer firefighter retirement plan, may qualify to receive state aid
73.6 if it meets the following or, if a paid fire department, having retirement coverage by the
73.7 public employees police and fire retirement plan.

73.8 (c) Minimum requirements for fire state aid also include the following or their
73.9 equivalent as determined by the state fire marshal by July 1, 1972:

73.10 (a) (1) having ten paid or volunteer firefighters including a fire chief and assistant
73.11 fire chief; and;

73.12 (b) (2) having regular scheduled meetings and frequent drills including instructions
73.13 in firefighting tactics and in the use, care, and operation of all fire apparatus and
73.14 equipment; and;

73.15 (c) (3) having a motorized fire truck equipped with a motorized pump, 250 gallon or
73.16 larger water tank, 300 feet of one inch or larger fire hose in two lines with combination
73.17 spray and straight stream nozzles, five-gallon hand pumps—tank extinguisher or equivalent,
73.18 dry chemical extinguisher or equivalent, ladders, extension ladders, pike poles, crow bars,
73.19 axes, lanterns, fire coats, helmets, and boots; and;

73.20 (d) (4) having apparatus suitably housed in a building of good construction with
73.21 facilities for care of hose and equipment; and;

73.22 (e) (5) having a reliable and adequate method of receiving fire alarms by telephone
73.23 or with electric siren and suitable means of sounding an alarm; and;

73.24 (f) (6) if response is to be provided outside the corporate limits of the municipality
73.25 wherein the fire department is located, ~~the municipality has~~ having another piece of
73.26 motorized apparatus to make the response; and;

73.27 (g) (7) meeting other requirements that the commissioner establishes by rule.

73.28 Sec. 9. Minnesota Statutes 2012, section 69.021, subdivision 1, is amended to read:

73.29 Subdivision 1. **Minnesota Firetown Premium Report and Minnesota Aid to**
73.30 **Police Premium Report.** The commissioner shall, at the time of mailing tax forms,
73.31 send blank copies of the Minnesota Firetown Premium Report and when applicable the
73.32 Minnesota Aid to Police Premium Report to each insurer, including township and farmers
73.33 mutual insurance companies licensed to write insurance as described in section 69.011,
73.34 subdivision 1, clauses (c) and (f) in this state. These reports shall must contain space

74.1 for the insurers name, address, gross premiums less return premiums, dividends, net
74.2 premiums, certification and other facts that the commissioner may require.

74.3 Sec. 10. Minnesota Statutes 2012, section 69.021, subdivision 2, is amended to read:

74.4 Subd. 2. **Report of premiums.** (a) Each insurer, including township and farmers
74.5 mutual insurers where applicable, shall return to the commissioner the reports described in
74.6 subdivision 1 certified by its secretary and president or chief financial officer.

74.7 (b) The Minnesota Firetown Premium Report ~~shall~~ must contain a true and accurate
74.8 statement of the total premium for all gross direct fire, lightning, sprinkler leakage, and
74.9 extended coverage insurance of all domestic mutual insurers and the total premiums for
74.10 all gross direct fire, lightning, sprinkler leakage and extended coverage insurance of all
74.11 other insurers, less return premiums and dividends received by them on that business
74.12 written or done during the preceding calendar year upon property located within the state
74.13 or brought into the state for temporary use. The fire and extended coverage portion of
74.14 multiperil and multiple peril package premiums and all other combination premiums ~~shall~~
74.15 must be determined by applying percentages determined by the commissioner or by rating
74.16 bureaus recognized by the commissioner.

74.17 (c) The Minnesota Aid to Police Premium Report ~~shall~~ must contain a true and
74.18 accurate statement of the total premiums, less return premiums and dividends, on all direct
74.19 business received by such insurer in this state, or by its agents for it, in cash or otherwise,
74.20 during the preceding calendar year, with reference to insurance written for perils described
74.21 in section 69.011, subdivision 1, clause (f).

74.22 Sec. 11. Minnesota Statutes 2012, section 69.021, subdivision 3, is amended to read:

74.23 Subd. 3. **Penalty for fraudulent, incorrect, incomplete returns and late filing of**
74.24 **report.** (a) When it appears to the commissioner that any insurer has made an incomplete or
74.25 inaccurate report, the commissioner shall return the report and demand that a complete and
74.26 accurate report be filed. If the insurer fails to file a report on or before March 1, annually,
74.27 the insurer ~~shall be~~ is liable and shall pay \$25 for each seven days ~~delinquent,~~
74.28 thereof, that the report is delinquent, but not to exceed \$200. If the insurer fails to file a
74.29 corrected report within 30 days after demand, the insurer is liable for the penalties provided
74.30 in ~~this subdivision~~ paragraph (b) or (c) for knowingly filing an inaccurate or false report.

74.31 (b) Any insurer ~~who~~ which knowingly makes and files an inaccurate or false report
74.32 ~~shall be~~ is liable to a fine in an amount of not less than \$25 nor more than \$1,000, as
74.33 determined by the commissioner, and additionally the commissioner of commerce may
74.34 revoke the insurer's certificate of authority.

75.1 (c) Any person whose duty it is to make the report who fails or refuses to make it
75.2 within 30 days after notification by the commissioner shall be fined an amount of not
75.3 more than \$1,000.

75.4 (d) Failure of the insurer to receive a reporting form ~~shall~~ does not excuse the insurer
75.5 from filing the report.

75.6 Sec. 12. Minnesota Statutes 2012, section 69.021, subdivision 4, is amended to read:

75.7 Subd. 4. **Determination of qualified state aid recipients; certification to**
75.8 **commissioner of management and budget.** (a) The commissioner shall determine
75.9 which municipalities and independent nonprofit firefighting corporations are qualified to
75.10 receive fire state aid directly or are qualified to receive the benefit of fire state aid paid
75.11 to the voluntary statewide lump-sum volunteer firefighter retirement plan and which
75.12 municipalities and counties are qualified to receive police state aid.

75.13 (b) The commissioner shall determine qualification for state aid upon receipt of:

75.14 (1) the fire department personnel and equipment certification or the police department
75.15 and qualified peace officers certificate, whichever applies, required under section 69.011;

75.16 (2) the financial compliance report required under section 6.495, subdivision 3, if
75.17 applicable; and

75.18 (3) any other relevant information which comes to the attention of the commissioner.

75.19 (c) Upon completion of the determination, on or before October 1, the commissioner
75.20 shall calculate the amount of:

75.21 (1) the police state aid which each county or municipality is to receive under
75.22 subdivisions 5, 6, 7a, and 10; and

75.23 (2) the fire state aid which each municipality or nonprofit firefighting corporation
75.24 is to receive under subdivisions 5 and 7.

75.25 (d) The commissioner shall certify to the commissioner of management and budget
75.26 the name of each county or municipality, and the amount of state aid which each county or
75.27 municipality is to receive, in the case of police state aid. The commissioner shall certify to
75.28 the commissioner of management and budget the name of each municipality or independent
75.29 nonprofit firefighting corporation and the amount of state aid which each municipality
75.30 or independent nonprofit firefighting corporation is to receive directly or the amount of
75.31 state aid which the voluntary statewide lump-sum volunteer firefighter retirement plan is
75.32 qualified to receive on behalf of the municipality or corporation, in the case of fire state aid.

75.33 Sec. 13. Minnesota Statutes 2012, section 69.021, subdivision 5, is amended to read:

76.1 Subd. 5. **Calculation of state aid.** (a) The amount of fire state aid available for
76.2 apportionment, before the addition of the minimum fire state aid allocation amount under
76.3 subdivision 7, is equal to 107 percent of the amount of premium taxes paid to the state
76.4 upon the fire, lightning, sprinkler leakage, and extended coverage premiums reported to
76.5 the commissioner by insurers on the Minnesota Firetown Premium Report. This amount
76.6 must be reduced by the amount required to pay the state auditor's costs and expenses of
76.7 the audits or exams of the firefighters relief associations.

76.8 The total amount for apportionment in respect to fire state aid must not be less than
76.9 two percent of the premiums reported to the commissioner by insurers on the Minnesota
76.10 Firetown Premium Report after subtracting the following amounts:

76.11 (1) the amount required to pay the state auditor's costs and expenses of the audits or
76.12 exams of the firefighters relief associations; and

76.13 (2) one percent of the premiums reported by town and farmers' mutual insurance
76.14 companies and mutual property and casualty companies with total assets of \$5,000,000 or
76.15 less.

76.16 (b) The total amount for apportionment as police state aid is equal to 104 percent
76.17 of the amount of premium taxes paid to the state on the premiums reported to the
76.18 commissioner by insurers on the Minnesota Aid to Police Premium Report, ~~reduced by~~
76.19 ~~the amount required to pay the costs and expenses of the state auditor for audits or exams~~
76.20 ~~of police relief associations.~~ The total amount for apportionment in respect to the police
76.21 state aid program must not be less than two percent of the amount of premiums reported
76.22 to the commissioner by insurers on the Minnesota Aid to Police Premium Report ~~after~~
76.23 ~~subtracting the amount required to pay the state auditor's cost and expenses of the audits~~
76.24 ~~or exams of the police relief associations.~~

76.25 (c) The commissioner shall calculate the percentage of increase or decrease reflected
76.26 in the apportionment over or under the previous year's available state aid using the same
76.27 premiums as a basis for comparison.

76.28 (d) In addition to the amount for apportionment of police state aid under paragraph
76.29 (b), each year \$100,000 must be apportioned for police state aid. An amount sufficient to
76.30 pay this increase is annually appropriated from the general fund.

76.31 Sec. 14. Minnesota Statutes 2012, section 69.021, subdivision 7, is amended to read:

76.32 Subd. 7. **Apportionment of fire state aid to municipalities and relief associations.**

76.33 (a) The commissioner shall apportion the fire state aid relative to the premiums reported
76.34 on the Minnesota Firetown Premium Reports filed under this chapter to each municipality
76.35 and/or firefighters relief association qualified under section 69.011, subdivision 4.

77.1 (b) The commissioner shall calculate an initial fire state aid allocation amount for each
77.2 municipality or fire department under paragraph (c) and, if applicable, a minimum fire state
77.3 aid allocation amount for each municipality or fire department under paragraph (d). The
77.4 municipality or fire department must ~~receive~~ be apportioned the larger fire state aid amount.

77.5 (c) The initial fire state aid allocation amount is the amount available for
77.6 apportionment as fire state aid under subdivision 5, without the inclusion of any additional
77.7 funding amount to support a minimum fire state aid amount under section 423A.02,
77.8 subdivision 3, allocated one-half in proportion to the population as shown in the last
77.9 official statewide federal census for each fire town and one-half in proportion to the market
77.10 value of each fire town, including (1) the market value of tax-exempt property and (2) the
77.11 market value of natural resources lands receiving in lieu payments under sections 477A.11
77.12 to 477A.14, but excluding the market value of minerals. In the case of incorporated or
77.13 municipal fire departments furnishing fire protection to other cities, towns, or townships
77.14 as evidenced by valid fire service contracts filed with the commissioner, the distribution
77.15 must be adjusted proportionately to take into consideration the crossover fire protection
77.16 service. Necessary adjustments must be made to subsequent apportionments. In the case
77.17 of municipalities or independent fire departments qualifying for the aid, the commissioner
77.18 shall calculate the state aid for the municipality or relief association on the basis of the
77.19 population and the market value of the area furnished fire protection service by the fire
77.20 department as evidenced by duly executed and valid fire service agreements filed with the
77.21 commissioner. If one or more fire departments are furnishing contracted fire service to a
77.22 city, town, or township, only the population and market value of the area served by each
77.23 fire department may be considered in calculating the state aid and the fire departments
77.24 furnishing service shall enter into an agreement apportioning among themselves the
77.25 percent of the population and the percent of the market value of each shared service area.
77.26 The agreement must be in writing and must be filed with the commissioner.

77.27 (d) The minimum fire state aid allocation amount is the amount in addition to the
77.28 initial fire state allocation amount that is derived from any additional funding amount
77.29 to support a minimum fire state aid amount under section 423A.02, subdivision 3, and
77.30 allocated to municipalities with volunteer firefighters relief associations or covered by the
77.31 voluntary statewide lump-sum volunteer firefighter retirement plan based on the number
77.32 of active volunteer firefighters who are members of the relief association as reported
77.33 in the annual financial reporting for the calendar year 1993 to the Office of the State
77.34 Auditor, but not to exceed 30 active volunteer firefighters, so that all municipalities or
77.35 fire departments with volunteer firefighters relief associations receive in total at least a
77.36 minimum fire state aid amount per 1993 active volunteer firefighter to a maximum of

78.1 30 firefighters. If a relief association is established after calendar year 1993 and before
78.2 calendar year 2000, the number of active volunteer firefighters who are members of the
78.3 relief association as reported in the annual financial reporting for calendar year 1998
78.4 to the Office of the State Auditor, but not to exceed 30 active volunteer firefighters,
78.5 shall be used in this determination. If a relief association is established after calendar
78.6 year 1999, the number of active volunteer firefighters who are members of the relief
78.7 association as reported in the first annual financial reporting submitted to the Office of
78.8 the State Auditor, but not to exceed 20 active volunteer firefighters, must be used in this
78.9 determination. If a relief association is terminated as a result of providing retirement
78.10 coverage for volunteer firefighters by the voluntary statewide lump-sum volunteer
78.11 firefighter retirement plan under chapter 353G, the number of active volunteer firefighters
78.12 of the municipality covered by the statewide plan as certified by the executive director of
78.13 the Public Employees Retirement Association to the commissioner and the state auditor,
78.14 but not to exceed 30 active firefighters, must be used in this determination.

78.15 (e) Unless the firefighters of the applicable fire department are members of the
78.16 voluntary statewide lump-sum volunteer firefighter retirement plan, the fire state aid must
78.17 be paid to the treasurer of the municipality where the fire department is located and the
78.18 treasurer of the municipality shall, within 30 days of receipt of the fire state aid, transmit
78.19 the aid to the relief association if the relief association has filed a financial report with the
78.20 treasurer of the municipality and has met all other statutory provisions pertaining to the
78.21 aid apportionment. If the firefighters of the applicable fire department are members of
78.22 the voluntary statewide lump-sum volunteer firefighter retirement plan, the fire state aid
78.23 must be paid to the executive director of the Public Employees Retirement Association
78.24 and deposited in the voluntary statewide lump-sum volunteer firefighter retirement fund.

78.25 (f) The commissioner may make rules to permit the administration of the provisions
78.26 of this section.

78.27 (g) Any adjustments needed to correct prior misallocations must be made to
78.28 subsequent fire state aid apportionments.

78.29 Sec. 15. Minnesota Statutes 2012, section 69.021, subdivision 7a, is amended to read:

78.30 Subd. 7a. **Apportionment of police state aid.** (a) Subject to the reduction provided
78.31 for under subdivision 10, the commissioner shall apportion the police state aid to each
78.32 municipality ~~and~~ to the each county, and to the Departments of Natural Resources and
78.33 Public Safety in the following manner:

78.34 (1) for all municipalities maintaining police departments, counties, the Department
78.35 of Natural Resources, and the Department of Public Safety, the police state aid must be

79.1 distributed in proportion to the relationship that the total number of peace officers, as
 79.2 determined under section 69.011, subdivision 1, ~~clause paragraph~~ (g), and subdivision 2,
 79.3 ~~clause paragraph~~ (b), employed by that employing unit for 12 calendar months and the
 79.4 proportional or fractional number who were employed less than 12 months bears to the total
 79.5 number of peace officers employed by all municipalities ~~and~~ counties, the Departments of
 79.6 Natural Resources and Public Safety, subject to any reduction under subdivision 10;

79.7 (2) for each municipality which contracts with the county for police service, a
 79.8 proportionate amount of the state aid distributed to the county based on the full-time
 79.9 equivalent number of peace officers providing contract service to that municipality must
 79.10 be credited against the municipality's contract obligation; and

79.11 (3) for each municipality which contracts with another municipality for police
 79.12 service, a proportionate amount of the state aid distributed to the municipality providing
 79.13 contract service based on the full-time equivalent number of peace officers providing
 79.14 contract service to that municipality on a full-time equivalent basis must be credited
 79.15 against the contract obligation of the municipality receiving contract service.

79.16 (b) Any necessary additional adjustments must be made to subsequent police state
 79.17 aid apportionments.

79.18 Sec. 16. Minnesota Statutes 2012, section 69.021, subdivision 8, is amended to read:

79.19 Subd. 8. **Population and market value.** (a) In computations relating to fire state aid
 79.20 requiring the use of population figures, only official statewide federal census figures ~~are~~
 79.21 ~~to~~ may be used. Increases or decreases in population disclosed by reason of any special
 79.22 census must not be taken into consideration.

79.23 (b) In calculations relating to fire state aid requiring the use of market value property
 79.24 figures, only the latest available market value property figures may be used.

79.25 Sec. 17. Minnesota Statutes 2012, section 69.021, subdivision 9, is amended to read:

79.26 Subd. 9. **Appeal.** (a) In the event that a municipality, a county, a fire relief
 79.27 association, a police relief association, the Department of Natural Resources, the
 79.28 Department of Public Safety, or the voluntary statewide lump-sum volunteer firefighter
 79.29 retirement plan, feels itself to be aggrieved, it may request the commissioner to review
 79.30 and adjust the apportionment of funds within the county in the case of police state aid, or
 79.31 within the state in the case of fire state aid.

79.32 (b) The decision of the commissioner is subject to appeal, review, and adjustment by
 79.33 the district court in the county in which the applicable municipality, or fire department,
 79.34 or police department is located or by the Ramsey County District Court with respect to

80.1 the Department of Natural Resources, the Department of Public Safety, or the voluntary
80.2 statewide lump-sum volunteer firefighter retirement plan.

80.3 Sec. 18. Minnesota Statutes 2012, section 69.021, subdivision 10, is amended to read:

80.4 Subd. 10. **Reduction in police state aid apportionment.** (a) The commissioner of
80.5 revenue shall reduce the apportionment of police state aid under subdivisions 5, paragraph
80.6 (b), 6, and 7a, for eligible employer units by the amount of any excess police state aid.

80.7 (b) "Excess police state aid" is:

80.8 (1) for counties and for municipalities in which police retirement coverage is
80.9 provided wholly by the public employees police and fire fund and all police officers are
80.10 members of the plan governed by sections 353.63 to 353.657, the amount in excess of the
80.11 employer's total prior calendar year obligation as defined in paragraph (c), as certified by
80.12 the executive director of the Public Employees Retirement Association;

80.13 ~~(2) for municipalities in which police retirement coverage is provided in part by the~~
80.14 ~~public employees police and fire fund governed by sections 353.63 to 353.657 and in~~
80.15 ~~part by a local police consolidation account governed by chapter 353A, and established~~
80.16 ~~before March 2, 1999, for which the municipality declined merger under section 353.665,~~
80.17 ~~subdivision 1, or established after March 1, 1999, the amount in excess of the employer's~~
80.18 ~~total prior calendar year obligation as defined in paragraph (c), plus the amount of the~~
80.19 ~~employer's total prior calendar year obligation under section 353A.09, subdivision 5,~~
80.20 ~~paragraphs (a) and (b), as certified by the executive director of the Public Employees~~
80.21 ~~Retirement Association;~~

80.22 ~~(3) for municipalities in which police retirement coverage is provided by the public~~
80.23 ~~employees police and fire plan governed by sections 353.63 to 353.657, in which police~~
80.24 ~~retirement coverage was provided by a police consolidation account under chapter~~
80.25 ~~353A before July 1, 1999, and for which the municipality has an additional municipal~~
80.26 ~~contribution under section 353.665, subdivision 8, paragraph (b), the amount in excess of~~
80.27 ~~the employer's total prior calendar year obligation as defined in paragraph (c), plus the~~
80.28 ~~amount of any additional municipal contribution under section 353.665, subdivision 8,~~
80.29 ~~paragraph (b), until the year 2010, as certified by the executive director of the Public~~
80.30 ~~Employees Retirement Association;~~

80.31 ~~(4) (2)~~ for municipalities in which police retirement coverage is provided in part by
80.32 the public employees police and fire fund governed by sections 353.63 to 353.657 and in
80.33 part by a local police relief association governed by sections 69.77 and 423A.01 the cities
80.34 of Fairmont and Minneapolis, the amount in excess of the employer's total prior calendar
80.35 year obligation as defined in paragraph (c), as certified by the executive director of the

81.1 public employees retirement association, plus the amount of the ~~financial requirements of~~
 81.2 ~~the relief association certified to the applicable municipality during the prior calendar year~~
 81.3 ~~under section 69.77, subdivisions 4 and 5, reduced by the amount of member contributions~~
 81.4 ~~deducted from the covered salary of the relief association during the prior calendar year~~
 81.5 ~~under section 69.77, subdivision 3, as certified by the chief administrative officer of the~~
 81.6 ~~applicable municipality~~ any additional municipal contribution under section 353.668,
 81.7 subdivision 6, or 353.669, subdivision 6;

81.8 ~~(5)~~ (3) for the Metropolitan Airports Commission, the amount in excess of the
 81.9 commission's total prior calendar year obligation as defined in paragraph (c), as certified
 81.10 by the executive director of the Public Employees Retirement Association; and

81.11 ~~(6)~~ (4) for the Department of Natural Resources and for the Department of Public
 81.12 Safety, the amount in excess of the employer's total prior calendar year obligation under
 81.13 section 352B.02, subdivision 1c, for plan members who are peace officers under section
 81.14 69.011, subdivision 1, clause (g), as certified by the executive director of the Minnesota
 81.15 State Retirement System.

81.16 (c) The employer's total prior calendar year obligation with respect to the public
 81.17 employees police and fire plan under paragraph (b), clause (1), is the total prior calendar
 81.18 year obligation under section 353.65, subdivision 3, for police officers as defined in
 81.19 section 353.64, subdivision 2, and the actual total prior calendar year obligation under
 81.20 section 353.65, subdivision 3, for firefighters, as defined in section 353.64, subdivision
 81.21 3, but not to exceed for those firefighters the applicable following amounts employer
 81.22 calendar year amount:

81.23	Municipality	Maximum Amount
81.24	Albert Lea	\$54,157.01
81.25	Anoka	10,399.31
81.26	Apple Valley	5,442.44
81.27	Austin	49,864.73
81.28	Bemidji	27,671.38
81.29	Brooklyn Center	6,605.92
81.30	Brooklyn Park	24,002.26
81.31	Burnsville	15,956.00
81.32	Cloquet	4,260.49
81.33	Coon Rapids	39,920.00
81.34	Cottage Grove	8,588.48
81.35	Crystal	5,855.00
81.36	East Grand Forks	51,009.88
81.37	Edina	32,251.00
81.38	Elk River	5,216.55
81.39	Ely	13,584.16

82.1	Eveleth	16,288.27
82.2	Fergus Falls	6,742.00
82.3	Fridley	33,420.64
82.4	Golden Valley	11,744.61
82.5	Hastings	16,561.00
82.6	Hopkins	4,324.23
82.7	International Falls	14,400.69
82.8	Lakeville	782.35
82.9	Lino Lakes	5,324.00
82.10	Little Falls	7,889.41
82.11	Maple Grove	6,707.54
82.12	Maplewood	8,476.69
82.13	Minnetonka	10,403.00
82.14	Montevideo	1,307.66
82.15	Moorhead	68,069.26
82.16	New Hope	6,739.72
82.17	North St. Paul	4,241.14
82.18	Northfield	770.63
82.19	Owatonna	37,292.67
82.20	Plymouth	6,754.71
82.21	Red Wing	3,504.01
82.22	Richfield	53,757.96
82.23	Rosemount	1,712.55
82.24	Roseville	9,854.51
82.25	St. Anthony	33,055.00
82.26	St. Louis Park	53,643.11
82.27	Thief River Falls	28,365.04
82.28	Virginia	31,164.46
82.29	Waseca	11,135.17
82.30	West St. Paul	15,707.20
82.31	White Bear Lake	6,521.04
82.32	Woodbury	3,613.00
82.33	any other municipality	0.00

82.34 (d) The total amount of excess police state aid must be deposited in the excess
82.35 police state-aid account in the general fund, administered and distributed as provided
82.36 in subdivision 11.

82.37 Sec. 19. Minnesota Statutes 2012, section 69.021, subdivision 11, is amended to read:

82.38 Subd. 11. **Excess police state-aid holding account.** (a) The excess police state-aid
82.39 holding account is established in the general fund. The excess police state-aid holding
82.40 account must be administered by the commissioner.

83.1 (b) Excess police state aid determined according to subdivision 10, must be
83.2 deposited annually in the excess police state-aid holding account.

83.3 (c) From the balance in the excess police state-aid holding account, \$900,000 must
83.4 be canceled annually to the general fund.

83.5 ~~(d) If a police officer stress reduction program is created by law and money is~~
83.6 ~~appropriated for that program, an amount equal to that appropriation must be transferred~~
83.7 ~~to the administrator of that program from the balance in the excess police state-aid holding~~
83.8 ~~account.~~

83.9 ~~(e)~~ (d) On October 1 of each year, one-half of the balance of the excess police
83.10 state-aid holding account remaining after the ~~deductions~~ deduction under ~~paragraphs~~
83.11 paragraph (c) and (d) is appropriated for additional amortization aid under section
83.12 423A.02, subdivision 1b.

83.13 ~~(f)~~ (e) Annually, the remaining balance in the excess police state-aid holding account,
83.14 after the deductions under paragraphs (c); and (d); ~~and (e)~~, cancels to the general fund.

83.15 Sec. 20. Minnesota Statutes 2012, section 69.031, subdivision 1, is amended to read:

83.16 Subdivision 1. **Commissioner's warrant.** (a) The commissioner of management
83.17 and budget shall issue to the Public Employees Retirement Association on behalf of
83.18 a municipality or independent nonprofit firefighting corporation that is a member of the
83.19 voluntary statewide lump-sum volunteer firefighter retirement plan under chapter 353G₂
83.20 to the Department of Natural Resources, the Department of Public Safety, or to the
83.21 county, municipality, or independent nonprofit firefighting corporation certified to the
83.22 commissioner of management and budget by the commissioner a warrant for an amount
83.23 equal to the amount of fire state aid or police state aid, whichever applies, certified for the
83.24 applicable state aid recipient by the commissioner under section 69.021.

83.25 (b) Fire state aid and police state aid is payable on October 1 annually. The amount
83.26 of state aid due and not paid by October 1 accrues interest payable to the state aid recipient
83.27 at the rate of one percent for each month or part of a month that the amount remains
83.28 unpaid after October 1.

83.29 Sec. 21. Minnesota Statutes 2012, section 69.031, subdivision 3, is amended to read:

83.30 Subd. 3. **Appropriations.** There is hereby appropriated annually from the state
83.31 general fund to the commissioner of revenue ~~an amount~~ amounts sufficient to make the
83.32 police state aid payments and the fire state aid payments specified in this section and
83.33 section 69.021.

84.1 Sec. 22. Minnesota Statutes 2012, section 69.031, subdivision 5, is amended to read:

84.2 Subd. 5. **Deposit of state aid.** (a) If the municipality or the independent nonprofit
84.3 firefighting corporation is covered by the voluntary statewide lump-sum volunteer
84.4 firefighter retirement plan under chapter 353G, the executive director shall credit the fire
84.5 state aid against future municipal contribution requirements under section 353G.08 and
84.6 shall notify the municipality or independent nonprofit firefighting corporation of the fire
84.7 state aid so credited at least annually. If the municipality or the independent nonprofit
84.8 firefighting corporation is not covered by the voluntary statewide lump-sum volunteer
84.9 firefighter retirement plan, the municipal treasurer shall, within 30 days after receipt,
84.10 transmit the fire state aid to the treasurer of the duly incorporated firefighters' relief
84.11 association if there is one organized and the association has filed a financial report with the
84.12 municipality. If the relief association has not filed a financial report with the municipality,
84.13 the municipal treasurer shall delay transmission of the fire state aid to the relief association
84.14 until the complete financial report is filed. If the municipality or independent nonprofit
84.15 firefighting corporation is not covered by the voluntary statewide lump-sum volunteer
84.16 firefighter retirement plan, if there is no relief association organized, or if the association
84.17 has dissolved or has been removed as trustees of state aid, then the treasurer of the
84.18 municipality shall deposit the money in the municipal treasury and the money may be
84.19 disbursed only for the purposes and in the manner set forth in section 424A.08 or for the
84.20 payment of the employer contribution requirement with respect to firefighters covered by
84.21 the public employees police and fire retirement plan under section 353.65, subdivision 3.

84.22 ~~(b) The municipal treasurer, upon receipt of the police state aid, shall disburse the~~
84.23 ~~police state aid in the following manner:~~

84.24 ~~(1) For a municipality in which a local police relief association exists and all peace~~
84.25 ~~officers are members of the association, the total state aid must be transmitted to the~~
84.26 ~~treasurer of the relief association within 30 days of the date of receipt, and the treasurer~~
84.27 ~~of the relief association shall immediately deposit the total state aid in the special fund~~
84.28 ~~of the relief association;~~

84.29 ~~(2) (b) For a municipality in which police retirement coverage is provided by the~~
84.30 ~~public employees police and fire fund and all peace officers are members of the fund,~~
84.31 ~~including municipalities covered by section 353.665, the total state aid must be applied~~
84.32 ~~toward the municipality's employer contribution to the public employees police and~~
84.33 ~~fire fund under sections 353.65, subdivision 3, and 353.665 353.668, subdivision 8 6,~~
84.34 ~~paragraph (b) or 353.669, subdivision 6, if applicable; or.~~

84.35 ~~(3) For a municipality other than a city of the first class with a population of more~~
84.36 ~~than 300,000 in which both a police relief association exists and police retirement~~

85.1 coverage is provided in part by the public employees police and fire fund, the municipality
85.2 may elect at its option to transmit the total state aid to the treasurer of the relief association
85.3 as provided in clause (1), to use the total state aid to apply toward the municipality's
85.4 employer contribution to the public employees police and fire fund subject to all the
85.5 provisions set forth in clause (2), or to allot the total state aid proportionately to be
85.6 transmitted to the police relief association as provided in this subdivision and to apply
85.7 toward the municipality's employer contribution to the public employees police and fire
85.8 fund subject to the provisions of clause (2) on the basis of the respective number of active
85.9 full-time peace officers, as defined in section 69.011, subdivision 1, clause (g).

85.10 For a city of the first class with a population of more than 300,000, in addition, the
85.11 city may elect to allot the appropriate portion of the total police state aid to apply toward
85.12 the employer contribution of the city to the public employees police and fire fund based
85.13 on the covered salary of police officers covered by the fund each payroll period and to
85.14 transmit the balance to the police relief association; or

85.15 (4) For a municipality in which police retirement coverage is provided in part by
85.16 the public employees police and fire fund and in part by a local police consolidation
85.17 account governed by chapter 353A and established before March 2, 1999, for which the
85.18 municipality declined merger under section 353.665, subdivision 1, or established after
85.19 March 1, 1999, the total police state aid must be applied towards the municipality's total
85.20 employer contribution to the public employees police and fire fund and to the local police
85.21 consolidation account under sections 353.65, subdivision 3, and 353A.09, subdivision 5.

85.22 (c) The county treasurer, upon receipt of the police state aid for the county, shall
85.23 apply the total state aid toward the county's employer contribution to the public employees
85.24 police and fire fund under section 353.65, subdivision 3.

85.25 (d) The designated Metropolitan Airports Commission official, upon receipt of the
85.26 police state aid for the Metropolitan Airports Commission, shall apply the total police
85.27 state aid toward the commission's employer contribution for police officers to the public
85.28 employees police and fire plan under section 353.65, subdivision 3.

85.29 (e) The police state aid apportioned to the Departments of Public Safety and Natural
85.30 Resources under section 69.021, subdivision 7a, is appropriated to the commissioner of
85.31 management and budget for transfer to the funds and accounts from which the salaries of
85.32 peace officers certified under section 69.011, subdivision 2b, are paid. The commissioner
85.33 of revenue shall certify to the commissioners of public safety, natural resources, and
85.34 management and budget the amounts to be transferred from the appropriation for police
85.35 state aid. The commissioners of public safety and natural resources shall certify to the
85.36 commissioner of management and budget the amounts to be credited to each of the funds

86.1 and accounts from which the peace officers employed by their respective departments are
86.2 paid. Each commissioner shall allocate the police state aid first for employer contributions
86.3 for employees funded from the general fund and then for employer contributions for
86.4 employees funded from other funds. For peace officers whose salaries are paid from the
86.5 general fund, the amounts transferred from the appropriation for police state aid must
86.6 be canceled to the general fund.

86.7 Sec. 23. Minnesota Statutes 2012, section 69.041, is amended to read:

86.8 **69.041 SHORTFALL FROM GENERAL FUND.**

86.9 (a) If the annual funding requirements of fire or police relief associations or
86.10 consolidation accounts under sections ~~69.77, 69.771 to 69.775, or 353A.09~~, or sections
86.11 31 to 42, exceed all applicable revenue sources of a given year, including the insurance
86.12 premium taxes funding the applicable fire or police state aid as set under section 297I.05,
86.13 subdivisions 2, 3, and 4, the shortfall in the annual funding requirements must be paid
86.14 from the general fund to the extent appropriated by the legislature.

86.15 (b) Nothing in this section may be deemed to relieve any municipality from its
86.16 obligation to a relief association or consolidation account under law.

86.17 Sec. 24. Minnesota Statutes 2012, section 69.051, subdivision 1, is amended to read:

86.18 Subdivision 1. **Financial report and audit.** (a) The board of ~~each salaried~~
86.19 ~~firefighters~~ the Bloomington Fire Department Relief Association, ~~police relief association~~,
86.20 and each volunteer firefighters relief association as defined in section 424A.001,
86.21 subdivision 4, with assets of at least \$200,000 or liabilities of at least \$200,000 in the prior
86.22 year or in any previous year, according to the applicable actuarial valuation or according
86.23 to the financial report if no valuation is required, shall prepare a financial report covering
86.24 the special and general funds of the relief association for the preceding fiscal year, file the
86.25 financial report, and submit financial statements.

86.26 (b) The financial report must contain financial statements and disclosures which
86.27 present the true financial condition of the relief association and the results of relief
86.28 association operations in conformity with generally accepted accounting principles and in
86.29 compliance with the regulatory, financing and funding provisions of this chapter and any
86.30 other applicable laws. The financial report must be countersigned by:

86.31 (1) the municipal clerk or clerk-treasurer of the municipality in which the relief
86.32 association is located if the relief association is a firefighters relief association which is
86.33 directly associated with a municipal fire department ~~or is a police relief association~~; or

87.1 (2) by the municipal clerk or clerk-treasurer of the largest municipality in population
87.2 which contracts with the independent nonprofit firefighting corporation if the volunteer
87.3 firefighter relief association is a subsidiary of an independent nonprofit firefighting
87.4 corporation and by the secretary of the independent nonprofit firefighting corporation; or

87.5 (3) by the chief financial official of the county in which the volunteer firefighter
87.6 relief association is located or primarily located if the relief association is associated with
87.7 a fire department that is not located in or associated with an organized municipality.

87.8 (c) The financial report must be retained in its office for public inspection and must
87.9 be filed with the governing body of the government subdivision in which the associated
87.10 fire department is located after the close of the fiscal year. One copy of the financial report
87.11 must be furnished to the state auditor after the close of the fiscal year.

87.12 (d) Audited financial statements must be attested to by a certified public accountant
87.13 or by the state auditor and must be filed with the state auditor within 180 days after the
87.14 close of the fiscal year. The state auditor may accept this report in lieu of the report
87.15 required in paragraph (c).

87.16 Sec. 25. Minnesota Statutes 2012, section 69.051, subdivision 1a, is amended to read:

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

87.23 (1) the sources and amounts of all money received;

87.24 (2) all disbursements, accounts payable and accounts receivable;

87.25 (3) the amount of money remaining in the treasury;

87.26 (4) total assets, including a listing of all investments;

87.27 (5) the accrued liabilities; and

87.28 (6) all other items necessary to show accurately the revenues and expenditures and
87.29 financial position of the relief association.

87.30 (b) The detailed financial statement required under paragraph (a) must be certified
87.31 by an independent public accountant or auditor or by the auditor or accountant who
87.32 regularly examines or audits the financial transactions of the municipality. In addition to
87.33 certifying the financial condition of the special and general funds of the relief association,
87.34 the accountant or auditor conducting the examination shall give an opinion as to the
87.35 condition of the special and general funds of the relief association, and shall comment

88.1 upon any exceptions to the report. The independent accountant or auditor must have at
 88.2 least five years of public accounting, auditing, or similar experience, and must not be an
 88.3 active, inactive, or retired member of the relief association or the fire or police department.

88.4 (c) The detailed statement required under paragraph (a) must be countersigned by:

88.5 (1) the municipal clerk or clerk-treasurer of the municipality; or

88.6 (2) where applicable, by the municipal clerk or clerk-treasurer of the largest
 88.7 municipality in population which contracts with the independent nonprofit firefighting
 88.8 corporation if the relief association is a subsidiary of an independent nonprofit firefighting
 88.9 corporation and by the secretary of the independent nonprofit firefighting corporation; or

88.10 (3) by the chief financial official of the county in which the volunteer firefighter
 88.11 relief association is located or primarily located if the relief association is associated with
 88.12 a fire department that is not located in or associated with an organized municipality.

88.13 (d) The volunteer firefighters' relief association board must file the detailed statement
 88.14 required under paragraph (a) in the relief association office for public inspection and
 88.15 present it to the ~~city council~~ governing body of the municipality within 45 days after the
 88.16 close of the fiscal year, and must submit a copy of the detailed statement to the state
 88.17 auditor within 90 days of the close of the fiscal year.

88.18 Sec. 26. Minnesota Statutes 2012, section 69.051, subdivision 1b, is amended to read:

88.19 Subd. 1b. **Qualification.** The state auditor may, upon a demonstration by a relief
 88.20 association of hardship or an inability to conform, extend the deadline for reports under
 88.21 subdivisions 1 or 1a, but not beyond November 30th following the due date. If the
 88.22 reports are not received by November 30th, the municipality or relief association ~~will~~
 88.23 ~~forfeit~~ forfeits its current year state aid, and₂ until the state auditor receives the required
 88.24 information, the relief association or municipality ~~will be~~ is ineligible to receive any
 88.25 future state aid. A municipality or ~~police or~~ firefighters' relief association ~~shall~~ does not
 88.26 qualify initially to receive, or be entitled subsequently to retain, state aid ~~pursuant to~~ under
 88.27 this chapter if the financial reporting requirement or the applicable requirements of this
 88.28 chapter or any other statute or special law have not been complied with or are not fulfilled.

88.29 Sec. 27. Minnesota Statutes 2012, section 69.051, subdivision 2, is amended to read:

88.30 Subd. 2. **Treasurers bond.** ~~No~~ (a) The treasurer of a the Bloomington Fire
 88.31 Department Relief Association ~~governed by section 69.77 shall~~ may not enter upon duties
 88.32 without having given the association a bond in a reasonable amount acceptable to the
 88.33 municipality for the faithful discharge of duties according to law.

89.1 (b) No treasurer of a relief association governed by sections 69.771 to 69.776 shall
89.2 may enter upon the duties of the office until the treasurer has given the association a good
89.3 and sufficient bond in an amount equal to at least ten percent of the assets of the relief
89.4 association; however, the amount of the bond need not exceed \$500,000.

89.5 Sec. 28. Minnesota Statutes 2012, section 69.051, subdivision 3, is amended to read:

89.6 Subd. 3. **Report by certain municipalities.** (a) The chief administrative officer
89.7 of each municipality which has an organized fire department but which does not have a
89.8 firefighters' relief association governed by section 69.77 or sections 69.771 to 69.775 and
89.9 which is not exempted under paragraph (b) shall annually prepare a detailed financial
89.10 report of the receipts and disbursements by the municipality for fire protection service
89.11 during the preceding calendar year, on a form prescribed by the state auditor. The financial
89.12 report must contain any information which the state auditor deems necessary to disclose
89.13 the sources of receipts and the purpose of disbursements for fire protection service.
89.14 The financial report must be signed by the municipal clerk or clerk-treasurer of the
89.15 municipality. The financial report must be filed by the municipal clerk or clerk-treasurer
89.16 with the state auditor on or before July 1 annually. The municipality ~~shall~~ does not qualify
89.17 initially to receive, ~~or be~~ and is not entitled subsequently to retain, state aid under this
89.18 chapter if the financial reporting requirement or the applicable requirements of this chapter
89.19 or any other statute or special law have not been complied with or are not fulfilled.

89.20 (b) Each municipality that has an organized fire department and provides retirement
89.21 coverage to its firefighters through the voluntary statewide lump-sum volunteer firefighter
89.22 retirement plan under chapter 353G qualifies to have fire state aid transmitted to and
89.23 retained in the statewide lump-sum volunteer firefighter retirement fund without filing
89.24 a detailed financial report if the executive director of the Public Employees Retirement
89.25 Association certifies compliance by the municipality with the requirements of sections
89.26 353G.04 and 353G.08, paragraph (e), and certifies conformity by the applicable fire chief
89.27 with the requirements of section 353G.07.

89.28 Sec. 29. Minnesota Statutes 2012, section 69.051, subdivision 4, is amended to read:

89.29 Subd. 4. **Notification by commissioner and state auditor.** (a) The state auditor,₂
89.30 in performing an audit or examination,₂ shall notify the Legislative Commission on
89.31 Pensions and Retirement if the audit or examination reveals malfeasance, misfeasance, or
89.32 nonfeasance in office by relief association officials or municipal officials.

90.1 (b) The commissioner shall notify the Legislative Commission on Pensions and
 90.2 Retirement if the state auditor has not filed the required financial compliance reports
 90.3 by July 1.

90.4 Sec. 30. Minnesota Statutes 2012, section 69.33, is amended to read:

90.5 **69.33 REPORT; AMOUNT OF PREMIUMS RECEIVED BY INSURANCE**
 90.6 **COMPANIES.**

90.7 For purposes of the first class city fire insurance premium tax surcharge aid program
 90.8 under section 297I.10, the commissioner shall enclose in the annual statement blank that is
 90.9 sent to all fire insurance companies doing business in this state a blank form containing
 90.10 the names of all cities of the first class and require these companies, at the time of making
 90.11 their annual statements to the commissioner, to state on these blanks the amount of
 90.12 premiums received by them upon properties insured within the corporate limits of the
 90.13 cities named thereon during the year ending December 31st last past. Thereafter, before
 90.14 July first each year, the commissioner shall certify to the commissioner of management
 90.15 and budget the information thus obtained, together with the amount of the tax for the
 90.16 benefit of the pension plans covering firefighters in cities of the first class paid in such
 90.17 year by these companies upon these insurance premiums.

90.18 Sec. 31. Minnesota Statutes 2012, section 69.77, subdivision 1, is amended to read:

90.19 Subdivision 1. **Conditioned employer support for a the Bloomington Fire**
 90.20 **Department Relief Association.** (a) Notwithstanding any law to the contrary, only
 90.21 if the ~~municipality~~ city of Bloomington and the Bloomington Fire Department Relief
 90.22 Association comply with the provisions of this section, a ~~municipality~~ the city of
 90.23 Bloomington may contribute public funds, including any applicable police or fire state
 90.24 aid, or levy property taxes for the support of a ~~police or firefighters'~~ the Bloomington
 90.25 Fire Department Relief Association, ~~enumerated in subdivision 1a, however organized,~~
 90.26 ~~which provides retirement coverage or pays a service pension to a retired police officer or~~
 90.27 ~~firefighter or a retirement benefit to a surviving dependent of either an active or retired~~
 90.28 ~~police officer or firefighter,~~ and for the operation and maintenance of the relief association.

90.29 (b) The commissioner shall not include in the apportionment of ~~police or fire state~~
 90.30 ~~aid to the county auditor under section 69.021, subdivision 6,~~ any municipality in which
 90.31 ~~there exists a local police or salaried firefighters' relief association as enumerated in~~
 90.32 ~~subdivision 1a which~~ the city of Bloomington if the Bloomington Fire Department Relief
 90.33 Association does not comply with the provisions of this section or the provisions of any
 90.34 applicable special law relating to the funding or financing of the association and ~~that~~

91.1 ~~municipality~~ the city of Bloomington may not qualify initially to receive, or be entitled
 91.2 subsequently to retain, fire state aid under sections 69.011 to 69.051 until the reason
 91.3 for the disqualification is remedied, whereupon the ~~municipality~~ city of Bloomington,
 91.4 if otherwise qualified, is entitled to again receive fire state aid for the year occurring
 91.5 immediately subsequent to the year in which the disqualification is remedied.

91.6 (c) The state auditor and the commissioner shall determine if ~~a municipality with a~~
 91.7 ~~local police or salaried firefighters' relief association fails~~ the city of Bloomington and the
 91.8 Bloomington Fire Department Relief Association fail to comply with the provisions of
 91.9 this section or the funding or financing provisions of any applicable special law.

91.10 Sec. 32. Minnesota Statutes 2012, section 69.77, subdivision 2, is amended to read:

91.11 Subd. 2. **Inapplicable penalty.** The penalty provided for in subdivision 1 does not
 91.12 apply to a the Bloomington Fire Department Relief Association ~~enumerated in subdivision~~
 91.13 ~~4a~~ if the requirements of subdivisions 3 to 10 are met.

91.14 Sec. 33. Minnesota Statutes 2012, section 69.77, subdivision 4, is amended to read:

91.15 Subd. 4. **Relief association financial requirements; minimum municipal**
 91.16 **obligation.** (a) The officers of the Bloomington Fire Department Relief Association
 91.17 shall determine the financial requirements of the relief association and the minimum
 91.18 obligation of the ~~municipality~~ city of Bloomington for the following calendar year in
 91.19 accordance with the requirements of this subdivision. The financial requirements of the
 91.20 relief association and the minimum obligation of the ~~municipality~~ city of Bloomington
 91.21 must be determined on or before the submission date established by the ~~municipality~~
 91.22 city of Bloomington under subdivision 5.

91.23 (b) The financial requirements of the relief association for the following calendar
 91.24 year must be based on the most recent actuarial valuation or survey of the special fund of
 91.25 the association if more than one fund is maintained by the association, or of the association,
 91.26 if only one fund is maintained, prepared in accordance with sections 356.215, subdivisions
 91.27 4 to 15, and 356.216, as required under subdivision 10. If an actuarial estimate is prepared
 91.28 by the actuary of the relief association as part of obtaining a modification of the benefit
 91.29 plan of the relief association and the modification is implemented, the actuarial estimate
 91.30 must be used in calculating the subsequent financial requirements of the relief association.

91.31 (c) If the relief association has an unfunded actuarial accrued liability as reported in
 91.32 the most recent actuarial valuation or survey, the total of the amounts calculated under
 91.33 clauses (1), (2), and (3), constitute the financial requirements of the relief association for
 91.34 the following year. If the relief association does not have an unfunded actuarial accrued

92.1 liability as reported in the most recent actuarial valuation or survey, the amount calculated
92.2 under clauses (1) and (2) constitute the financial requirements of the relief association for
92.3 the following year. The financial requirement elements are:

92.4 (1) the normal level cost requirement for the following year, expressed as a dollar
92.5 amount, which must be determined by applying the normal level cost of the relief
92.6 association as reported in the actuarial valuation or survey and expressed as a percentage
92.7 of covered payroll to the estimated covered payroll of the active membership of the relief
92.8 association, including any projected change in the active membership, for the following
92.9 year;

92.10 (2) ~~for the Bloomington Fire Department Relief Association~~, to the dollar amount
92.11 of normal cost determined under clause (1) must be added an amount equal to the dollar
92.12 amount of the administrative expenses of the special fund of the association if more
92.13 than one fund is maintained by the association, or of the association if only one fund is
92.14 maintained, for the most recent year, multiplied by the factor of 1.035. The administrative
92.15 expenses are those authorized under section 69.80; and

92.16 (3) to the dollar amount of normal cost and expenses determined under clauses
92.17 (1) and (2) must be added an amount equal to the level annual dollar amount which
92.18 is sufficient to amortize the unfunded actuarial accrued liability as determined from
92.19 the actuarial valuation or survey of the fund, using an interest assumption set at the
92.20 applicable rate specified in section 356.215, subdivision 8, by that fund's amortization
92.21 date as specified in paragraph (d).

92.22 ~~(d) The Bloomington Fire Department Relief Association~~ special fund amortization
92.23 date is determined under section 356.216, clause (2). The amortization date specified in
92.24 this paragraph supersedes any amortization date specified in any applicable special law.

92.25 (d) If the actuarial value of the assets of the special fund of the relief association
92.26 exceed the actuarial accrued liability as reported in the most recent actuarial valuation of the
92.27 special fund of the relief association, the financial requirements of the relief association are
92.28 the amounts calculated under paragraph (c), clauses (1) and (2), reduced by one-tenth of the
92.29 amount by which the actuarial value of the assets of the special fund of the relief association
92.30 exceeds the actuarial accrued liability of the special fund of the relief association.

92.31 (e) The minimum obligation of the municipality is an amount equal to the financial
92.32 requirements of the relief association reduced by the estimated amount of member
92.33 contributions from covered salary anticipated for the following calendar year and the
92.34 estimated ~~amounts~~ amount anticipated for the following calendar year from the ~~applicable~~
92.35 fire state aid program established under sections 69.011 to 69.051 receivable by the relief
92.36 association after any allocation made under section 69.031, subdivision 5, paragraph (b),

93.1 ~~clause (2), or 423A.01, subdivision 2, paragraph (a), clause (6), from the local police~~
93.2 ~~and salaried firefighters' relief association amortization aid program established under~~
93.3 ~~section 423A.02, subdivision 1, from the supplementary amortization state-aid program~~
93.4 ~~established under section 423A.02, subdivision 1a, and from the additional amortization~~
93.5 ~~state aid under section 423A.02, subdivision 1b.~~

93.6 Sec. 34. Minnesota Statutes 2012, section 69.77, subdivision 5, is amended to read:

93.7 Subd. 5. **Determination submission.** The officers of the relief association shall
93.8 submit the determination of the financial requirements of the relief association and of the
93.9 minimum obligation of the municipality to the ~~governing body~~ Bloomington City Council
93.10 on or before the date established by the ~~municipality~~ city of Bloomington, which may
93.11 not be earlier than August 1 and may not be later than September 1 of each year. The
93.12 ~~governing body of the municipality~~ Bloomington City Council must ascertain whether or
93.13 not the determinations were prepared in accordance with law.

93.14 Sec. 35. Minnesota Statutes 2012, section 69.77, subdivision 6, is amended to read:

93.15 Subd. 6. **Municipal payment.** (a) The ~~municipality~~ city of Bloomington shall
93.16 provide for and shall pay, each year, at least the amount of the minimum obligation of the
93.17 ~~municipality~~ city of Bloomington to the Bloomington Fire Department Relief Association.

93.18 (b) If there is any deficiency in the municipal payment to meet the minimum
93.19 obligation of the ~~municipality~~ city of Bloomington as of the end of any calendar year, the
93.20 amount of the deficiency must be added to the minimum obligation of the ~~municipality~~ city
93.21 of Bloomington for the following year calculated under subdivision 4 and must include
93.22 interest at the compound rate of six percent per annum from the date that the ~~municipality~~
93.23 city of Bloomington was required to make payment under this subdivision until the date
93.24 that the ~~municipality~~ city of Bloomington actually makes the required payment.

93.25 Sec. 36. Minnesota Statutes 2012, section 69.77, subdivision 7, is amended to read:

93.26 Subd. 7. **Budget inclusion.** (a) The ~~municipality~~ city of Bloomington shall provide
93.27 in the annual municipal budget for at least the minimum obligation of the municipality
93.28 calculated under subdivision 4.

93.29 (b) The ~~municipality~~ city of Bloomington may levy taxes for the payment of the
93.30 minimum obligation of the ~~municipality~~ city of Bloomington without any limitation as to
93.31 rate or amount and irrespective of limitations imposed by other provisions of law upon the
93.32 rate or amount of taxation when the balance of the special fund or any fund of the relief
93.33 association has attained a specified minimum asset level. In addition, any taxes levied

94.1 under this section may not cause the amount or rate of other taxes levied in that year or to
94.2 be levied in a subsequent year by the ~~municipality~~ city of Bloomington which are subject
94.3 to a limitation as to rate or amount to be reduced.

94.4 (c) If the ~~municipality~~ city of Bloomington does not include the full amount of
94.5 the minimum obligation of the ~~municipality~~ city of Bloomington in the levy that the
94.6 ~~municipality~~ city of Bloomington certified to the Hennepin County auditor in any year, the
94.7 officers of the relief association shall certify the amount of any deficiency to the Hennepin
94.8 County auditor. Upon verifying the existence of any deficiency in the levy certified by
94.9 the ~~municipality~~ city of Bloomington, the Hennepin County auditor shall spread a levy
94.10 over the taxable property of the ~~municipality~~ city of Bloomington in the amount of the
94.11 deficiency certified to by the officers of the relief association.

94.12 Sec. 37. Minnesota Statutes 2012, section 69.77, subdivision 8, is amended to read:

94.13 Subd. 8. **Accelerated amortization.** Any sums of money paid by the ~~municipality~~
94.14 city of Bloomington to the relief association in excess of the minimum obligation of the
94.15 ~~municipality~~ city of Bloomington in any year must be used to amortize any unfunded
94.16 actuarial accrued liabilities of the Bloomington Fire Department Relief Association.

94.17 Sec. 38. Minnesota Statutes 2012, section 69.77, subdivision 9, is amended to read:

94.18 Subd. 9. **Local paid fire relief association investment authority.** (a) The ~~special~~
94.19 ~~fund~~ funds of the association must be invested in securities that are authorized investments
94.20 under section 356A.06, subdivision 6 or 7, whichever applies.

94.21 (b) The governing board of the Bloomington Fire Department Relief Association
94.22 may select and appoint a qualified private firm to measure management performance and
94.23 return on investment, and the firm must use the formula or formulas developed by the
94.24 State Board of Investment under section 11A.04, clause (11). The governing board of the
94.25 Bloomington Fire Department Relief Association may certify general fund assets of the
94.26 relief association for investment by the State Board of Investment in fixed income pools
94.27 or in a separately managed account at the discretion of the State Board of Investment
94.28 as provided in section 11A.14.

94.29 (c) ~~The governing board of the association may certify general fund assets of the~~
94.30 ~~relief association for investment by the State Board of Investment in fixed income pools~~
94.31 ~~or in a separately managed account at the discretion of the State Board of Investment~~
94.32 ~~as provided in section 11A.14.~~

94.33 Sec. 39. Minnesota Statutes 2012, section 69.77, subdivision 10, is amended to read:

95.1 Subd. 10. **Actuarial valuation required.** The governing board of the Bloomington
95.2 Fire Department Relief Association shall obtain an actuarial valuation showing the
95.3 condition of the special fund of the relief association under sections 356.215 and 356.216
95.4 and ~~any~~ the applicable standards for actuarial work established by the Legislative
95.5 Commission on Pensions and Retirement. The actuarial valuation must be made as of
95.6 December 31 of every year. A copy of the actuarial valuation must be filed with the
95.7 Director of the Legislative Reference Library, the ~~governing body of the municipality in~~
95.8 ~~which the association is organized~~ Bloomington City Council, the executive director of
95.9 the Legislative Commission on Pensions and Retirement, and the state auditor, not later
95.10 than July 1 of the following year.

95.11 Sec. 40. Minnesota Statutes 2012, section 69.77, subdivision 11, is amended to read:

95.12 Subd. 11. **Municipal approval of benefit changes required.** Any amendment to
95.13 the bylaws or articles of incorporation of a the Bloomington Fire Department Relief
95.14 Association which increases or otherwise affects the retirement coverage provided by or
95.15 the service pensions or retirement benefits payable from ~~any police or firefighters'~~ the
95.16 relief association ~~enumerated in subdivision 1a~~ is not effective until it is ratified by the
95.17 ~~municipality in which the relief association is located~~ city of Bloomington. The officers
95.18 of the relief association shall not seek municipal ratification before obtaining either an
95.19 updated actuarial valuation including the proposed amendment or an estimate of the
95.20 expected actuarial impact of the proposed amendment prepared by the actuary of the relief
95.21 association and submitting that actuarial valuation or estimate to the Bloomington city
95.22 ~~clerk of the municipality~~.

95.23 Sec. 41. Minnesota Statutes 2012, section 69.77, subdivision 12, is amended to read:

95.24 Subd. 12. **Application of other laws to contribution rate.** In the absence of any
95.25 specific provision to the contrary, no general or special law previously enacted may be
95.26 construed as reducing the levy amount ~~or rate of contribution to a police or firefighters~~ the
95.27 Bloomington Fire Department Relief Association to which subdivision 1a applies, by a
95.28 ~~municipality or member of the association~~ the city of Bloomington, which is required as a
95.29 condition for the use of public funds or the levy of taxes for the support of the association.
95.30 ~~Each~~ The Bloomington Fire Department Relief Association, the ~~municipality in which~~
95.31 ~~it is organized~~ city of Bloomington, and the officers of each, are authorized to do all
95.32 things required by this section as a condition for the use of public funds or the levy of
95.33 taxes for the support of the association.

96.1 Sec. 42. Minnesota Statutes 2012, section 69.77, subdivision 13, is amended to read:

96.2 Subd. 13. **Citation.** This section may be cited as the "~~Police and Firefighters'~~
96.3 Bloomington Fire Department Relief Associations Association Guidelines Act of 1969."

96.4 Sec. 43. Minnesota Statutes 2012, section 69.771, subdivision 1, is amended to read:

96.5 Subdivision 1. **Covered relief associations.** The applicable provisions of sections
96.6 69.771 to 69.776 apply to any firefighters' relief association other than a the Bloomington
96.7 Fire Department Relief Association enumerated in section 69.77, subdivision 1a, which
96.8 is organized under any laws of this state, which is composed of volunteer firefighters or
96.9 is composed partially of volunteer firefighters and partially of salaried firefighters with
96.10 retirement coverage provided by the public employees police and fire fund and which, in
96.11 either case, operates subject to the service pension minimum requirements for entitlement
96.12 and maximums contained in section 424A.02, or subject to a special law modifying those
96.13 requirements or maximums.

96.14 Sec. 44. Minnesota Statutes 2012, section 69.80, is amended to read:

96.15 **69.80 AUTHORIZED ADMINISTRATIVE EXPENSES.**

96.16 (a) Notwithstanding any provision of law to the contrary, the payment of the
96.17 following necessary, reasonable and direct expenses of maintaining, protecting and
96.18 administering the special fund, when provided for in the bylaws of the association and
96.19 approved by the board of trustees, constitutes authorized administrative expenses of a
96.20 ~~police, salaried firefighters', or~~ volunteer firefighters' relief association organized under
96.21 any law of this state or the Bloomington Fire Department Relief Association:

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

96.25 (2) salaries of the officers of the association, or their designees, and salaries of the
96.26 members of the board of trustees of the association if the salary amounts are approved by
96.27 the governing body of the entity that is responsible for meeting any minimum obligation
96.28 under section ~~69.77, 69.772, or 69.773,~~ sections 31 to 42, and the itemized expenses
96.29 of relief association officers and board members that are incurred as a result of fulfilling
96.30 their responsibilities as administrators of the special fund;

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

97.1 (4) audit, actuarial, medical, legal, and investment and performance evaluation
97.2 expenses;

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

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

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

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

97.16 Sec. 45. Minnesota Statutes 2012, section 275.70, subdivision 5, is amended to read:

97.17 Subd. 5. **Special levies.** "Special levies" means those portions of ad valorem taxes
97.18 levied by a local governmental unit for the following purposes or in the following manner:

97.19 (1) to pay the costs of the principal and interest on bonded indebtedness or to
97.20 reimburse for the amount of liquor store revenues used to pay the principal and interest
97.21 due on municipal liquor store bonds in the year preceding the year for which the levy
97.22 limit is calculated;

97.23 (2) to pay the costs of principal and interest on certificates of indebtedness issued for
97.24 any corporate purpose except for the following:

97.25 (i) tax anticipation or aid anticipation certificates of indebtedness;

97.26 (ii) certificates of indebtedness issued under sections 298.28 and 298.282;

97.27 (iii) certificates of indebtedness used to fund current expenses or to pay the costs of
97.28 extraordinary expenditures that result from a public emergency; or

97.29 (iv) certificates of indebtedness used to fund an insufficiency in tax receipts or an
97.30 insufficiency in other revenue sources, provided that nothing in this subdivision limits the
97.31 special levy authorized under section 475.755;

97.32 (3) to provide for the bonded indebtedness portion of payments made to another
97.33 political subdivision of the state of Minnesota;

98.1 (4) to fund payments made to the Minnesota State Armory Building Commission
98.2 under section 193.145, subdivision 2, to retire the principal and interest on armory
98.3 construction bonds;

98.4 (5) property taxes approved by voters which are levied against the referendum
98.5 market value as provided under section 275.61;

98.6 (6) to fund matching requirements needed to qualify for federal or state grants or
98.7 programs to the extent that either (i) the matching requirement exceeds the matching
98.8 requirement in calendar year 2001, or (ii) it is a new matching requirement that did not
98.9 exist prior to 2002;

98.10 (7) to pay the expenses reasonably and necessarily incurred in preparing for or
98.11 repairing the effects of natural disaster including the occurrence or threat of widespread
98.12 or severe damage, injury, or loss of life or property resulting from natural causes, in
98.13 accordance with standards formulated by the Emergency Services Division of the state
98.14 Department of Public Safety, as allowed by the commissioner of revenue under section
98.15 275.74, subdivision 2;

98.16 (8) pay amounts required to correct an error in the levy certified to the county
98.17 auditor by a city or county in a levy year, but only to the extent that when added to the
98.18 preceding year's levy it is not in excess of an applicable statutory, special law or charter
98.19 limitation, or the limitation imposed on the governmental subdivision by sections 275.70
98.20 to 275.74 in the preceding levy year;

98.21 (9) to pay an abatement under section 469.1815;

98.22 (10) to pay any costs attributable to increases in the employer contribution rates under
98.23 chapter 353, or locally administered pension plans, that are effective after June 30, 2001;

98.24 (11) to pay the operating or maintenance costs of a county jail as authorized in section
98.25 641.01 or 641.262, or of a correctional facility as defined in section 241.021, subdivision 1,
98.26 paragraph (f), to the extent that the county can demonstrate to the commissioner of revenue
98.27 that the amount has been included in the county budget as a direct result of a rule, minimum
98.28 requirement, minimum standard, or directive of the Department of Corrections, or to pay
98.29 the operating or maintenance costs of a regional jail as authorized in section 641.262. For
98.30 purposes of this clause, a district court order is not a rule, minimum requirement, minimum
98.31 standard, or directive of the Department of Corrections. If the county utilizes this special
98.32 levy, except to pay operating or maintenance costs of a new regional jail facility under
98.33 sections 641.262 to 641.264 which will not replace an existing jail facility, any amount
98.34 levied by the county in the previous levy year for the purposes specified under this clause
98.35 and included in the county's previous year's levy limitation computed under section
98.36 275.71, shall be deducted from the levy limit base under section 275.71, subdivision 2,

99.1 when determining the county's current year levy limitation. The county shall provide the
99.2 necessary information to the commissioner of revenue for making this determination;

99.3 (12) to pay for operation of a lake improvement district, as authorized under section
99.4 103B.555. If the county utilizes this special levy, any amount levied by the county in the
99.5 previous levy year for the purposes specified under this clause and included in the county's
99.6 previous year's levy limitation computed under section 275.71 shall be deducted from
99.7 the levy limit base under section 275.71, subdivision 2, when determining the county's
99.8 current year levy limitation. The county shall provide the necessary information to the
99.9 commissioner of revenue for making this determination;

99.10 (13) to repay a state or federal loan used to fund the direct or indirect required
99.11 spending by the local government due to a state or federal transportation project or other
99.12 state or federal capital project. This authority may only be used if the project is not a
99.13 local government initiative;

99.14 (14) to pay for court administration costs as required under section 273.1398,
99.15 subdivision 4b, less the (i) county's share of transferred fines and fees collected by the
99.16 district courts in the county for calendar year 2001 and (ii) the aid amount certified to be
99.17 paid to the county in 2004 under section 273.1398, subdivision 4c; however, for taxes
99.18 levied to pay for these costs in the year in which the court financing is transferred to the
99.19 state, the amount under this clause is limited to the amount of aid the county is certified to
99.20 receive under section 273.1398, subdivision 4a;

99.21 (15) to fund a ~~police or~~ firefighters relief association as required under ~~section~~
99.22 ~~69.77~~ sections 31 to 42 to the extent that the required amount exceeds the amount levied
99.23 for this purpose in 2001;

99.24 (16) for purposes of a storm sewer improvement district under section 444.20;

99.25 (17) to pay for the maintenance and support of a city or county society for the
99.26 prevention of cruelty to animals under section 343.11, but not to exceed in any year
99.27 \$4,800 or the sum of \$1 per capita based on the county's or city's population as of the most
99.28 recent federal census, whichever is greater. If the city or county uses this special levy, any
99.29 amount levied by the city or county in the previous levy year for the purposes specified
99.30 in this clause and included in the city's or county's previous year's levy limit computed
99.31 under section 275.71, must be deducted from the levy limit base under section 275.71,
99.32 subdivision 2, in determining the city's or county's current year levy limit;

99.33 (18) for counties, to pay for the increase in their share of health and human service
99.34 costs caused by reductions in federal health and human services grants effective after
99.35 September 30, 2007;

100.1 (19) for a city, for the costs reasonably and necessarily incurred for securing,
100.2 maintaining, or demolishing foreclosed or abandoned residential properties, as allowed by
100.3 the commissioner of revenue under section 275.74, subdivision 2. A city must have either
100.4 (i) a foreclosure rate of at least 1.4 percent in 2007, or (ii) a foreclosure rate in 2007 in
100.5 the city or in a zip code area of the city that is at least 50 percent higher than the average
100.6 foreclosure rate in the metropolitan area, as defined in section 473.121, subdivision 2,
100.7 to use this special levy. For purposes of this paragraph, "foreclosure rate" means the
100.8 number of foreclosures, as indicated by sheriff sales records, divided by the number of
100.9 households in the city in 2007;

100.10 (20) for a city, for the unreimbursed costs of redeployed traffic-control agents and
100.11 lost traffic citation revenue due to the collapse of the Interstate 35W bridge, as certified
100.12 to the Federal Highway Administration;

100.13 (21) to pay costs attributable to wages and benefits for sheriff, police, and fire
100.14 personnel. If a local governmental unit did not use this special levy in the previous year its
100.15 levy limit base under section 275.71 shall be reduced by the amount equal to the amount it
100.16 levied for the purposes specified in this clause in the previous year;

100.17 (22) an amount equal to any reductions in the certified aids or credit reimbursements
100.18 payable under sections 477A.011 to 477A.014, and section 273.1384, due to unallotment
100.19 under section 16A.152 or reductions under another provision of law. The amount of the
100.20 levy allowed under this clause for each year is limited to the amount unallotted or reduced
100.21 from the aids and credit reimbursements certified for payment in the year following the
100.22 calendar year in which the tax levy is certified unless the unallotment or reduction amount
100.23 is not known by September 1 of the levy certification year, and the local government has
100.24 not adjusted its levy under section 275.065, subdivision 6, or 275.07, subdivision 6, in
100.25 which case that unallotment or reduction amount may be levied in the following year;

100.26 (23) to pay for the difference between one-half of the costs of confining sex offenders
100.27 undergoing the civil commitment process and any state payments for this purpose pursuant
100.28 to section 253B.185, subdivision 5;

100.29 (24) for a county to pay the costs of the first year of maintaining and operating a new
100.30 facility or new expansion, either of which contains courts, corrections, dispatch, criminal
100.31 investigation labs, or other public safety facilities and for which all or a portion of the
100.32 funding for the site acquisition, building design, site preparation, construction, and related
100.33 equipment was issued or authorized prior to the imposition of levy limits in 2008. The
100.34 levy limit base shall then be increased by an amount equal to the new facility's first full
100.35 year's operating costs as described in this clause; and

101.1 (25) for the estimated amount of reduction to market value credit reimbursements
101.2 under section 273.1384 for credits payable in the year in which the levy is payable.

101.3 Sec. 46. Minnesota Statutes 2012, section 297I.10, subdivision 1, is amended to read:

101.4 Subdivision 1. **Cities of the first class.** (a) The commissioner shall order and direct
101.5 a surcharge to be collected of two percent of the fire, lightning, and sprinkler leakage gross
101.6 premiums, less return premiums, on all direct business received by any licensed foreign or
101.7 domestic fire insurance company on property in a city of the first class, or by its agents for
101.8 it, in cash or otherwise.

101.9 (b) By July 31 and December 31 of each year, the commissioner of management
101.10 and budget shall pay to ~~the relief association in each city of the first class~~ a warrant for
101.11 an amount equal to the total amount of the surcharge on the premiums collected within
101.12 ~~the that~~ city since the previous payment.

101.13 (c) The treasurer of the ~~relief association~~ city shall place the money received under
101.14 this subdivision in ~~the a special account or fund of the relief association~~ to defray all or a
101.15 portion of the employer contribution requirement of public employees police and fire
101.16 plan coverage for city firefighters.

101.17 Sec. 47. Minnesota Statutes 2012, section 345.381, is amended to read:

101.18 **345.381 PROPERTY HELD BY MINNESOTA PUBLIC PENSION FUND.**

101.19 No amounts of money held or owing by a public pension fund enumerated in section
101.20 356.20, subdivision 2, or 356.30, subdivision 3, or governed by sections ~~69.77 or 69.771~~ to
101.21 ~~69.776 shall~~ or sections 31 to 42 may be presumed to have been abandoned for purposes of
101.22 sections 345.41, 345.42, 345.43, 345.47 and 345.48 if the plan governing the public pension
101.23 fund includes a provision governing the disposition of unclaimed amounts of money.

101.24 Sec. 48. Minnesota Statutes 2012, section 353.01, subdivision 2a, is amended to read:

101.25 Subd. 2a. **Included employees; mandatory membership.** (a) Public employees
101.26 whose salary exceeds \$425 in any month and who are not specifically excluded under
101.27 subdivision 2b or who have not been provided an option to participate under subdivision
101.28 2d, whether individually or by action of the governmental subdivision, must participate as
101.29 members of the association with retirement coverage by the general employees retirement
101.30 plan under this chapter, the public employees police and fire retirement plan under this
101.31 chapter, or the local government correctional employees retirement plan under chapter
101.32 353E, whichever applies. Membership commences as a condition of their employment on

102.1 the first day of their employment or on the first day that the eligibility criteria are met,
102.2 whichever is later. Public employees include but are not limited to:

102.3 (1) persons whose salary meets the threshold in this paragraph from employment in
102.4 one or more positions within one governmental subdivision;

102.5 (2) elected county sheriffs;

102.6 (3) persons who are appointed, employed, or contracted to perform governmental
102.7 functions that by law or local ordinance are required of a public officer, including, but
102.8 not limited to:

102.9 (i) town and city clerk or treasurer;

102.10 (ii) county auditor, treasurer, or recorder;

102.11 (iii) city manager as defined in section 353.028 who does not exercise the option
102.12 provided under subdivision 2d; or

102.13 (iv) emergency management director, as provided under section 12.25;

102.14 (4) physicians under section 353D.01, subdivision 2, who do not elect public
102.15 employees defined contribution plan coverage under section 353D.02, subdivision 2;

102.16 (5) full-time employees of the Dakota County Agricultural Society;

102.17 ~~(6) employees of the Minneapolis Firefighters Relief Association or Minneapolis~~
102.18 ~~Police Relief Association who are not excluded employees under subdivision 2b due~~
102.19 ~~to coverage by the relief association pension plan and who elected general employee~~
102.20 ~~retirement plan coverage before August 20, 2009;~~

102.21 ~~(7)~~ (6) employees of the Red Wing Port Authority who were first employed by the
102.22 Red Wing Port Authority before May 1, 2011, and who are not excluded employees
102.23 under subdivision 2b; and

102.24 ~~(8)~~ (7) employees of the Seaway Port Authority of Duluth who are not excluded
102.25 employees under subdivision 2b.

102.26 (b) A public employee or elected official who was a member of the association on
102.27 June 30, 2002, based on employment that qualified for membership coverage by the public
102.28 employees retirement plan or the public employees police and fire plan under this chapter,
102.29 or the local government correctional employees retirement plan under chapter 353E as of
102.30 June 30, 2002, retains that membership for the duration of the person's employment in that
102.31 position or incumbency in elected office. Except as provided in subdivision 28, the person
102.32 shall participate as a member until the employee or elected official terminates public
102.33 employment under subdivision 11a or terminates membership under subdivision 11b.

102.34 (c) If the salary of an included public employee is less than \$425 in any subsequent
102.35 month, the member retains membership eligibility.

103.1 (d) For the purpose of participation in the MERF division of the general employees
103.2 retirement plan, public employees include employees who were members of the former
103.3 Minneapolis Employees Retirement Fund on June 29, 2010, and who participate as
103.4 members of the MERF division of the association.

103.5 Sec. 49. Minnesota Statutes 2012, section 353.01, subdivision 2b, is amended to read:

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

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

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

103.15 (3) election officers or election judges;

103.16 (4) patient and inmate personnel who perform services for a governmental
103.17 subdivision;

103.18 (5) except as otherwise specified in subdivision 12a, employees who are hired for
103.19 a temporary position as defined under subdivision 12a, and employees who resign from
103.20 a nontemporary position and accept a temporary position within 30 days in the same
103.21 governmental subdivision;

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

103.24 (7) employees who by virtue of their employment in one governmental subdivision
103.25 are required by law to be a member of and to contribute to any of the plans or funds
103.26 administered by the Minnesota State Retirement System, the Teachers Retirement
103.27 Association, the Duluth Teachers Retirement Fund Association, and the St. Paul Teachers
103.28 Retirement Fund Association, ~~or any police or firefighters relief association governed by~~
103.29 ~~section 69.77 that has not consolidated with the Public Employees Retirement Association,~~
103.30 ~~or any local police or firefighters consolidation account who have not elected the type of~~
103.31 ~~benefit coverage provided by the public employees police and fire fund under sections~~
103.32 ~~353A.01 to 353A.10, or any persons covered by section 353.665, subdivision 4, 5, or 6,~~
103.33 ~~who have not elected public employees police and fire plan benefit coverage.~~ This clause
103.34 must not be construed to prevent a person from being a member of and contributing to
103.35 the Public Employees Retirement Association and also belonging to and contributing to

104.1 another public pension plan or fund for other service occurring during the same period
104.2 of time. A person who meets the definition of "public employee" in subdivision 2 by
104.3 virtue of other service occurring during the same period of time becomes a member of the
104.4 association unless contributions are made to another public retirement fund on the salary
104.5 based on the other service or to the Teachers Retirement Association by a teacher as
104.6 defined in section 354.05, subdivision 2;

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

104.12 (9) employees of a governmental subdivision who have not reached the age of
104.13 23 and are enrolled on a full-time basis to attend or are attending classes on a full-time
104.14 basis at an accredited school, college, or university in an undergraduate, graduate, or
104.15 professional-technical program, or a public or charter high school;

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

104.18 (11) students who are serving in an internship or residency program sponsored
104.19 by an accredited educational institution;

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

104.22 (13) except for employees of Hennepin County or Hennepin Healthcare System, Inc.,
104.23 foreign citizens who are employed by a governmental subdivision under a work permit, or
104.24 an H-1b visa initially issued or extended for a combined period less than three years of
104.25 employment. Upon extension of the employment beyond the three-year period, the foreign
104.26 citizens must be reported for membership beginning the first of the month thereafter
104.27 provided the monthly earnings threshold as provided under subdivision 2a is met;

104.28 (14) public hospital employees who elected not to participate as members of the
104.29 association before 1972 and who did not elect to participate from July 1, 1988, to October
104.30 1, 1988;

104.31 (15) except as provided in section 353.86, volunteer ambulance service personnel, as
104.32 defined in subdivision 35, but persons who serve as volunteer ambulance service personnel
104.33 may still qualify as public employees under subdivision 2 and may be members of the
104.34 Public Employees Retirement Association and participants in the general employees
104.35 retirement plan or the public employees police and fire plan, whichever applies, on the

105.1 basis of compensation received from public employment service other than service as
105.2 volunteer ambulance service personnel;

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

105.10 (17) pipefitters and associated trades personnel employed by Independent School
105.11 District No. 625, St. Paul, with coverage under a collective bargaining agreement by the
105.12 pipefitters local 455 pension plan who were either first employed after May 1, 1997, or,
105.13 if first employed before May 2, 1997, elected to be excluded under Laws 1997, chapter
105.14 241, article 2, section 12;

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

105.22 (19) bricklayers, allied craftworkers, cement masons, glaziers, glassworkers,
105.23 painters, allied tradesworkers, and plasterers who are employed by the city of St. Paul
105.24 or Independent School District No. 625, St. Paul, with coverage under a collective
105.25 bargaining agreement by the Bricklayers and Allied Craftworkers Local 1 pension plan,
105.26 the Cement Masons Local 633 pension plan, the Glaziers and Glassworkers Local L-1324
105.27 pension plan, the Painters and Allied Trades Local 61 pension plan, or the Twin Cities
105.28 Plasterers Local 265 pension plan who were either first employed after May 1, 2001, or if
105.29 first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special
105.30 Session chapter 10, article 10, section 6;

105.31 (20) plumbers who are employed by the Metropolitan Airports Commission, with
105.32 coverage under a collective bargaining agreement by the Plumbers Local 34 pension plan,
105.33 who either were first employed after May 1, 2001, or if first employed before May 2,
105.34 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article
105.35 10, section 6;

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

106.4 (22) persons who are provided supported employment or work-study positions
106.5 by a governmental subdivision and who participate in an employment or industries
106.6 program maintained for the benefit of these persons where the governmental subdivision
106.7 limits the position's duration to three years or less, including persons participating in a
106.8 federal or state subsidized on-the-job training, work experience, senior citizen, youth, or
106.9 unemployment relief program where the training or work experience is not provided as a
106.10 part of, or for, future permanent public employment;

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

106.12 (24) reemployed annuitants of the association during the course of that
106.13 reemployment; and

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

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

106.19 Sec. 50. Minnesota Statutes 2012, section 353.01, subdivision 6, is amended to read:

106.20 Subd. 6. **Governmental subdivision.** (a) "Governmental subdivision" means a
106.21 county, city, town, school district within this state, or a department, unit or instrumentality
106.22 of state or local government, or any public body established under state or local
106.23 authority that has a governmental purpose, is under public control, is responsible for the
106.24 employment and payment of the salaries of employees of the entity, and receives a major
106.25 portion of its revenues from taxation, fees, assessments or from other public sources.

106.26 (b) Governmental subdivision also means the Public Employees Retirement
106.27 Association, the League of Minnesota Cities, the Association of Metropolitan
106.28 Municipalities, charter schools formed under section 124D.10, service cooperatives
106.29 exercising retirement plan participation under section 123A.21, subdivision 5, joint powers
106.30 boards organized under section 471.59, subdivision 11, paragraph (a), family service
106.31 collaboratives and children's mental health collaboratives organized under section 471.59,
106.32 subdivision 11, paragraph (b) or (c), provided that the entities creating the collaboratives
106.33 are governmental units that otherwise qualify for retirement plan membership, public
106.34 hospitals owned or operated by, or an integral part of, a governmental subdivision or
106.35 governmental subdivisions, the Association of Minnesota Counties, the Minnesota

107.1 Inter-county Association, the Minnesota Municipal Utilities Association, the Metropolitan
107.2 Airports Commission, the University of Minnesota with respect to police officers covered
107.3 by the public employees police and fire retirement plan, the Minneapolis Employees
107.4 Retirement Fund for employment initially commenced after June 30, 1979, the Range
107.5 Association of Municipalities and Schools, soil and water conservation districts, economic
107.6 development authorities created or operating under sections 469.090 to 469.108, the Port
107.7 Authority of the city of St. Paul, the Seaway Port Authority of Duluth, the Red Wing
107.8 Port Authority, the Spring Lake Park Fire Department, incorporated, the Lake Johanna
107.9 Volunteer Fire Department, incorporated, the Red Wing Environmental Learning Center,
107.10 the Dakota County Agricultural Society, and Hennepin Healthcare System, Inc., ~~and the~~
107.11 ~~Minneapolis Firefighters Relief Association and Minneapolis Police Relief Association~~
107.12 ~~with respect to staff covered by the Public Employees Retirement Association general plan.~~

107.13 (c) Governmental subdivision does not mean any municipal housing and
107.14 redevelopment authority organized under the provisions of sections 469.001 to 469.047;
107.15 or any port authority organized under sections 469.048 to 469.089 other than the Port
107.16 Authority of the city of St. Paul or the Seaway Port Authority of Duluth and other than
107.17 the Red Wing Port Authority; or any hospital district organized or reorganized prior to
107.18 July 1, 1975, under sections 447.31 to 447.37 or the successor of the district; or the board
107.19 of a family service collaborative or children's mental health collaborative organized
107.20 under sections 124D.23, 245.491 to 245.495, or 471.59, if that board is not controlled
107.21 by representatives of governmental units.

107.22 (d) A nonprofit corporation governed by chapter 317A or organized under Internal
107.23 Revenue Code, section 501(c)(3), which is not covered by paragraph (a) or (b), is not a
107.24 governmental subdivision unless the entity has obtained a written advisory opinion from
107.25 the United States Department of Labor or a ruling from the Internal Revenue Service
107.26 declaring the entity to be an instrumentality of the state so as to provide that any future
107.27 contributions by the entity on behalf of its employees are contributions to a governmental
107.28 plan within the meaning of Internal Revenue Code, section 414(d).

107.29 (e) A public body created by state or local authority may request membership on
107.30 behalf of its employees by providing sufficient evidence that it meets the requirements in
107.31 paragraph (a).

107.32 (f) An entity determined to be a governmental subdivision is subject to the reporting
107.33 requirements of this chapter upon receipt of a written notice of eligibility from the
107.34 association.

107.35 Sec. 51. Minnesota Statutes 2012, section 353.01, subdivision 10, is amended to read:

108.1 Subd. 10. **Salary.** (a) Subject to the limitations of section 356.611, "salary" means:

108.2 (1) the periodic compensation of a public employee, before deductions for deferred
108.3 compensation, supplemental retirement plans, or other voluntary salary reduction
108.4 programs, and also means "wages" and includes net income from fees; and

108.5 (2) for a public employee who is covered by a supplemental retirement plan under
108.6 section 356.24, subdivision 1, clause (8), (9), or (10), which require all plan contributions
108.7 be made by the employer, the contribution to the applicable supplemental retirement plan
108.8 when an agreement between the parties establishes that the contribution will either result
108.9 in a mandatory reduction of employees' wages through payroll withholdings, or be made
108.10 in lieu of an amount that would otherwise be paid as wages; and.

108.11 ~~(3) for a public employee who has prior service covered by a local police or~~
108.12 ~~firefighters relief association that has consolidated with the Public Employees Retirement~~
108.13 ~~Association or to which section 353.665 applies and who has elected coverage either~~
108.14 ~~under the public employees police and fire fund benefit plan under section 353A.08~~
108.15 ~~following the consolidation or under section 353.665, subdivision 4, the rate of salary~~
108.16 ~~upon which member contributions to the special fund of the relief association were made~~
108.17 ~~prior to the effective date of the consolidation as specified by law and by bylaw provisions~~
108.18 ~~governing the relief association on the date of the initiation of the consolidation procedure~~
108.19 ~~and the actual periodic compensation of the public employee after the effective date of~~
108.20 ~~consolidation.~~

108.21 (b) Salary does not mean:

108.22 (1) the fees paid to district court reporters, unused annual vacation or sick leave
108.23 payments, in lump-sum or periodic payments, severance payments, reimbursement of
108.24 expenses, lump-sum settlements not attached to a specific earnings period, or workers'
108.25 compensation payments;

108.26 (2) employer-paid amounts used by an employee toward the cost of insurance
108.27 coverage, employer-paid fringe benefits, flexible spending accounts, cafeteria plans, health
108.28 care expense accounts, day care expenses, or any payments in lieu of any employer-paid
108.29 group insurance coverage, including the difference between single and family rates that
108.30 may be paid to a member with single coverage and certain amounts determined by the
108.31 executive director to be ineligible;

108.32 (3) the amount equal to that which the employing governmental subdivision would
108.33 otherwise pay toward single or family insurance coverage for a covered employee when,
108.34 through a contract or agreement with some but not all employees, the employer:

108.35 (i) discontinues, or for new hires does not provide, payment toward the cost of the
108.36 employee's selected insurance coverages under a group plan offered by the employer;

109.1 (ii) makes the employee solely responsible for all contributions toward the cost of
109.2 the employee's selected insurance coverages under a group plan offered by the employer,
109.3 including any amount the employer makes toward other employees' selected insurance
109.4 coverages under a group plan offered by the employer; and

109.5 (iii) provides increased salary rates for employees who do not have any
109.6 employer-paid group insurance coverages;

109.7 (4) except as provided in section 353.86 or 353.87, compensation of any kind paid to
109.8 volunteer ambulance service personnel or volunteer firefighters, as defined in subdivision
109.9 35 or 36;

109.10 (5) the amount of compensation that exceeds the limitation provided in section
109.11 356.611; and

109.12 (6) amounts paid by a federal or state grant for which the grant specifically
109.13 prohibits grant proceeds from being used to make pension plan contributions, unless the
109.14 contributions to the plan are made from sources other than the federal or state grant.

109.15 (c) Amounts provided to an employee by the employer through a grievance
109.16 proceeding or a legal settlement are salary only if the settlement is reviewed by the
109.17 executive director and the amounts are determined by the executive director to be
109.18 consistent with paragraph (a) and prior determinations.

109.19 Sec. 52. Minnesota Statutes 2012, section 353.01, subdivision 16, is amended to read:

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

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

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

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

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

109.32 (5) a period of authorized personal, parental, or medical leave of absence without
109.33 pay, including a leave of absence covered under the federal Family Medical Leave Act,
109.34 that does not exceed one year, and for which a member obtained service credit for each
109.35 month in the leave period by payment under section 353.0161 to the fund made in place of

110.1 salary deductions. An employee must return to public service and render a minimum of
110.2 three months of allowable service in order to be eligible to make payment under section
110.3 353.0161 for a subsequent authorized leave of absence without pay. Upon payment, the
110.4 employee must be granted allowable service credit for the purchased period;

110.5 (6) a periodic, repetitive leave that is offered to all employees of a governmental
110.6 subdivision. The leave program may not exceed 208 hours per annual normal work cycle
110.7 as certified to the association by the employer. A participating member obtains service
110.8 credit by making employee contributions in an amount or amounts based on the member's
110.9 average salary, excluding overtime pay, that would have been paid if the leave had not been
110.10 taken. The employer shall pay the employer and additional employer contributions on
110.11 behalf of the participating member. The employee and the employer are responsible to pay
110.12 interest on their respective shares at the rate of 8.5 percent a year, compounded annually,
110.13 from the end of the normal cycle until full payment is made. An employer shall also make
110.14 the employer and additional employer contributions, plus 8.5 percent interest, compounded
110.15 annually, on behalf of an employee who makes employee contributions but terminates
110.16 public service. The employee contributions must be made within one year after the end of
110.17 the annual normal working cycle or within 30 days after termination of public service,
110.18 whichever is sooner. The executive director shall prescribe the manner and forms to be
110.19 used by a governmental subdivision in administering a periodic, repetitive leave. Upon
110.20 payment, the member must be granted allowable service credit for the purchased period;

110.21 (7) an authorized temporary or seasonal layoff under subdivision 12, limited to three
110.22 months allowable service per authorized temporary or seasonal layoff in one calendar year.
110.23 An employee who has received the maximum service credit allowed for an authorized
110.24 temporary or seasonal layoff must return to public service and must obtain a minimum of
110.25 three months of allowable service subsequent to the layoff in order to receive allowable
110.26 service for a subsequent authorized temporary or seasonal layoff;

110.27 (8) a period during which a member is absent from employment by a governmental
110.28 subdivision by reason of service in the uniformed services, as defined in United States
110.29 Code, title 38, section 4303(13), if the member returns to public service with the same
110.30 governmental subdivision upon discharge from service in the uniformed service within the
110.31 time frames required under United States Code, title 38, section 4312(e), provided that
110.32 the member did not separate from uniformed service with a dishonorable or bad conduct
110.33 discharge or under other than honorable conditions. The service must be credited if the
110.34 member pays into the fund equivalent employee contributions based upon the contribution
110.35 rate or rates in effect at the time that the uniformed service was performed multiplied by
110.36 the full and fractional years being purchased and applied to the annual salary rate. The

111.1 annual salary rate is the average annual salary, excluding overtime pay, during the purchase
111.2 period that the member would have received if the member had continued to be employed
111.3 in covered employment rather than to provide uniformed service, or, if the determination
111.4 of that rate is not reasonably certain, the annual salary rate is the member's average salary
111.5 rate, excluding overtime pay, during the 12-month period of covered employment rendered
111.6 immediately preceding the period of the uniformed service. Payment of the member
111.7 equivalent contributions must be made during a period that begins with the date on which
111.8 the individual returns to public employment and that is three times the length of the
111.9 military leave period, or within five years of the date of discharge from the military service,
111.10 whichever is less. If the determined payment period is less than one year, the contributions
111.11 required under this clause to receive service credit may be made within one year of the
111.12 discharge date. Payment may not be accepted following 30 days after termination of
111.13 public service under subdivision 11a. If the member equivalent contributions provided for
111.14 in this clause are not paid in full, the member's allowable service credit must be prorated
111.15 by multiplying the full and fractional number of years of uniformed service eligible for
111.16 purchase by the ratio obtained by dividing the total member contributions received by the
111.17 total member contributions otherwise required under this clause. The equivalent employer
111.18 contribution, and, if applicable, the equivalent additional employer contribution must be
111.19 paid by the governmental subdivision employing the member if the member makes the
111.20 equivalent employee contributions. The employer payments must be made from funds
111.21 available to the employing unit, using the employer and additional employer contribution
111.22 rate or rates in effect at the time that the uniformed service was performed, applied to the
111.23 same annual salary rate or rates used to compute the equivalent member contribution. The
111.24 governmental subdivision involved may appropriate money for those payments. The
111.25 amount of service credit obtainable under this section may not exceed five years unless a
111.26 longer purchase period is required under United States Code, title 38, section 4312. The
111.27 employing unit shall pay interest on all equivalent member and employer contribution
111.28 amounts payable under this clause. Interest must be computed at a rate of 8.5 percent
111.29 compounded annually from the end of each fiscal year of the leave or the break in service
111.30 to the end of the month in which the payment is received. Upon payment, the employee
111.31 must be granted allowable service credit for the purchased period; or
111.32 (9) a period specified under section 353.0162.
111.33 (b) For calculating benefits under sections 353.30, 353.31, 353.32, and 353.33 for
111.34 state officers and employees displaced by the Community Corrections Act, chapter 401,
111.35 and transferred into county service under section 401.04, "allowable service" means the

112.1 combined years of allowable service as defined in paragraph (a), clauses (1) to (6), and
 112.2 section 352.01, subdivision 11.

112.3 ~~(e) For a public employee who has prior service covered by a local police or~~
 112.4 ~~firefighters relief association that has consolidated with the Public Employees Retirement~~
 112.5 ~~Association under chapter 353A or to which section 353.665 applies, and who has~~
 112.6 ~~elected the type of benefit coverage provided by the public employees police and fire~~
 112.7 ~~fund either under section 353A.08 following the consolidation or under section 353.665,~~
 112.8 ~~subdivision 4, "allowable service" is a period of service credited by the local police or~~
 112.9 ~~firefighters relief association as of the effective date of the consolidation based on law~~
 112.10 ~~and on bylaw provisions governing the relief association on the date of the initiation~~
 112.11 ~~of the consolidation procedure.~~

112.12 ~~(d)~~ (c) No member may receive more than 12 months of allowable service credit in a
 112.13 year either for vesting purposes or for benefit calculation purposes. For an active member
 112.14 who was an active member of the former Minneapolis Firefighters Relief Association
 112.15 on December 29, 2011, "allowable service" is the period of service credited by the
 112.16 Minneapolis Firefighters Relief Association as reflected in the transferred records of the
 112.17 association up to December 30, 2011, and the period of service credited under paragraph
 112.18 (a), clause (1), after December 30, 2011. For an active member who was an active member
 112.19 of the former Minneapolis Police Relief Association on December 29, 2011, "allowable
 112.20 service" is the period of service credited by the Minneapolis Police Relief Association as
 112.21 reflected in the transferred records of the association up to December 30, 2011, and the
 112.22 period of service credited under paragraph (a), clause (1), after December 30, 2011.

112.23 ~~(e)~~ (d) MS 2002 [Expired]

112.24 Sec. 53. Minnesota Statutes 2012, section 353.64, subdivision 1a, is amended to read:

112.25 Subd. 1a. **Police and fire plan; other members.** (a) A person who ~~prior to July~~
 112.26 ~~1, 1961, was a member of the police and fire plan, by virtue of being a police officer or~~
 112.27 ~~firefighter, shall, as long as the person remains in either position, continue membership in~~
 112.28 ~~the plan.~~

112.29 ~~(b) A person who~~ was employed by a governmental subdivision as a police officer
 112.30 and was a member of the police and fire plan on July 1, 1978, by virtue of being a police
 112.31 officer as defined by this section on that date, and if employed by the same governmental
 112.32 subdivision in a position in the same department in which the person was employed on
 112.33 that date, continues to be a member of the plan, whether or not that person has the power
 112.34 of arrest by warrant and is licensed by the Peace Officers Standards and Training Board
 112.35 after that date.

113.1 (e) (b) A person who was employed as a correctional officer by Rice county before
 113.2 July 1, 1998, for the duration of employment in the correctional position held on July 1,
 113.3 1998, continues to be a member of the public employees police and fire plan, whether or
 113.4 not the person has the power of arrest by warrant and is licensed by the Peace Officers
 113.5 Standards and Training Board after that date.

113.6 ~~(d) A person who was employed by a governmental subdivision as a police officer~~
 113.7 ~~or a firefighter, whichever applies, was an active member of the local police or salaried~~
 113.8 ~~firefighters relief association located in that governmental subdivision by virtue of that~~
 113.9 ~~employment as of the effective date of the consolidation as authorized by sections~~
 113.10 ~~353A.01 to 353A.10, and has elected coverage by the public employees police and fire~~
 113.11 ~~plan, shall become a member of the police and fire plan after that date if employed by~~
 113.12 ~~the same governmental subdivision in a position in the same department in which the~~
 113.13 ~~person was employed on that date.~~

113.14 ~~(e) Any police officer or firefighter of a relief association that has consolidated~~
 113.15 ~~with the association for which the employee has not elected coverage by the public~~
 113.16 ~~employees police and fire plan as provided in sections 353A.01 to 353A.10, or any police~~
 113.17 ~~officer or firefighter to whom section 353.665 applies who has not elected coverage by~~
 113.18 ~~the public employees police and fire plan as provided in section 353.665, subdivision 4,~~
 113.19 ~~must become a member of the public employees police and fire plan, but is not subject~~
 113.20 ~~to the provisions of sections 353.651 to 353.659 unless an election for such coverage is~~
 113.21 ~~made under section 353.665, subdivision 4.~~

113.22 Sec. 54. Minnesota Statutes 2012, section 353.659, is amended to read:

113.23 **353.659 LOCAL RELIEF ASSOCIATION CONSOLIDATION ACCOUNT**
 113.24 **BENEFITS.**

113.25 (a) For any person who ~~has~~ had prior service covered by a local police or firefighters
 113.26 relief association which has ~~consolidated~~ merged with the public employees police and
 113.27 fire retirement association plan and who has elected the type of benefit coverage provided
 113.28 by the public employees police and fire fund benefit plan ~~under section 353A.08 following~~
 113.29 ~~the consolidation~~ as permitted by the applicable law, any the retirement benefits payable
 113.30 are governed by the applicable provisions of this chapter.

113.31 (b) For any person who ~~has~~ had prior service covered by a local police or firefighters
 113.32 relief association which has ~~consolidated~~ merged with the public employees police and fire
 113.33 retirement association plan and who ~~has~~ did not elected elect the type of benefit coverage
 113.34 provided by the public employees police and fire fund benefit plan ~~under section 353A.08~~
 113.35 ~~following the consolidation~~ as permitted by the applicable law, any the retirement benefits

114.1 payable are governed by the provisions of Minnesota Statutes 2012, sections 353B.01 to
 114.2 353B.13 which apply applied to the applicable former relief association or by section
 114.3 353.6511 or 353.6512, if applicable.

114.4 Sec. 55. Minnesota Statutes 2012, section 353.665, subdivision 1, is amended to read:

114.5 Subdivision 1. **Merger authorized Application.** (a) ~~Notwithstanding any~~
 114.6 ~~provision of law to the contrary, unless the applicable municipality elects otherwise under~~
 114.7 ~~paragraph (b), every~~ This section applies to the local police and fire relief associations or
 114.8 consolidation account under chapter 353A in existence on March 1, 1999, becomes a part
 114.9 of accounts that merged with the public employees police and fire plan and fund governed
 114.10 by sections 353.63 to 353.659 on July 1, 1999 and are specified in paragraph (b).

114.11 (b) ~~If a municipality desires to retain its consolidation account~~ The former local
 114.12 police or fire relief associations or consolidation accounts, whichever applies, the
 114.13 governing body of the municipality must adopt a resolution to that effect and must file a
 114.14 copy of the resolution with the secretary of state, the state auditor, the legislative auditor,
 114.15 the management and budget commissioner, the revenue commissioner, the executive
 114.16 director of the public employees retirement association, and the executive director of
 114.17 the Legislative Commission on Pensions and Retirement. The retention election must
 114.18 apply to both consolidation accounts if the municipality is associated with more than
 114.19 one consolidation account. The retention resolution must be adopted and filed with all
 114.20 recipients before June 15, 1999. are:

114.21 (1) the former local police and fire consolidation accounts that merged with the public
 114.22 employees police and fire retirement plan and fund under Laws 1999, chapter 222, article 4;

114.23 (2) the former Minneapolis Firefighters Relief Association;

114.24 (3) the former Minneapolis Police Relief Association;

114.25 (4) the former Fairmont Police Relief Association; and

114.26 (5) the former Virginia Fire Consolidation Account.

114.27 Sec. 56. Minnesota Statutes 2012, section 353.665, subdivision 5, is amended to read:

114.28 Subd. 5. **Benefit coverage for retirees and benefit recipients certain former local**
 114.29 **relief association or consolidation account members.** (a) ~~A person who received a~~
 114.30 Except as provided in paragraph (b), (e), or (f), the annuity, service pension, a disability
 114.31 pension or benefit, or a survivor benefit from a merging attributable to or of a former
 114.32 member of a former merged local police or fire consolidation account for the month of June
 114.33 1999, and who has did not previously elected participation in the Minnesota postretirement
 114.34 investment fund for any future postretirement adjustments rather than the postretirement

115.1 ~~adjustment mechanism or mechanisms of the relief association benefit plan under~~
115.2 ~~section 353A.08, subdivision 1, may elect participation in the Minnesota postretirement~~
115.3 ~~investment fund for any future postretirement adjustments or retention of the~~
115.4 ~~postretirement adjustment mechanism or mechanisms of the relief association benefit plan~~
115.5 ~~as reflected in the applicable provisions of chapter 353B. This election must be in writing~~
115.6 ~~on a form prescribed by the executive director and must be made before September 1,~~
115.7 ~~1999. elect coverage by all or a portion of the public employees police and fire retirement~~
115.8 ~~plan as permitted by applicable law must be calculated or computed under the benefit plan~~
115.9 ~~provisions of the applicable former local police or paid firefighters relief association.~~

115.10 (b) ~~If an eligible person is a minor, the election must be made by the person's~~
115.11 ~~parent or legal guardian. If the eligible person makes no affirmative election under this~~
115.12 ~~subdivision, the person retains the postretirement adjustment mechanism or mechanisms~~
115.13 ~~of the relief association benefit plan as reflected in the applicable provisions of chapter~~
115.14 ~~353B. The annuity, service pension, disability pension or benefit, or survivor benefit~~
115.15 ~~attributable to or of a former member of the former Minneapolis Firefighters Relief~~
115.16 ~~Association or of the former Minneapolis Police Relief Association who had that status as~~
115.17 ~~of December 29, 2011, continue after consolidation in the same amount and under the~~
115.18 ~~same terms as provided in chapter 423B or 423C, respectively, and the bylaws in effect as~~
115.19 ~~of that date, except that the unit value is governed by section 353.01, subdivisions 10a and~~
115.20 ~~10b, respectively, and the postretirement adjustments after December 31, 2015, must be~~
115.21 ~~calculated solely under section 353.6511, subdivision 7.~~

115.22 (c) ~~On behalf of former members of the Minneapolis Firefighters Relief Association~~
115.23 ~~or Minneapolis Police Relief Association, the executive director shall withhold any health~~
115.24 ~~insurance or dental insurance premiums designated by the annuitant or benefit recipient~~
115.25 ~~and shall transfer them to the city of Minneapolis. The Public Employees Retirement~~
115.26 ~~Association may charge a necessary and reasonable monthly administrative fee to the city~~
115.27 ~~of Minneapolis for this function and bill it in addition to the employer contribution under~~
115.28 ~~section 353.65, subdivision 3, paragraph (b). Notwithstanding any provision of chapter~~
115.29 ~~13 to the contrary, the executive director shall provide the city of Minneapolis with the~~
115.30 ~~current addresses of former members of the Minneapolis Firefighters Relief Association~~
115.31 ~~and the Minneapolis Police Relief Association. The city of Minneapolis shall continue to~~
115.32 ~~administer the health and dental insurance programs as constituted May 1, 2011, for the~~
115.33 ~~former members of the former Minneapolis relief associations.~~

115.34 (d) ~~The executive director shall cooperate with the Minneapolis firefighters~~
115.35 ~~fraternal association and the Minneapolis police fraternal association to ensure adequate~~
115.36 ~~communications with the former members of the former Minneapolis Firefighters~~

116.1 Relief Association or the Minneapolis Police Relief Association consistent with Public
116.2 Employees Retirement Association policy.

116.3 ~~(e) The survivor benefit payable on behalf of any service pension or disability~~
116.4 ~~benefit recipient who elects participation in the Minnesota postretirement investment fund~~
116.5 ~~must be calculated under the relief association benefit plan in effect on the effective date~~
116.6 ~~of consolidation under chapter 353A as reflected in the applicable provisions of chapter~~
116.7 ~~353B.~~ (e) The annuity, service pension, disability pension or benefit, or survivor benefit
116.8 attributable to or of a former member of the former Fairmont Police Relief Association
116.9 must be calculated or computed under Minnesota Statutes 2000, sections 423.41 to
116.10 423.46, 423.48 to 423.59, 423.61, and 423.62; Laws 1963, chapter 423; Laws 1977,
116.11 chapter 100; and Laws 1999, chapter 222, article 3, section 4, except that the annual
116.12 base salary figure for pension and benefit determinations upon consolidation and for
116.13 the balance of calendar year 2012 is \$106,666.67 and after December 31, 2012, annual
116.14 postretirement adjustments of pensions and benefits in force must be calculated solely
116.15 under section 356.415, subdivision 1c.

116.16 (f) The annuity, service pension, disability pension or benefit, or survivor benefit
116.17 attributable to or of a former member of the former Virginia firefighters consolidation
116.18 account must be calculated or computed under the election made under Minnesota
116.19 Statutes 2012, section 353A.08, unless the person made a subsequent election under
116.20 Minnesota Statutes 2012, section 353.6691, subdivision 4, subject to any additional ad hoc
116.21 postretirement adjustment under Minnesota Statutes 2012, section 353.6691, subdivision
116.22 5, paragraph (d).

116.23 Sec. 57. Minnesota Statutes 2012, section 353.665, is amended by adding a subdivision
116.24 to read:

116.25 Subd. 5a. **Continuing provisions; prior Minneapolis relief associations.**

116.26 (a) Health insurance account retention. The health insurance account of the former
116.27 Minneapolis Firefighters Relief Association and the health insurance account of the
116.28 former Minneapolis Police Relief Association shall remain with the financial institution
116.29 holding the applicable account on the effective date of this section, if the applicable
116.30 financial institution adequately performs all trustee and fiduciary duties with respect to the
116.31 applicable account as a condition of the retention of the account.

116.32 (b) Health insurance account administrative expenses. Under Laws 2011, First
116.33 Special Session chapter 8, article 6, section 14, and article 7, section 14, three years of
116.34 expected administrative expenses were prepaid from the Minneapolis Firefighters Relief
116.35 Association and the Minneapolis Police Relief Association health insurance accounts to

117.1 the financial institution holding the applicable account. After the three-year prepayment
117.2 period, the beneficiaries of the applicable account are responsible for the payment of
117.3 administrative expenses related to the operation of the account.

117.4 (c) Successor in interest. The public employees police and fire retirement plan
117.5 and fund is the successor in interest to all claims for or against the former Minneapolis
117.6 Firefighters Relief Association and the former Minneapolis Police Relief Association. The
117.7 public employees police and fire retirement plan and fund is not liable for any claim against
117.8 a former Minneapolis relief association, its governing board, or its administrative staff
117.9 acting in a fiduciary capacity, under chapter 356A or common law, which is founded upon
117.10 a claim of a breach of fiduciary duty if the act or acts constituting the claimed breach were
117.11 not undertaken in good faith. The public employees police and fire retirement plan may
117.12 assert any applicable defense to any claim in any judicial or administrative proceeding that
117.13 the applicable Minneapolis relief association, its board, or its administrative staff would
117.14 otherwise have been entitled to assert, and the public employees police and fire retirement
117.15 plan may assert any applicable defense that it has in its capacity as a statewide agency.

117.16 (d) Indemnification. The Public Employees Retirement Association shall indemnify
117.17 any former fiduciary of the Minneapolis relief associations consistent with the provisions
117.18 of section 356A.11. The indemnification may be effected by the purchase by the Public
117.19 Employees Retirement Association of reasonable fiduciary liability tail insurance for the
117.20 officers and directors of the former Minneapolis relief association.

117.21 Sec. 58. Minnesota Statutes 2012, section 353.665, subdivision 8, is amended to read:

117.22 Subd. 8. **Member and employer contributions.** (a) ~~Effective on the first day of the~~
117.23 ~~first full pay period following June 30, 1999, Except as provided in paragraph (b), (c),~~
117.24 ~~or (d), the employee contribution rate for merging merged former consolidation account~~
117.25 ~~active members is the rate specified in section 353.65, subdivision 2, and the regular~~
117.26 ~~municipal contribution rate on behalf of merged former consolidation account active~~
117.27 ~~members is the rate specified in section 353.65, subdivision 3.~~

117.28 (b) ~~The municipality associated with a merging former local consolidation account~~
117.29 ~~that had a positive value amortizable base calculation under subdivision 7, paragraph (d),~~
117.30 ~~after the preliminary calculation or the second calculation, whichever applies, must make~~
117.31 ~~an additional municipal contribution to the public employees police and fire plan for~~
117.32 ~~the period from January 1, 2000, to December 31, 2009. The amount of the additional~~
117.33 ~~municipal contribution is the amount calculated by the actuary retained under section~~
117.34 ~~356.214 and certified by the executive director of the Public Employees Retirement~~
117.35 ~~Association by which the amortizable base amount would be amortized on a level dollar~~

118.1 ~~annual end-of-the-year contribution basis, using an 8.5 percent interest rate assumption.~~
118.2 ~~The additional municipal contribution is payable during the month of January, is without~~
118.3 ~~any interest, or if made after January 31, but before the next following December 31,~~
118.4 ~~is payable with interest for the period since January 1 at a rate which is equal to the~~
118.5 ~~preretirement interest rate assumption specified in section 356.215, subdivision 8,~~
118.6 ~~applicable to the public employees police and fire fund expressed as a monthly rate and~~
118.7 ~~compounded on a monthly basis or if made after December 31 of the year in which the~~
118.8 ~~additional municipal contribution is due is payable with interest at a rate which is four~~
118.9 ~~percent greater than the highest interest rate assumption specified in section 356.215,~~
118.10 ~~subdivision 8, expressed as a monthly rate and compounded monthly from January 1 of the~~
118.11 ~~year in which the additional municipal contribution is due until the date on which payment~~
118.12 ~~is made. With respect to active members of the merged former Minneapolis Firefighters~~
118.13 ~~Relief Association and the merged former Minneapolis Police Relief Association, there are~~
118.14 ~~no employee contributions payable and the employer contribution on behalf of those active~~
118.15 ~~members is at the rate specified in section 353.65, subdivision 3, applied to the active~~
118.16 ~~member's salary. In addition, an additional municipal contribution is payable by the city of~~
118.17 ~~Minneapolis annually on July 15, set at the amount calculated as of December 30, 2011, as~~
118.18 ~~sufficient to amortize, on a level annual dollar basis by December 31, 2031, the unfunded~~
118.19 ~~present value figure calculated as required by Minnesota Statutes 2012, section 353.667,~~
118.20 ~~subdivision 6, paragraph (a), and Minnesota Statutes 2012, section 353.668, subdivision~~
118.21 ~~6, paragraph (a). If the postretirement or preretirement interest rate actuarial assumption~~
118.22 ~~applicable to the public employees police and fire retirement plan under section 356.215,~~
118.23 ~~subdivision 8, is modified from the rates specified in Minnesota Statutes 2010, section~~
118.24 ~~356.215, subdivision 8, the remainder present value of future benefits amount calculation~~
118.25 ~~under Minnesota Statutes 2012, section 353.667, subdivision 6, and Minnesota Statutes~~
118.26 ~~2012, section 353.668, subdivision 6, paragraph (a), updated for the passage of time, must~~
118.27 ~~be revised and the amortization contribution by the city of Minneapolis for the balance~~
118.28 ~~of the amortization period must be redetermined by the actuary retained under section~~
118.29 ~~356.214 and certified by the executive director to the city of Minneapolis.~~

118.30 (c) If there are assets of the former Fairmont Police Relief Association in excess of
118.31 the present value of future benefits as of June 29, 2012, these assets must be credited to an
118.32 interest-bearing suspense account within the public employees police and fire retirement
118.33 fund, must be used to offset any amount payable under paragraph (a) until June 30, 2015,
118.34 and, after June 30, 2015, must be paid to the city of Fairmont. The suspense account must
118.35 be credited with the same rate of investment return as the public employees police and fire
118.36 retirement fund. If, after June 29, 2012, the postretirement or preretirement interest rate

119.1 actuarial assumption applicable to the public employees police and fire retirement plan
119.2 under section 356.215, subdivision 8, is modified from the rates specified in Minnesota
119.3 Statutes 2010, section 356.215, subdivision 8, the remainder present value of future
119.4 benefits amount calculation under paragraph (a), updated for the passage of time, must be
119.5 revised and the amortization contribution by the city of Fairmont for the balance of the
119.6 amortization period must be redetermined by the actuary retained under section 356.214
119.7 and certified by the executive director to the city of Fairmont.

119.8 (d) If there was a remainder present value of future benefits amounts under
119.9 Minnesota Statutes 2012, section 353.6691, subdivision 5, paragraph (a), the city of
119.10 Virginia shall pay an additional municipal contribution annually on or before December
119.11 31 sufficient to amortize on a level annual dollar basis by December 31, 2020, that
119.12 remainder present value of future benefits amounts of the former Virginia fire department
119.13 consolidation account. If, after June 29, 2012, the postretirement or preretirement interest
119.14 rate actuarial assumption applicable to the public employees police and fire retirement plan
119.15 under section 356.215, subdivision 8, is modified from the rates specified in Minnesota
119.16 Statutes 2010, section 356.215, subdivision 8, the remainder present value of future
119.17 benefits amount calculation under paragraph (a), updated for the passage of time, must be
119.18 revised and any amortization contribution by the city of Virginia for the balance of the
119.19 amortization period must be redetermined by the actuary retained under section 356.214
119.20 and certified by the executive director to the city of Virginia.

119.21 Sec. 59. Minnesota Statutes 2012, section 353.71, subdivision 1, is amended to read:

119.22 Subdivision 1. **Eligibility.** Any person who has been a member of a defined
119.23 benefit retirement plan administered by the Public Employees Retirement Association,
119.24 or a retirement plan administered by the Minnesota State Retirement System, or the
119.25 Teachers Retirement Association, or any other public retirement system in the state of
119.26 Minnesota having a like provision, except a retirement plan providing benefits for police
119.27 officers or firefighters governed by sections ~~69.77~~ or 69.771 to 69.776, or by sections 31
119.28 to 42, is entitled, when qualified, to an annuity from each retirement plan if the total
119.29 allowable service in all retirement plans or in any two of these retirement plans totals the
119.30 number of years of allowable service required to receive a normal retirement annuity for
119.31 that retirement plan, provided that no portion of the allowable service upon which the
119.32 retirement annuity from one retirement plan is based is again used in the computation for
119.33 benefits from another retirement plan and provided further that the person has not taken a
119.34 refund from any one of these retirement plans since the person's membership in that
119.35 association or system last terminated. The annuity from each fund must be determined by

120.1 the appropriate provisions of the law except that the requirement that a person must have
 120.2 at least a specific minimum period of allowable service in the respective association or
 120.3 system does not apply for the purposes of this section if the combined service in two or
 120.4 more of these retirement plans equals the number of years of allowable service required to
 120.5 receive a normal retirement annuity for that retirement plan.

120.6 Sec. 60. Minnesota Statutes 2012, section 356.20, subdivision 2, is amended to read:

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

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

120.11 (2) the general employees retirement plan of the Public Employees Retirement
 120.12 Association;

120.13 (3) the Teachers Retirement Association;

120.14 (4) the State Patrol retirement plan;

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

120.16 (6) the Duluth Teachers Retirement Fund Association;

120.17 (7) the University of Minnesota faculty retirement plan;

120.18 (8) the University of Minnesota faculty supplemental retirement plan;

120.19 (9) the judges retirement fund;

120.20 (10) ~~a police or firefighter's relief association specified or described in section 69.77,~~
 120.21 ~~subdivision 1a~~ the Bloomington Fire Department Relief Association;

120.22 (11) a volunteer firefighter relief association governed by section 69.771, subdivision
 120.23 1;

120.24 (12) the public employees police and fire plan of the Public Employees Retirement
 120.25 Association;

120.26 (13) the correctional state employees retirement plan of the Minnesota State
 120.27 Retirement System;

120.28 (14) the local government correctional service retirement plan of the Public
 120.29 Employees Retirement Association; and

120.30 (15) the voluntary statewide lump-sum volunteer firefighter retirement plan.

120.31 Sec. 61. Minnesota Statutes 2012, section 356.215, subdivision 18, is amended to read:

120.32 Subd. 18. **Establishment of actuarial assumptions.** (a) Before July 2, 2010, the
 120.33 actuarial assumptions used for the preparation of actuarial valuations under this section
 120.34 that are other than preretirement interest, postretirement interest, salary increase, and

121.1 payroll increase may be changed only with the approval of the Legislative Commission on
 121.2 Pensions and Retirement or after a period of one year has elapsed since the date on which
 121.3 the proposed assumption change or changes were received by the Legislative Commission
 121.4 on Pensions and Retirement without commission action.

121.5 (b) After July 1, 2010, the actuarial assumptions used for the preparation of actuarial
 121.6 valuations under this section that are other than postretirement interest and preretirement
 121.7 interest may be changed only with the approval of the Legislative Commission on
 121.8 Pensions and Retirement or after a period of one year has elapsed since the date on which
 121.9 the proposed assumption change or changes were received by the Legislative Commission
 121.10 on Pensions and Retirement without commission action.

121.11 (c) A change in the applicable actuarial assumptions may be proposed by the
 121.12 governing board of the applicable pension fund or relief association, by the actuary
 121.13 retained by the joint retirement systems under section 356.214 or by the actuary retained
 121.14 by a local police or firefighters relief association governed by sections ~~69.77 or 69.771~~ to
 121.15 69.776 or by sections 31 to 42, if one is retained.

121.16 Sec. 62. Minnesota Statutes 2012, section 356.216, is amended to read:

121.17 **356.216 CONTENTS OF ACTUARIAL VALUATIONS FOR LOCAL**
 121.18 **POLICE AND FIRE FUNDS MONTHLY VOLUNTEER FIREFIGHTER RELIEF**
 121.19 **ASSOCIATIONS.**

121.20 The provisions of section 356.215 that govern the contents of actuarial valuations
 121.21 ~~must apply to the Bloomington Fire Department Relief Association and to any local police~~
 121.22 ~~or fire pension fund or monthly volunteer firefighter relief association required to make~~
 121.23 an actuarial report under this section, except as follows:

121.24 ~~(1) in calculating normal cost and other requirements, if required to be expressed as~~
 121.25 ~~a level percentage of covered payroll, the salaries used in computing covered payroll must~~
 121.26 ~~be the maximum rate of salary on which retirement and survivorship credits and amounts~~
 121.27 ~~of benefits are determined and from which any member contributions are calculated and~~
 121.28 ~~deducted;~~

121.29 ~~(2) (1) in lieu of the amortization date specified in section 356.215, subdivision~~
 121.30 ~~11, the appropriate amortization target date specified in clause (2) or section ~~69.77,~~~~
 121.31 ~~subdivision 4, or 69.773, subdivision 4, clause paragraph (c), must be used in calculating~~
 121.32 any required amortization contribution, ~~except that if the actuarial report;~~

121.33 (2) for the Bloomington Fire Department Relief Association ~~indicates an, any~~
 121.34 unfunded actuarial accrued liability, ~~the unfunded obligation is to~~ must be amortized on
 121.35 a level dollar basis by December 31 of the year occurring 20 years ~~later~~ after the year

122.1 in which the unfunded actuarial accrued liability initially occurred, and, if subsequent
 122.2 actuarial valuations for the Bloomington Fire Department Relief Association determine
 122.3 indicate a net actuarial experience loss incurred during the year which ended as of the day
 122.4 before the most recent actuarial valuation date, any unfunded actuarial accrued liability
 122.5 due to that loss is to be amortized on a level dollar basis by December 31 of the year
 122.6 occurring 20 years later after the year in which the net actuarial experience loss occurred;

122.7 (3) in addition to the tabulation of active members and annuitants provided for in
 122.8 section 356.215, subdivision 13, ~~the member contributions for active members for the~~
 122.9 ~~calendar year and the prospective annual retirement annuities~~ service pensions under the
 122.10 benefit plan for active members must be reported;

122.11 (4) actuarial valuations required under section 39 must be made annually and
 122.12 actuarial valuations required under section 69.773, subdivision 2, must be made at least
 122.13 every four years and actuarial valuations required under section 69.77 shall be made
 122.14 annually or as frequently as required by generally accepted accounting principles in the
 122.15 government sector, whichever frequency requirement is shorter;

122.16 (5) the actuarial balance sheet showing accrued assets valued at market value ~~if the~~
 122.17 ~~actuarial valuation is required to be prepared at least every four years or valued as current~~
 122.18 ~~assets under section 356.215, subdivision 1, paragraph (b) or (f), whichever applies, if the~~
 122.19 ~~actuarial valuation is required to be prepared annually,~~ actuarial accrued liabilities, and the
 122.20 unfunded actuarial accrued liability must include the following required reserves:

122.21 (i) for active members:

122.22 ~~1. (A) retirement benefits or service pensions;~~

122.23 ~~2. (B) disability benefits; and~~

122.24 ~~3. refund liability due to death or withdrawal;~~

122.25 ~~4. (C) survivors' benefits;~~

122.26 (ii) for deferred annuitants' benefits;

122.27 (iii) for former members without vested rights;

122.28 (iv) for annuitants;:

122.29 ~~1. (A) retirement annuities or service pensions;~~

122.30 ~~2. (B) disability annuities; and~~

122.31 ~~3. surviving spouses' annuities;~~

122.32 ~~4. surviving children's annuities; (C) survivor benefits.~~

122.33 In addition to those required reserves, separate items must be shown for additional
 122.34 benefits, if any, which may not be appropriately included in the reserves listed above; and

122.35 (6) actuarial valuations are due to be filed with the state auditor by the first day of
 122.36 the seventh month after the end of the fiscal year which the actuarial valuation covers.

123.1 Sec. 63. Minnesota Statutes 2012, section 356.219, subdivision 1, is amended to read:

123.2 Subdivision 1. **Report required.** (a) The State Board of Investment, on behalf
 123.3 of the public pension funds and programs for which it is the investment authority, and
 123.4 any Minnesota public pension plan that is not fully invested through the State Board of
 123.5 Investment, including the Bloomington Fire Department Relief Association and a local
 123.6 ~~police or~~ volunteer firefighters relief association governed by sections ~~69.77 or~~ 69.771 to
 123.7 69.775, shall report the information specified in subdivision 3 to the state auditor. The
 123.8 state auditor may prescribe a form or forms for the purposes of the reporting requirements
 123.9 contained in this section.

123.10 (b) The Bloomington Fire Department Relief Association and a local ~~police or~~
 123.11 volunteer firefighters relief association governed by section ~~69.77 or~~ sections 69.771 to
 123.12 69.775 is fully invested during a given calendar year for purposes of this section if all
 123.13 assets of the applicable pension plan beyond sufficient cash equivalent investments to
 123.14 cover six months expected expenses are invested under section 11A.17. The board of any
 123.15 fully invested public pension plan remains responsible for submitting investment policy
 123.16 statements and subsequent revisions as required by subdivision 3, paragraph (a).

123.17 (c) For purposes of this section, the State Board of Investment is considered to be
 123.18 the investment authority for any Minnesota public pension fund required to be invested by
 123.19 the State Board of Investment under section 11A.23, or for any Minnesota public pension
 123.20 fund authorized to invest in the supplemental investment fund under section 11A.17 and
 123.21 which is fully invested by the State Board of Investment.

123.22 (d) This section does not apply to the following plans:

- 123.23 (1) the Minnesota unclassified employees retirement program under chapter 352D;
- 123.24 (2) the public employees defined contribution plan under chapter 353D;
- 123.25 (3) the individual retirement account plans under chapters 354B and 354D;
- 123.26 (4) the higher education supplemental retirement plan under chapter 354C;
- 123.27 (5) any alternative retirement benefit plan established under section 383B.914; and
- 123.28 (6) the University of Minnesota faculty retirement plan.

123.29 Sec. 64. Minnesota Statutes 2012, section 356.219, subdivision 2, is amended to read:

123.30 Subd. 2. **Asset class definition.** (a) For purposes of this section, "asset class"
 123.31 means any of the following asset groupings as authorized in applicable law, bylaws, or
 123.32 articles of incorporation:

- 123.33 (1) cash and any cash equivalent investments with maturities of one year or less
 123.34 when issued;

124.1 (2) debt securities with maturities greater than one year when issued, including
124.2 but not limited to mortgage participation certificates and pools, asset backed securities,
124.3 guaranteed investment contracts, and authorized government and corporate obligations of
124.4 corporations organized under laws of the United States or any state, or the Dominion of
124.5 Canada or its provinces;

124.6 (3) stocks or convertible issues of any corporation organized under laws of the
124.7 United States or any state, or the Dominion of Canada or its provinces, or any corporation
124.8 listed on the New York Stock Exchange or the American Stock Exchange;

124.9 (4) international stocks or convertible issues;

124.10 (5) international debt securities; and

124.11 (6) real estate and venture capital.

124.12 (b) If the pension plan is investing ~~under section 69.77, subdivision 9, section 69.775,~~
124.13 ~~or any other applicable law,~~ in open-end investment companies registered under the
124.14 federal Investment Company Act of 1940, or in the Minnesota supplemental investment
124.15 fund under section 11A.17, this investment must be included under an asset class indicated
124.16 in paragraph (a), clauses (1) through (6), as appropriate. If the investment vehicle includes
124.17 underlying securities from more than one asset class as indicated by paragraph (a), clauses
124.18 (1) through (6), the investment may be treated as a separate asset class.

124.19 Sec. 65. Minnesota Statutes 2012, section 356.219, subdivision 8, is amended to read:

124.20 Subd. 8. **Timing of reports.** (a) For ~~salaries firefighter relief associations, police~~
124.21 ~~the Bloomington Fire Department Relief associations, Association and the volunteer~~
124.22 firefighter relief associations, the information required under this section must be
124.23 submitted by the due date for reports required under section 69.051, subdivision 1 or 1a,
124.24 as applicable. If a relief association satisfies the definition of a fully invested plan under
124.25 subdivision 1, paragraph (b), for the calendar year covered by the report required under
124.26 section 69.051, subdivision 1 or 1a, as applicable, the chief administrative officer of
124.27 the covered pension plan shall certify that compliance on a form prescribed by the state
124.28 auditor. The state auditor shall transmit annually to the State Board of Investment a list or
124.29 lists of covered pension plans which submitted certifications in order to facilitate reporting
124.30 by the State Board of Investment under paragraph (c).

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

125.1 (c) The State Board of Investment, on behalf of pension funds specified in
125.2 subdivision 1, paragraph (c), must report information required under this section by
125.3 September 1 of each year.

125.4 Sec. 66. Minnesota Statutes 2012, section 356.406, subdivision 1, is amended to read:

125.5 Subdivision 1. **Definitions.** (a) Each of the words or terms defined in this
125.6 subdivision has the meaning indicated.

125.7 (b) "Public pension plan" means any retirement plan or fund enumerated in section
125.8 356.20, subdivision 2, or 356.30, subdivision 3, the Bloomington Fire Department Relief
125.9 Association, any relief association governed by ~~section 69.77~~ or sections 69.771 to
125.10 69.775, any retirement plan governed by chapter 354B or 354C, the Hennepin County
125.11 supplemental retirement plan governed by sections 383B.46 to 383B.52, or any housing
125.12 and redevelopment authority retirement plan.

125.13 (c) "Public pension plan member" means a person who is a participant covered by
125.14 a public pension plan; a former participant of a public pension plan who has sufficient
125.15 service to be entitled to receive a future retirement annuity or service pension; a recipient
125.16 of a retirement annuity, service pension, or disability benefit from a public pension plan; or
125.17 a former participant of a public pension plan who has member or employee contributions
125.18 to the person's credit in the public pension plan.

125.19 (d) "Survivor" means the surviving spouse, a former spouse, a surviving child, a
125.20 joint annuitant, a designated recipient of a second or remainder portion of an optional
125.21 annuity form, a beneficiary, or the estate of a deceased public pension plan member, as
125.22 those terms are commonly understood or defined in the benefit plan document of the
125.23 public pension plan.

125.24 (e) "Survivor benefit" means a surviving spouse benefit, surviving child benefit,
125.25 second or remainder portion of an optional annuity form, a death benefit, a funeral benefit,
125.26 or a refund of member or employee contributions payable on account of the death of a
125.27 public pension plan member as provided for in the benefit plan document of the public
125.28 pension plan.

125.29 Sec. 67. Minnesota Statutes 2012, section 356A.01, subdivision 19, is amended to read:

125.30 Subd. 19. **Pension fund.** "Pension fund" means the assets amassed and held in a
125.31 pension plan, other than the general fund, as reserves for present and future payment
125.32 of benefits and administrative expenses. For the Bloomington Fire Department Relief
125.33 Association or a retirement plan governed by section 69.77 or by chapter 424A, the term
125.34 means the relief association special fund.

126.1 Sec. 68. Minnesota Statutes 2012, section 356A.06, subdivision 4, is amended to read:

126.2 Subd. 4. **Economic interest statement.** (a) Each member of the governing board
126.3 of a covered pension plan and the chief administrative officer of the plan shall file with
126.4 the plan a statement of economic interest.

126.5 (b) For a covered pension plan other than a plan specified in paragraph (c), the
126.6 statement must contain the information required by section 10A.09, subdivision 5, and
126.7 any other information that the fiduciary or the governing board of the plan determines is
126.8 necessary to disclose a reasonably foreseeable potential or actual conflict of interest.

126.9 (c) For a covered pension plan governed by sections 69.771 to 69.776 or a covered
126.10 ~~pension plan governed by section 69.77~~ with the Bloomington Fire Department Relief
126.11 Association if its special fund assets are under \$8,000,000, the statement must contain
126.12 the following:

126.13 (1) the person's principal occupation and principal place of business;

126.14 (2) whether or not the person has an ownership of or interest of ten percent or greater
126.15 in an investment security brokerage business, a real estate sales business, an insurance
126.16 agency, a bank, a savings and loan, or another financial institution; and

126.17 (3) any relationship or financial arrangement that can reasonably be expected to
126.18 give rise to a conflict of interest.

126.19 (d) The statement must be filed annually with the chief administrative officer of
126.20 the plan and be available for public inspection during regular office hours at the office
126.21 of the pension plan.

126.22 (e) A disclosure form meeting the requirements of the federal Investment Advisers
126.23 Act of 1940, United States Code, title 15, sections 80b-1 to 80b-21 as amended, and
126.24 filed with the State Board of Investment or the pension plan meets the requirements of
126.25 this subdivision.

126.26 (f) The chief administrative officer of each covered pension plan, by January 15,
126.27 annually, shall transmit a certified listing of all individuals who have filed statements of
126.28 economic interest with the plan under this subdivision during the preceding 12 months
126.29 and the address of the office referenced in paragraph (d) to the Campaign Finance and
126.30 Public Disclosure Board.

126.31 Sec. 69. Minnesota Statutes 2012, section 356A.07, subdivision 2, is amended to read:

126.32 Subd. 2. **Annual financial report.** A covered pension plan shall provide each
126.33 active plan participant and benefit recipient with a copy of the most recent annual financial
126.34 report required by section 356.20 and a copy of the most recent actuarial evaluation,

127.1 if any, required by section ~~69.77~~, 69.773, 356.215, or 356.216, or by section 39, or a
 127.2 summary of those reports.

127.3 Sec. 70. Minnesota Statutes 2012, section 423A.02, subdivision 1, is amended to read:

127.4 Subdivision 1. **Amortization state aid.** (a) ~~A municipality in which is located a local~~
 127.5 ~~police or salaried firefighters relief association to which the provisions of section 69.77,~~
 127.6 ~~apply, that had an unfunded actuarial accrued liability in the most recent relief association~~
 127.7 ~~actuarial valuation, is entitled, upon application as required by the commissioner of~~
 127.8 ~~revenue, to receive local police and salaried firefighters' relief association amortization~~
 127.9 ~~state aid if the municipality and the appropriate relief association both comply with the~~
 127.10 ~~applicable provisions of sections 69.031, subdivision 5, 69.051, subdivisions 1 and 3, and~~
 127.11 ~~69.77. The cities of Fairmont and Minneapolis are entitled, subject to subdivisions 2, 4,~~
 127.12 ~~and 5, to receive amortization state aid under this section.~~

127.13 (b) The total amount of amortization state aid to all entitled municipalities must not
 127.14 exceed ~~\$5,055,000~~ the appropriation under subdivision 3a.

127.15 (c) ~~Subject to the adjustment for the city of Minneapolis provided in this paragraph,~~
 127.16 ~~the amount of amortization state aid to which a municipality is entitled annually is an~~
 127.17 ~~amount equal to the level annual dollar amount required to amortize, by December 31,~~
 127.18 ~~2010, the unfunded actuarial accrued liability of the special fund of the appropriate~~
 127.19 ~~relief association as reported in the December 31, 1978, actuarial valuation of the relief~~
 127.20 ~~association prepared under sections 356.215 and 356.216, reduced by the dollar amount~~
 127.21 ~~required to pay the interest on the unfunded actuarial accrued liability of the special fund of~~
 127.22 ~~the relief association for calendar year 1981 set at the rate specified in Minnesota Statutes~~
 127.23 ~~1978, section 356.215, subdivision 8. For the city of Minneapolis, the amortization state~~
 127.24 ~~aid amount thus determined must be reduced by \$747,232 on account of the former~~
 127.25 ~~Minneapolis Police Relief Association and by \$772,768 on account of the former~~
 127.26 ~~Minneapolis Fire Department Relief Association. The amortization state aid amounts are:~~

127.27	<u>City</u>	<u>Aid Amount</u>
127.28	<u>Fairmont</u>	<u>\$24,172</u>
127.29	<u>Minneapolis</u>	<u>\$2,728,547</u>

127.30 If the amortization state aid amounts determined under this paragraph exceed the
 127.31 amount appropriated for this purpose under subdivision 3a, the amortization state aid for
 127.32 actual allocation must be reduced pro rata.

127.33 (d) Each municipality is eligible for an amortization state aid payment in a fiscal
 127.34 year if:

128.1 (1) for Fairmont, the executive director of the Public Employees Retirement
 128.2 Association certifies on or before June 30 that a municipal contribution with respect to the
 128.3 former Fairmont Police Relief Association is payable in the upcoming fiscal year under
 128.4 section 353.665, subdivision 8, paragraph (c); and

128.5 (2) for Minneapolis, the executive director of the Public Employees Retirement
 128.6 Association certifies on or before June 30 that an additional employer contribution with
 128.7 respect to either the former Minneapolis Firefighters Relief Association or the former
 128.8 Minneapolis Police Relief Association is payable in the upcoming fiscal year under section
 128.9 353.665, subdivision 8, paragraph (b).

128.10 Payment of amortization state aid to municipalities must be made directly to
 128.11 the municipalities involved in three equal installments on July 15, September 15, and
 128.12 November 15 annually. Upon receipt of amortization state aid, the municipal treasurer
 128.13 shall transmit the aid amount to the ~~treasurer~~ custodian of the ~~local relief association trust~~
 128.14 fund or to the executive director of the public employees police and fire retirement fund,
 128.15 whichever applies, for immediate deposit in the special fund of the relief association.

128.16 (e) The commissioner of revenue shall administer the amortization state aid program.
 128.17 The commissioner shall prescribe and periodically revise, as necessary, the form for and
 128.18 required content of the application certifications for the amortization state aid.

128.19 ~~(f) The amount required under this section, as provided in subdivision 3a, is~~
 128.20 ~~appropriated annually from the general fund to the commissioner of revenue.~~

128.21 Sec. 71. Minnesota Statutes 2012, section 423A.02, subdivision 1b, is amended to read:

128.22 Subd. 1b. **Additional amortization state aid.** ~~(a) Annually, on October 1, the~~
 128.23 ~~commissioner of revenue shall allocate the additional amortization state aid transferred~~
 128.24 ~~under section 69.021, subdivision 11, to:~~

128.25 ~~(1) all police or salaried firefighters relief associations governed by and in full~~
 128.26 ~~compliance with the requirements of section 69.77, that had an unfunded actuarial accrued~~
 128.27 ~~liability in the actuarial valuation prepared under sections 356.215 and 356.216 as of the~~
 128.28 ~~preceding December 31;~~

128.29 ~~(2) all local police or salaried firefighter consolidation accounts governed by chapter~~
 128.30 ~~353A that are certified by the executive director of the public employees retirement~~
 128.31 ~~association as having for the current fiscal year an additional municipal contribution~~
 128.32 ~~amount under section 353A.09, subdivision 5, paragraph (b), and that have implemented~~
 128.33 ~~section 353A.083, subdivision 1, if the effective date of the consolidation preceded May~~
 128.34 ~~24, 1993, and that have implemented section 353A.083, subdivision 2, if the effective date~~
 128.35 ~~of the consolidation preceded June 1, 1995; and~~

129.1 ~~(3) the municipalities that are required to make an additional municipal contribution~~
 129.2 ~~under section 353.665, subdivision 8; 353.667, subdivision 6; or 353.668, subdivision~~
 129.3 ~~6, for the duration of the required additional contribution.~~

129.4 (b) ~~The commissioner shall allocate the state aid on the basis of the proportional share~~
 129.5 ~~of the relief association or consolidation account of the total unfunded actuarial accrued~~
 129.6 ~~liability of all recipient relief associations and consolidation accounts as of December 31,~~
 129.7 ~~1993, for relief associations, and as of June 30, 1994, for consolidation accounts.~~

129.8 (e) (a) Beginning October 1, 2000 2013, and annually thereafter, the commissioner
 129.9 shall allocate the additional amortization state aid, including any state aid in excess of the
 129.10 limitation in subdivision 4, on the following basis:

129.11 (1) ~~64.5 percent to the municipalities to which section 353.665, subdivision~~
 129.12 ~~8, paragraph (b), or 353A.09, subdivision 5, paragraph (b), apply for distribution in~~
 129.13 ~~accordance with paragraph (b) and subject to the limitation in subdivision 4;~~

129.14 (2) ~~34.2 (1) 47.1 percent to the city of Minneapolis to fund any unfunded actuarial~~
 129.15 ~~accrued liability in the actuarial valuation prepared under sections 356.215 and 356.216~~
 129.16 ~~as of the preceding December 31 for the Minneapolis Police Relief Association or the~~
 129.17 ~~Minneapolis Fire Department Relief Association; and defray the employer costs associated~~
 129.18 ~~with police and firefighter retirement coverage;~~

129.19 (2) 25.8 percent as additional funding to support the minimum fire state aid for
 129.20 volunteer firefighter relief associations under section 69.021, subdivision 7, paragraph (d);

129.21 (3) 12.9 percent to the city of Duluth to defray employer costs associated with
 129.22 police and firefighter retirement coverage;

129.23 (4) 12.9 percent to the St. Paul Teachers Retirement Fund Association if the
 129.24 investment performance requirement of paragraph (c) is met; and

129.25 (3) ~~(5) 1.3 percent to the city of Virginia to fund any unfunded actuarial accrued~~
 129.26 ~~liability in the actuarial valuation prepared under sections 356.215 and 356.216 as of the~~
 129.27 ~~preceding December 31 for the Virginia Fire Department Relief Association defray the~~
 129.28 ~~employer contribution under section 353.665, subdivision 8, paragraph (d).~~

129.29 If there is no unfunded actuarial accrued liability in both additional employer
 129.30 contribution under section 353.665, subdivision 8, paragraph (b), certified under
 129.31 subdivision 1, paragraph (d), clause (2), with respect to the former Minneapolis Police
 129.32 Relief Association and the former Minneapolis Fire Department Relief Association as
 129.33 disclosed in the most recent actuarial valuations for the relief associations prepared under
 129.34 sections 356.215 and 356.216, the commissioner shall allocate that 34.2 47.1 percent
 129.35 of the aid as follows: 49 percent to the Teachers Retirement Association, 21 percent
 129.36 to the St. Paul Teachers Retirement Fund Association, and 30 percent as additional

130.1 funding to support minimum fire state aid for volunteer firefighters relief associations. If
130.2 there is no ~~unfunded actuarial accrued liability in employer contribution by the city of~~
130.3 ~~Virginia Fire Department Relief Association as disclosed in the most recent actuarial~~
130.4 ~~valuation for the relief association prepared under sections 356.215 and 356.216 under~~
130.5 ~~section 353.665, subdivision 8, paragraph (d), for the former Virginia Fire Department~~
130.6 ~~Relief Association certified on or before June 30 by the executive director of the Public~~
130.7 ~~Employees Retirement Association, the commissioner shall allocate that 1.3 percent~~
130.8 ~~of the aid as follows: 49 percent to the Teachers Retirement Association, 21 percent~~
130.9 ~~to the St. Paul Teachers Retirement Fund Association, and 30 percent as additional~~
130.10 ~~funding to support minimum fire state aid for volunteer firefighters relief associations.~~
130.11 ~~Upon the final payment to municipalities required by section 353.665, subdivision 8,~~
130.12 ~~paragraph (b), or 353A.09, subdivision 5, paragraph (b), the commissioner shall allocate~~
130.13 ~~that 64.5 percent of the aid as follows: 20 percent to the St. Paul Teachers Retirement~~
130.14 ~~Fund Association, 20 percent to the city of Minneapolis to fund any unfunded actuarial~~
130.15 ~~accrued liability in the actuarial valuation proposed under sections 356.215 and 356.216~~
130.16 ~~as of the preceding December 31 for the Minneapolis Police Relief Association or the~~
130.17 ~~Minneapolis Firefighters Relief Association, 20 percent for the city of Duluth to pay for~~
130.18 ~~any costs associated with the police and firefighters pensions, and 40 percent as additional~~
130.19 ~~funding to support minimum fire state aid for volunteer firefighters relief associations.~~

130.20 (b) The allocation must be made by the commissioner ~~at the same time and under the~~
130.21 ~~same procedures as specified in subdivision 3 of revenue on October 1 annually.~~

130.22 (c) With respect to the St. Paul Teachers Retirement Fund Association, annually,
130.23 ~~beginning on July 1, 2005,~~ if the applicable teacher's association five-year average
130.24 time-weighted rate of investment return does not equal or exceed the performance of a
130.25 composite portfolio assumed passively managed (indexed) invested ten percent in cash
130.26 equivalents, 60 percent in bonds and similar debt securities, and 30 percent in domestic
130.27 stock calculated using the formula under section 11A.04, clause (11), the aid allocation
130.28 ~~to that~~ the retirement fund under this section ceases until the five-year annual rate of
130.29 investment return equals or exceeds the performance of that composite portfolio.

130.30 (d) The amounts required under this subdivision are the amounts annually
130.31 appropriated to the commissioner of revenue under section 69.021, subdivision 11,
130.32 paragraph (e), and the aid amounts in excess of the limitation in subdivision 4.

130.33 Sec. 72. Minnesota Statutes 2012, section 423A.02, subdivision 2, is amended to read:

130.34 Subd. 2. **Continued eligibility.** A municipality that ~~has qualified for amortization~~
130.35 ~~state aid under subdivision 1 on December 31, 1984, and has an additional municipal~~

131.1 ~~contribution payable under section 353A.09, subdivision 5, paragraph (b), as of the most~~
 131.2 ~~recent December 31, continues upon application to be entitled to receive amortization~~
 131.3 ~~state aid under subdivision 1 and supplementary amortization state aid under subdivision~~
 131.4 ~~1a, after the local police or salaried firefighters' relief association has been consolidated~~
 131.5 ~~into the public employees police and fire fund. If a municipality loses entitlement for~~
 131.6 ~~amortization state aid and supplementary amortization state aid in any year because of~~
 131.7 ~~not having an additional municipal contribution under section 353A.09, subdivision 5,~~
 131.8 ~~paragraph (b), the municipality is not entitled to the aid amounts in any subsequent year. A~~
 131.9 ~~municipality that received amortization aid in 1999 and is required to make an additional~~
 131.10 ~~municipal contribution under section 353.665, subdivision 8, continues to qualify for the~~
 131.11 ~~amortization state aid and the supplemental amortization aid until December 31, 2009~~
 131.12 ~~received amortization aid in 2011 and is required to make a municipal contribution under~~
 131.13 ~~section 353.665, subdivision 8, paragraph (b), (c), or (d), whichever applies, continues to~~
 131.14 ~~qualify for amortization state aid for the duration of the applicable municipal contribution.~~

131.15 Sec. 73. Minnesota Statutes 2012, section 423A.02, subdivision 3, is amended to read:

131.16 Subd. 3. **Reallocation of amortization or supplementary amortization state aid.**

131.17 (a) Seventy percent of the difference between \$5,720,000 and the current year amortization
 131.18 ~~aid and supplemental amortization aid~~ distributed under ~~subdivisions~~ subdivision 1 and 1a
 131.19 ~~that is not distributed for any reason to a municipality for use by a local police or salaried~~
 131.20 ~~fire relief association~~ must be distributed by the commissioner of revenue according to this
 131.21 paragraph. The commissioner shall distribute 50 percent of the amounts derived under
 131.22 this paragraph to the Teachers Retirement Association, ten percent to the Duluth Teachers
 131.23 Retirement Fund Association, and 40 percent to the St. Paul Teachers Retirement Fund
 131.24 Association to fund the unfunded actuarial accrued liabilities of the respective funds.
 131.25 These payments ~~shall~~ must be made on ~~or before June 30~~ July 15 each fiscal year. If the
 131.26 St. Paul Teachers Retirement Fund Association ~~or the Duluth Teachers Retirement Fund~~
 131.27 ~~Association~~ becomes fully funded, ~~its~~ the association's eligibility for ~~its~~ portion of this
 131.28 aid ceases. Amounts remaining in the undistributed balance account at the end of the
 131.29 biennium if aid eligibility ceases cancel to the general fund.

131.30 (b) In order to receive amortization and supplementary amortization aid under
 131.31 paragraph (a), ~~prior to~~ before June 30 annually Independent School District No. 625, St.
 131.32 Paul, must make an additional contribution of \$800,000 each year to the St. Paul Teachers
 131.33 Retirement Fund Association.

131.34 (c) Thirty percent of the difference between \$5,720,000 and the current year
 131.35 ~~amortization aid and supplemental amortization aid under subdivisions 1 and~~ subdivision

132.1 1a that is not distributed for any reason to a municipality ~~for use by a local police or~~
 132.2 ~~salaried firefighter relief association~~ must be distributed under section 69.021, subdivision
 132.3 7, paragraph (d), as additional funding to support a minimum fire state aid amount for
 132.4 volunteer firefighter relief associations.

132.5 Sec. 74. Minnesota Statutes 2012, section 423A.02, subdivision 3a, is amended to read:

132.6 Subd. 3a. **Appropriations for amortization state aid; supplementary**
 132.7 **amortization state aid; and amortization state aid and supplementary state aid**
 132.8 **reallocations.** ~~\$4,720,000~~ \$5,720,000 is annually appropriated from the general fund to
 132.9 the commissioner of revenue for amortization state aid under subdivision 1, and for the
 132.10 reallocation of amortization aid under subdivision 3. ~~\$1,000,000 is annually appropriated~~
 132.11 ~~from the general fund to the commissioner of revenue for supplementary amortization~~
 132.12 ~~state aid under subdivision 1a, and for the reallocation of supplementary amortization state~~
 132.13 ~~aid under subdivision 3.~~

132.14 Sec. 75. Minnesota Statutes 2012, section 423A.02, subdivision 4, is amended to read:

132.15 Subd. 4. **Limit on certain total aid amounts.** (a) The total of amortization aid;
 132.16 ~~supplemental amortization aid;~~ and additional amortization aid under this section payable
 132.17 to a municipality to which section 353.665, subdivision 8, paragraph (b), (c), or (d),
 132.18 applies, may not exceed the amount of the additional municipal contribution payable by
 132.19 an individual municipality under section 353.665, subdivision 8, paragraph (b), (c), or (d).

132.20 (b) Any aid amount in excess of the limit under this subdivision for an individual
 132.21 municipality must be redistributed to the other municipalities to which section 353.665,
 132.22 subdivision 8, paragraph (b), (c), or (d), applies. The excess aid must be distributed in
 132.23 proportion to each municipality's additional municipal contribution under section 353.665,
 132.24 subdivision 8, paragraph (b), (c), or (d).

132.25 (c) When the total aid for each municipality under this section equals the limit under
 132.26 paragraph (a), any aid in excess of the limit must be redistributed under subdivision 1b.

132.27 Sec. 76. Minnesota Statutes 2012, section 423A.02, subdivision 5, is amended to read:

132.28 Subd. 5. **Termination of state aid programs.** The amortization state aid;
 132.29 ~~supplemental amortization state aid;~~ and additional amortization state aid programs
 132.30 terminate as of the December 31, next following the date of the actuarial valuation when
 132.31 the assets of the St. Paul Teachers Retirement Fund Association equal the actuarial
 132.32 accrued liability of that plan or ~~December 31, 2009~~ when the assets of the Duluth Teachers

133.1 Retirement Fund Association equal the actuarial accrued liability of that plan, whichever
133.2 is later.

133.3 Sec. 77. Minnesota Statutes 2012, section 424A.001, subdivision 4, is amended to read:

133.4 Subd. 4. **Relief association.** (a) "Relief association" or "volunteer firefighters' relief
133.5 association" means a volunteer firefighters' relief association or a volunteer firefighters'
133.6 division or account of a partially salaried and partially volunteer firefighters' relief
133.7 association that is:

133.8 (1) organized and incorporated as a nonprofit corporation to provide retirement
133.9 benefits to volunteer firefighters under chapter 317A and any laws of the state;

133.10 (2) governed by this chapter and sections 69.771 to 69.775; and

133.11 (3) directly associated with:

133.12 (i) a fire department established by municipal ordinance;

133.13 (ii) an independent nonprofit firefighting corporation that is organized under the
133.14 provisions of chapter 317A and that operates primarily for firefighting purposes; or

133.15 (iii) a fire department operated as or by a joint powers entity that operates primarily
133.16 for firefighting purposes.

133.17 (b) "Relief association" or "volunteer firefighters' relief association" does not mean:

133.18 (1) the Bloomington Fire Department Relief Association governed by ~~section 69.77~~
133.19 sections 31 to 42; Minnesota Statutes 2000, chapter 424; and Laws 1965, chapter 446,
133.20 as amended; or

133.21 (2) the voluntary statewide lump-sum volunteer firefighter retirement plan governed
133.22 by chapter 353G.

133.23 (c) A relief association or volunteer firefighters' relief association is a governmental
133.24 entity that receives and manages public money to provide retirement benefits for individuals
133.25 providing the governmental services of firefighting and emergency first response.

133.26 Sec. 78. Minnesota Statutes 2012, section 424A.02, subdivision 9, is amended to read:

133.27 Subd. 9. **Limitation on ancillary benefits.** A defined benefit relief association,
133.28 including any volunteer firefighters relief association governed by ~~section 69.77~~ sections
133.29 31 to 42 or any volunteer firefighters division of a relief association governed by chapter
133.30 424, may only pay ancillary benefits which would constitute an authorized disbursement
133.31 as specified in section 424A.05 subject to the following requirements or limitations:

133.32 (1) with respect to a defined benefit relief association in which governing bylaws
133.33 provide solely for a lump-sum service pension to a retiring member, or provide a retiring
133.34 member the choice of either a lump-sum service pension or a monthly service pension

134.1 and the lump-sum service pension was chosen, no ancillary benefit may be paid to any
134.2 former member or paid to any person on behalf of any former member after the former
134.3 member (i) terminates active service with the fire department and active membership
134.4 in the relief association; and (ii) commences receipt of a service pension as authorized
134.5 under this section; and

134.6 (2) with respect to any defined benefit relief association, no ancillary benefit paid or
134.7 payable to any member, to any former member, or to any person on behalf of any member
134.8 or former member, may exceed in amount the total earned service pension of the member
134.9 or former member. The total earned service pension must be calculated by multiplying
134.10 the service pension amount specified in the bylaws of the relief association at the time of
134.11 death or disability, whichever applies, by the years of service credited to the member or
134.12 former member. The years of service must be determined as of (i) the date the member or
134.13 former member became entitled to the ancillary benefit; or (ii) the date the member or
134.14 former member died entitling a survivor or the estate of the member or former member to
134.15 an ancillary benefit. The ancillary benefit must be calculated without regard to whether the
134.16 member had attained the minimum amount of service and membership credit specified in
134.17 the governing bylaws. For active members, the amount of a permanent disability benefit
134.18 or a survivor benefit must be equal to the member's total earned service pension except
134.19 that the bylaws of a defined benefit relief association may provide for the payment of a
134.20 survivor benefit in an amount not to exceed five times the yearly service pension amount
134.21 specified in the bylaws on behalf of any member who dies before having performed five
134.22 years of active service in the fire department with which the relief association is affiliated.

134.23 (3)(i) If a lump sum survivor or death benefit is payable under the articles of
134.24 incorporation or bylaws, the benefit must be paid:

134.25 (A) as a survivor benefit to the surviving spouse of the deceased firefighter;

134.26 (B) as a survivor benefit to the surviving children of the deceased firefighter if
134.27 no surviving spouse;

134.28 (C) as a survivor benefit to a designated beneficiary of the deceased firefighter if no
134.29 surviving spouse or surviving children; or

134.30 (D) as a death benefit to the estate of the deceased active or deferred firefighter if no
134.31 surviving children and no beneficiary designated.

134.32 (ii) If there are no surviving children, the surviving spouse may waive, in writing,
134.33 wholly or partially, the spouse's entitlement to a survivor benefit.

134.34 (4)(i) If a monthly benefit survivor or death benefit is payable under the articles of
134.35 incorporation or bylaws, the benefit must be paid:

134.36 (A) as a survivor benefit to the surviving spouse of the deceased firefighter;

135.1 (B) as a survivor benefit to the surviving children of the deceased firefighter if
135.2 no surviving spouse;

135.3 (C) as a survivor benefit to a designated beneficiary of the deceased firefighter if no
135.4 surviving spouse or surviving children; or

135.5 (D) as a death benefit to the estate of the deceased active or deferred firefighter if no
135.6 surviving spouse, no surviving children, and no beneficiary designated.

135.7 (ii) If there are no surviving children, the surviving spouse may waive, in writing,
135.8 wholly or partially, the spouse's entitlement to a survivor benefit.

135.9 (iii) For purposes of this clause, if the relief association bylaws authorize a monthly
135.10 survivor benefit payable to a designated beneficiary, the relief association bylaws may
135.11 limit the total survivor benefit amount payable.

135.12 (5) For purposes of this section, for a monthly benefit volunteer fire relief association
135.13 or for a combination lump-sum and monthly benefit volunteer fire relief association where
135.14 a monthly benefit service pension has been elected by or a monthly benefit is payable with
135.15 respect to a firefighter, a designated beneficiary must be a natural person. For purposes
135.16 of this section, for a lump-sum volunteer fire relief association or for a combination
135.17 lump-sum and monthly benefit volunteer fire relief association where a lump-sum service
135.18 pension has been elected by or a lump-sum benefit is payable with respect to a firefighter,
135.19 a trust created under chapter 501B may be a designated beneficiary. If a trust is payable to
135.20 the surviving children organized under chapter 501B as authorized by this section and
135.21 there is no surviving spouse, the survivor benefit may be paid to the trust, notwithstanding
135.22 a requirement of this section to the contrary.

135.23 Sec. 79. Minnesota Statutes 2012, section 475.52, subdivision 6, is amended to read:

135.24 Subd. 6. **Certain purposes.** Any municipality may issue bonds for paying
135.25 judgments against it; for refunding outstanding bonds; for funding floating indebtedness;
135.26 for funding actuarial liabilities to pay postemployment benefits to employees or officers
135.27 after their termination of service; or for funding all or part of the municipality's current
135.28 and future unfunded liability for a pension or retirement fund or plan referred to in
135.29 section 356.20, subdivision 2, as those liabilities are most recently computed under
135.30 sections 356.215 and 356.216. The board of trustees or directors of a the Bloomington
135.31 Fire Department Relief Association ~~referred to in section 69.77~~ must consent and must
135.32 be a party to any contract made under this section with respect to the fund held by it
135.33 for the benefit of and in trust for its members. For purposes of this section, the term
135.34 "postemployment benefits" means benefits giving rise to a liability under Statement No.
135.35 45 of the Governmental Accounting Standards Board.

136.1 Sec. 80. **REVISOR'S INSTRUCTION.**

136.2 (a) The revisor of statutes shall not show the text of Minnesota Statutes, section
136.3 69.77, and shall add the note in Minnesota Statutes, section 69.77, "CITY OF
136.4 BLOOMINGTON; LOCAL."

136.5 (b) In Minnesota Statutes 2014 and subsequent editions, Minnesota Statutes,
136.6 sections 69.771 to 69.776 must be recodified as Minnesota Statutes, sections 424A.091
136.7 to 424A.096, and all statutory cross-references revised.

136.8 Sec. 81. **REPEALER.**

136.9 (a) Minnesota Statutes 2012, section 353.665, subdivisions 2, 3, 4, 6, 7, 9, and
136.10 10, are repealed.

136.11 (b) Minnesota Statutes 2012, sections 353.667; 353.668; 353.669; and 353.6691, are
136.12 repealed.

136.13 (c) Minnesota Statutes 2012, sections 353A.01; 353A.02; 353A.03; 353A.04;
136.14 353A.05; 353A.06; 353A.07; 353A.08; 353A.081; 353A.083; 353A.09; 353A.10;
136.15 353B.01; 353B.02; 353B.03; 353B.04; 353B.05; 353B.06; 353B.07; 353B.08; 353B.09;
136.16 353B.10; 353B.11; 353B.12; 353B.13; and 353B.14, are repealed.

136.17 (d) Minnesota Statutes 2012, sections 423A.01; 423A.04; 423A.05; 423A.07;
136.18 423A.10; 423A.11; 423A.12; 423A.13; 423A.14; 423A.15; 423A.16; 423A.17; 423A.171;
136.19 423A.18; 423A.19; 423A.20; 423A.21; and 423A.22, are repealed.

136.20 (e) Minnesota Statutes 2012, sections 69.021, subdivision 6; 353.64, subdivision 3;
136.21 and 423A.02, subdivision 1a, are repealed.

136.22 (f) Minnesota Statutes 2012, section 69.77, subdivision 3, is repealed.

136.23 Sec. 82. **EFFECTIVE DATE; PRIOR AID ALLOCATIONS VALIDATED.**

136.24 (a) Sections 70 to 76 are effective June 1, 2013.

136.25 (b) Except as provided in paragraph (c), sections 1 to 69 and 77 to 81 are effective
136.26 July 1, 2013.

136.27 (c) With respect to the city of Minneapolis, section 18 is effective retroactively from
136.28 July 20, 2011, and with respect to the city of Fairmont, section 18 is effective retroactively
136.29 from May 10, 2012.

136.30 (d) Allocations of amortization state aid, supplementary amortization state aid, or
136.31 additional amortization state aid made by the commissioner of revenue before January 1,
136.32 2013, are hereby validated.

137.1 **ARTICLE 6**137.2 **VOLUNTEER FIREFIGHTER RETIREMENT CHANGES**

137.3 Section 1. Minnesota Statutes 2012, section 69.771, subdivision 1, is amended to read:

137.4 Subdivision 1. **Covered relief associations.** The applicable provisions of sections
137.5 69.771 to 69.776 ~~apply to govern any firefighters' relief association other than defined in~~
137.6 section 424A.001, subdivision 4, and do not apply to a relief association enumerated in
137.7 section 69.77, subdivision 1a, which is organized under any laws of this state, which is
137.8 composed of volunteer firefighters or is composed partially of volunteer firefighters and
137.9 partially of salaried firefighters with retirement coverage provided by the public employees
137.10 police and fire fund and which, in either case, operates subject to the service pension
137.11 minimum requirements for entitlement and maximums contained in section 424A.02, or
137.12 subject to a special law modifying those requirements or maximums.

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

137.14 Sec. 2. Minnesota Statutes 2012, section 69.774, subdivision 1, is amended to read:

137.15 Subdivision 1. **Authorized inclusion in fire state aid program; covered nonprofit**
137.16 **corporations.** (a) This section ~~shall apply~~ applies to any independent nonprofit firefighting
137.17 corporation incorporated or organized ~~pursuant to~~ under chapter 317A which: (1) operates
137.18 exclusively for firefighting purposes; (2) which is composed of volunteer firefighters;
137.19 and (3) which has a duly established separate subsidiary incorporated firefighters' relief
137.20 association which provides retirement coverage for or pays a service pension to a retired
137.21 firefighter or a retirement benefit to a surviving dependent of either an active or a retired
137.22 firefighter, and which operates is subject to the service pension minimum requirements
137.23 for entitlement to and maximums for a service pension contained in section 424A.02,
137.24 or a special law modifying those requirements or maximums applicable provisions of
137.25 chapter 424A.

137.26 (b) Notwithstanding any law to the contrary, a municipality contracting with an
137.27 independent nonprofit firefighting corporation ~~shall~~ must be included in the distribution of
137.28 fire state aid to the appropriate county auditor by the state auditor only if the independent
137.29 nonprofit firefighting corporation complies with the provisions of this section.

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

137.31 Sec. 3. Minnesota Statutes 2012, section 353G.05, subdivision 2, is amended to read:

138.1 Subd. 2. **Election of coverage.** (a) The process for electing coverage of volunteer
138.2 firefighters by the retirement plan is initiated by a request to the executive director for a
138.3 cost analysis of the prospective retirement coverage.

138.4 (b) If the volunteer firefighters are currently covered by a volunteer firefighters' relief
138.5 association governed by chapter 424A, the cost analysis of the prospective retirement
138.6 coverage must be requested jointly by the secretary of the volunteer firefighters' relief
138.7 association, following approval of the request by the board of the volunteer firefighters'
138.8 relief association, and the chief administrative officer of the entity associated with the relief
138.9 association, following approval of the request by the governing body of the entity associated
138.10 with the relief association. If the relief association is associated with more than one entity,
138.11 the chief administrative officer of each associated entity must execute the request. If
138.12 the volunteer firefighters are not currently covered by a volunteer firefighters' relief
138.13 association, the cost analysis of the prospective retirement coverage must be requested by
138.14 the chief administrative officer of the entity operating the fire department. The request
138.15 must be made in writing and must be made on a form prescribed by the executive director.

138.16 (c) The cost analysis of the prospective retirement coverage by the statewide
138.17 retirement plan must be based on the service pension amount under section 353G.11
138.18 closest to the service pension amount provided by the volunteer firefighters' relief
138.19 association if the relief association is a lump-sum defined benefit plan, or the amount equal
138.20 to 95 percent of the most current average account balance per relief association member if
138.21 the relief association is a defined contribution plan, or to the lowest service pension amount
138.22 under section 353G.11 if there is no volunteer firefighters' relief association, rounded up,
138.23 and any other service pension amount designated by the requester or requesters. The cost
138.24 analysis must be prepared using a mathematical procedure certified as accurate by an
138.25 approved actuary retained by the Public Employees Retirement Association.

138.26 (d) If a cost analysis is requested and a volunteer firefighters' relief association exists
138.27 that has filed the information required under section 69.051 in a timely fashion, upon
138.28 request by the executive director, the state auditor shall provide the most recent data
138.29 available on the financial condition of the volunteer firefighters' relief association, the most
138.30 recent firefighter demographic data available, and a copy of the current relief association
138.31 bylaws. If a cost analysis is requested, but no volunteer firefighters' relief association
138.32 exists, the chief administrative officer of the entity operating the fire department shall
138.33 provide the demographic information on the volunteer firefighters serving as members
138.34 of the fire department requested by the executive director.

138.35 (e) If a cost analysis is requested, the executive director of the State Board of
138.36 Investment shall review the investment portfolio of the relief association, if applicable,

139.1 for compliance with the applicable provisions of chapter 11A and for appropriateness
 139.2 for retention under the established investment objectives and investment policies of the
 139.3 State Board of Investment. If the prospective retirement coverage change is approved
 139.4 under paragraph (f), the State Board of Investment may require that the relief association
 139.5 liquidate any investment security or other asset which the executive director of the State
 139.6 Board of Investment has determined to be an ineligible or inappropriate investment for
 139.7 retention by the State Board of Investment. The security or asset liquidation must occur
 139.8 before the effective date of the transfer of retirement plan coverage. If requested to do so by
 139.9 the chief administrative officer of the relief association, the executive director of the State
 139.10 Board of Investment shall provide advice about the best means to conduct the liquidation.

139.11 (f) Upon receipt of the cost analysis, the governing body of the municipality or
 139.12 independent nonprofit firefighting corporation associated with the fire department shall
 139.13 either approve or disapprove the retirement coverage change within ~~90~~ 120 days. If the
 139.14 retirement coverage change is not acted upon within ~~90~~ 120 days, it is deemed to be
 139.15 disapproved. If the retirement coverage change is approved by the applicable governing
 139.16 body, coverage by the voluntary statewide lump-sum volunteer firefighter retirement plan
 139.17 is effective on the next following January 1.

139.18 **EFFECTIVE DATE.** This section is effective July 1, 2013.

139.19 Sec. 4. Minnesota Statutes 2012, section 424A.001, is amended by adding a
 139.20 subdivision to read:

139.21 Subd. 11. **Fiscal year.** The fiscal year for a volunteer firefighter relief association
 139.22 begins on January 1 of each calendar year and ends on December 31 of the same calendar
 139.23 year.

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

139.25 Sec. 5. Minnesota Statutes 2012, section 424A.01, subdivision 6, is amended to read:

139.26 Subd. 6. **Return to active firefighting after break in service.** (a) The requirements
 139.27 of This section apply subdivision applies to all breaks in service, except breaks in that the
 139.28 resumption service ~~mandated by~~ requirements of this subdivision do not apply to leaves
 139.29 of absence made available by federal ~~or~~ statute, such as the Family Medical Leave Act,
 139.30 United States Code, title 29, section 2691, and the Uniformed Services Employment and
 139.31 Reemployment Rights Act, United States Code, title 38, section 4301, and do not apply
 139.32 to leaves of absence made available by state law ~~statute~~, such as the Parental Leave Act,
 139.33 section 181.941; the Leave for Organ Donations Act, section 181.9456; the Leave for

140.1 Civil Air Patrol Service Act, section 181.946; the Leave for Immediate Family Members
140.2 of Military Personnel Injured or Killed in Active Service Act, section 181.947; or the
140.3 Protection of Jurors' Employment Act, section 593.50.

140.4 (b)(1) If a firefighter who has ceased to perform or supervise fire suppression and
140.5 fire prevention duties for at least 60 days resumes performing active firefighting with the
140.6 fire department associated with the relief association, if the bylaws of the relief association
140.7 so permit, the firefighter may again become an active member of the relief association. A
140.8 firefighter who returns to active service and membership is subject to the service pension
140.9 calculation requirements under this section.

140.10 (2) A firefighter who has been granted an approved leave of absence not exceeding
140.11 one year by the fire department or by the relief association is exempt from the minimum
140.12 period of resumption service requirement of this section.

140.13 (3) A person who has a break in service not exceeding one year but has not been
140.14 granted an approved leave of absence and who has not received a service pension or
140.15 disability benefit may be made exempt from the minimum period of resumption service
140.16 requirement of this section by the relief association bylaws.

140.17 (4) If the bylaws so provide, a firefighter who returns to active relief association
140.18 membership under this paragraph may continue to collect a monthly service pension,
140.19 notwithstanding the service pension eligibility requirements under chapter 424A.

140.20 (c) If a former firefighter who has received a service pension or disability benefit
140.21 returns to active relief association membership under paragraph (b), the firefighter may
140.22 qualify for the receipt of a service pension from the relief association for the resumption
140.23 service period if the firefighter meets the service requirements of section 424A.016,
140.24 subdivision 3, or 424A.02, subdivision 2. No firefighter may be paid a service pension
140.25 more than once for the same period of service.

140.26 (d) If a former firefighter who has not received a service pension or disability benefit
140.27 returns to active relief association membership under paragraph (b), the firefighter may
140.28 qualify for the receipt of a service pension from the relief association for the original and
140.29 resumption service periods if the firefighter meets the service requirements of section
140.30 424A.016, subdivision 3, or 424A.02, subdivision 2, based on the original and resumption
140.31 years of service credit.

140.32 (e) A firefighter who returns to active lump-sum relief association membership under
140.33 paragraph (b) and who qualifies for a service pension under paragraph (c) must have,
140.34 upon a subsequent cessation of duties, any service pension for the resumption service
140.35 period calculated as a separate benefit. If a lump-sum service pension had been paid to the
140.36 firefighter upon the firefighter's previous cessation of duties, a second lump-sum service

141.1 pension for the resumption service period must be calculated by applying the service
141.2 pension amount in effect on the date of the firefighter's termination of the resumption
141.3 service for all years of the resumption service.

141.4 (f) A firefighter who had not been paid a lump-sum service pension returns to active
141.5 relief association membership under paragraph (b), who did not meet the minimum period
141.6 of resumption service requirement specified in the relief association's bylaws, but who
141.7 does meet the minimum service requirement of section 424A.02, subdivision 2, based
141.8 on the firefighter's original and resumption years of active service, must have, upon a
141.9 subsequent cessation of duties, a service pension for the original and resumption service
141.10 periods calculated by applying the service pension amount in effect on the date of the
141.11 firefighter's termination of the resumption service, or, if the bylaws so provide, based on
141.12 the service pension amount in effect on the date of the firefighter's previous cessation
141.13 of duties. The service pension for a firefighter who returns to active lump-sum relief
141.14 association membership under this paragraph, but who had met the minimum period
141.15 of resumption service requirement specified in the relief association's bylaws, must be
141.16 calculated by applying the service pension amount in effect on the date of the firefighter's
141.17 termination of the resumption service.

141.18 (g) If a firefighter receiving a monthly benefit service pension returns to active
141.19 monthly benefit relief association membership under paragraph (b), and if the relief
141.20 association bylaws do not allow for the firefighter to continue collecting a monthly service
141.21 pension, any monthly benefit service pension payable to the firefighter is suspended as
141.22 of the first day of the month next following the date on which the firefighter returns to
141.23 active membership. If the firefighter was receiving a monthly benefit service pension,
141.24 and qualifies for a service pension under paragraph (c), the firefighter is entitled to
141.25 an additional monthly benefit service pension upon a subsequent cessation of duties
141.26 calculated based on the resumption service credit and the service pension accrual amount
141.27 in effect on the date of the termination of the resumption service. A suspended initial
141.28 service pension resumes as of the first of the month next following the termination of the
141.29 resumption service. If the firefighter was not receiving a monthly benefit service pension
141.30 and meets the minimum service requirement of section 424A.02, subdivision 2, a service
141.31 pension must be calculated by applying the service pension amount in effect on the date of
141.32 the firefighter's termination of the resumption service for all years of service credit.

141.33 (h) A firefighter who was not receiving a monthly benefit service pension returns to
141.34 active relief association membership under paragraph (b), who did not meet the minimum
141.35 period of resumption service requirement specified in the relief association's bylaws, but
141.36 who does meet the minimum service requirement of section 424A.02, subdivision 2,

142.1 based on the firefighter's original and resumption years of active service, must have,
142.2 upon a subsequent cessation of duties, a service pension for the original and resumption
142.3 service periods calculated by applying the service pension amount in effect on the date of
142.4 the firefighter's termination of the resumption service, or, if the bylaws so provide, based
142.5 on the service pension amount in effect on the date of the firefighter's previous cessation
142.6 of duties. The service pension for a firefighter who returns to active relief association
142.7 membership under this paragraph, but who had met the minimum period of resumption
142.8 service requirement specified in the relief association's bylaws, must be calculated by
142.9 applying the service pension amount in effect on the date of the firefighter's termination of
142.10 the resumption service.

142.11 (i) For defined contribution plans, a firefighter who returns to active relief
142.12 association membership under paragraph (b) and who qualifies for a service pension
142.13 under paragraph (c) or (d) must have, upon a subsequent cessation of duties, any service
142.14 pension for the resumption service period calculated as a separate benefit. If a service
142.15 pension had been paid to the firefighter upon the firefighter's previous cessation of duties,
142.16 and if the firefighter meets the minimum service requirement of section 424A.016,
142.17 subdivision 3, based on the resumption years of service, a second service pension for
142.18 the resumption service period must be calculated to include allocations credited to the
142.19 firefighter's individual account during the resumption period of service and deductions
142.20 for administrative expenses, if applicable.

142.21 (j) For defined contribution plans, if a firefighter who had not been paid a service
142.22 pension returns to active relief association membership under paragraph (b), and who
142.23 meets the minimum service requirement of section 424A.016, subdivision 3, based on
142.24 the firefighter's original and resumption years of service, must have, upon a subsequent
142.25 cessation of duties, a service pension for the original and resumption service periods
142.26 calculated to include allocations credited to the firefighter's individual account during
142.27 the original and resumption period periods of service and deductions for administrative
142.28 expenses, if applicable, less any amounts previously forfeited under section 424A.016,
142.29 subdivision 4.

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

142.31 Sec. 6. Minnesota Statutes 2012, section 424A.015, subdivision 1, is amended to read:

142.32 Subdivision 1. **Separation from active service; exception.** (a) No service pension
142.33 is payable to a person while the person remains an active member of the respective fire
142.34 department, and a person who is receiving a service pension is not entitled to receive any
142.35 other benefits from the special fund of the relief association.

143.1 (b) No relief association as defined in section 424A.001, subdivision 4, may pay a
143.2 service pension or disability benefit to a former member of the relief association if that
143.3 person has not separated from active service with the fire department to which the relief
143.4 association is directly associated, unless:

143.5 (1) the person ~~is employed subsequent to retirement by~~ discontinues volunteer
143.6 firefighter duties with the municipality or the independent nonprofit firefighting
143.7 corporation, whichever applies, to perform and performs duties within the municipal fire
143.8 department or corporation on a full-time basis;

143.9 (2) the governing body of the municipality or of the corporation has filed its
143.10 determination with the board of trustees of the relief association that the person's
143.11 experience with and service to the fire department in that person's full-time capacity
143.12 would be difficult to replace; and

143.13 (3) the bylaws of the relief association were amended to provide for the payment of
143.14 a service pension or disability benefit for such full-time employees.

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

143.16 Sec. 7. Minnesota Statutes 2012, section 424A.015, subdivision 4, is amended to read:

143.17 Subd. 4. **Transfer to individual retirement account.** A relief association that is a
143.18 qualified pension plan under section 401(a) of the Internal Revenue Code, as amended,
143.19 and that provides a single payment service pension, at the written request of the applicable
143.20 retiring member or, following the death of the active member, at the written request of the
143.21 deceased member's surviving spouse, may directly transfer on an institution-to-institution
143.22 basis the eligible member's lump-sum pension or the ~~death or~~ survivor benefit attributable
143.23 to the member, whichever applies, to the requesting person's individual retirement account
143.24 under section 408(a) of the Internal Revenue Code, as amended.

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

143.26 Sec. 8. Minnesota Statutes 2012, section 424A.016, subdivision 6, is amended to read:

143.27 Subd. 6. **Deferred service pensions.** (a) A member of a relief association is entitled
143.28 to a deferred service pension if the member:

143.29 (1) ~~has completed the lesser of the minimum period of active service with the fire~~
143.30 ~~department specified in the bylaws or 20 years of active service with the fire department;~~

143.31 (2) ~~has completed at least five years of active membership in the relief association; and~~

143.32 (3) separates from active service and membership and has completed the minimum
143.33 service and membership requirements in subdivision 2. The requirement that a member

144.1 separate from active service and membership is waived for persons who have discontinued
144.2 their volunteer firefighter duties and who are employed on a full-time basis under section
144.3 424A.015, subdivision 1.

144.4 (b) The deferred service pension is payable when the former member reaches at
144.5 least age 50, or at least the minimum age specified in the bylaws governing the relief
144.6 association if that age is greater than age 50, and when the former member makes a valid
144.7 written application.

144.8 (c) A defined contribution relief association may, if its governing bylaws so provide,
144.9 credit interest or additional investment performance on the deferred lump-sum service
144.10 pension during the period of deferral. If provided for in the bylaws, the interest must be
144.11 paid:

144.12 (1) at the investment performance rate actually earned on that portion of the assets
144.13 if the deferred benefit amount is invested by the relief association in a separate account
144.14 established and maintained by the relief association;

144.15 (2) at the investment performance rate actually earned on that portion of the assets
144.16 if the deferred benefit amount is invested in a separate investment vehicle held by the
144.17 relief association; or

144.18 (3) at the investment return on the assets of the special fund of the defined contribution
144.19 volunteer firefighter relief association in proportion to the share of the assets of the special
144.20 fund to the credit of each individual deferred member account through the accounting date
144.21 on which the investment return is recognized by and credited to the special fund.

144.22 (d) Unless the bylaws of a relief association that has elected to pay interest or
144.23 additional investment performance on deferred lump-sum service pensions under
144.24 paragraph (c) specifies a different interest or additional investment performance method,
144.25 including the interest or additional investment performance period starting date and ending
144.26 date, the interest or additional investment performance on a deferred service pension
144.27 is creditable as follows:

144.28 (1) for a relief association that has elected to pay interest or additional investment
144.29 performance under paragraph (c), clause (1) or (3), beginning on the date that the
144.30 member separates from active service and membership and ending on the accounting
144.31 date immediately before the deferred member commences receipt of the deferred service
144.32 pension; or

144.33 (2) for a relief association that has elected to pay interest or additional investment
144.34 performance under paragraph (c), clause (2), beginning on the date that the member
144.35 separates from active service and membership and ending on the date that the separate

145.1 investment vehicle is valued immediately before the date on which the deferred member
145.2 commences receipt of the deferred service pension.

145.3 (e) The deferred service pension is governed by and must be calculated under
145.4 the general statute, special law, relief association articles of incorporation, and relief
145.5 association bylaw provisions applicable on the date on which the member separated from
145.6 active service with the fire department and active membership in the relief association.

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

145.8 Sec. 9. Minnesota Statutes 2012, section 424A.02, subdivision 7, is amended to read:

145.9 Subd. 7. **Deferred service pensions.** (a) A member of a defined benefit relief
145.10 association is entitled to a deferred service pension if the member:

145.11 ~~(1) has completed the lesser of either the minimum period of active service with the~~
145.12 ~~fire department specified in the bylaws or 20 years of active service with the fire department;~~

145.13 ~~(2) has completed at least five years of active membership in the relief association; and~~

145.14 ~~(3) separates from active service and membership and has completed the minimum~~
145.15 ~~service and membership requirements in subdivision 1.~~ The requirement that a member

145.16 separate from active service and membership is waived for persons who have discontinued
145.17 their volunteer firefighter duties and who are employed on a full-time basis under section
145.18 424A.015, subdivision 1.

145.19 (b) The deferred service pension is payable when the former member reaches at
145.20 least age 50, or at least the minimum age specified in the bylaws governing the relief
145.21 association if that age is greater than age 50, and when the former member makes a valid
145.22 written application.

145.23 (c) A defined benefit relief association that provides a lump-sum service pension
145.24 governed by subdivision 3 may, when its governing bylaws so provide, pay interest on the
145.25 deferred lump-sum service pension during the period of deferral. If provided for in the
145.26 bylaws, interest must be paid in one of the following manners:

145.27 (1) at the investment performance rate actually earned on that portion of the assets
145.28 if the deferred benefit amount is invested by the relief association in a separate account
145.29 established and maintained by the relief association;

145.30 (2) at the investment performance rate actually earned on that portion of the assets
145.31 if the deferred benefit amount is invested in a separate investment vehicle held by the
145.32 relief association; or

145.33 (3) at an interest rate of up to five percent, compounded annually, as set by the board
145.34 of ~~directors and approved as provided in subdivision 10~~ trustees.

146.1 (d) Any change in the interest rate set by the board of directors under paragraph (c),
146.2 clause (3), must be ratified by the governing body of the municipality served by the fire
146.3 department to which the relief association is directly associated, or by the independent
146.4 nonprofit firefighting corporation, as applicable.

146.5 ~~(d)~~ (e) Interest under paragraph (c), clause (3), is payable beginning on the January
146.6 1 next following the date on which the municipality has approved the deferred service
146.7 pension interest rate established as set by the board of trustees was ratified by the governing
146.8 body of the municipality served by the fire department to which the relief association is
146.9 directly associated, or by the independent nonprofit firefighting corporation, as applicable.

146.10 ~~(e)~~ (f) Unless the bylaws of a relief association that has elected to pay interest
146.11 or additional investment performance on deferred lump-sum service pensions under
146.12 paragraph (c) specifies a different interest or additional investment performance method,
146.13 including the interest or additional investment performance period starting date and ending
146.14 date, the interest or additional investment performance on a deferred service pension
146.15 is creditable as follows:

146.16 (1) for a relief association that has elected to pay interest or additional investment
146.17 performance under paragraph (c), clause (1) or (3), beginning on the first day of the
146.18 month next following the date that on which the member separates from active service
146.19 and membership and ending on the ~~accounting date~~ last day of the month immediately
146.20 before the month in which the deferred member commences receipt of the deferred
146.21 service pension; or

146.22 (2) for a relief association that has elected to pay interest or additional investment
146.23 performance under paragraph (c), clause (2), beginning on the date that the member
146.24 separates from active service and membership and ending on the date that the separate
146.25 investment vehicle is valued immediately before the date on which the deferred member
146.26 commences receipt of the deferred service pension.

146.27 ~~(f)~~ (g) For a deferred service pension that is transferred to a separate account
146.28 established and maintained by the relief association or separate investment vehicle held
146.29 by the relief association, the deferred member bears the full investment risk subsequent
146.30 to transfer and in calculating the accrued liability of the volunteer firefighters relief
146.31 association that pays a lump-sum service pension, the accrued liability for deferred service
146.32 pensions is equal to the separate relief association account balance or the fair market value
146.33 of the separate investment vehicle held by the relief association.

146.34 ~~(g)~~ (h) The deferred service pension is governed by and must be calculated under
146.35 the general statute, special law, relief association articles of incorporation, and relief

147.1 association bylaw provisions applicable on the date on which the member separated from
147.2 active service with the fire department and active membership in the relief association.

147.3 **EFFECTIVE DATE.** This section is effective January 1, 2014, with respect to the
147.4 amendments to paragraphs (c), (d), and (e), and is effective retroactively from January
147.5 1, 2013, with respect to the amendments to paragraph (f).

147.6 Sec. 10. Minnesota Statutes 2012, section 424A.10, subdivision 1, is amended to read:

147.7 Subdivision 1. **Definitions.** For purposes of this section:

147.8 (1) "qualified recipient" means an individual who receives a lump-sum distribution
147.9 of pension or retirement benefits from a volunteer firefighters' relief association or from
147.10 the voluntary statewide lump-sum volunteer firefighter retirement plan for service that the
147.11 individual has performed as a volunteer firefighter;

147.12 (2) "survivor of a deceased active or deferred volunteer firefighter" means the
147.13 surviving spouse of a deceased active or deferred volunteer firefighter ~~under section~~
147.14 ~~424A.001, subdivision 6,~~ or, if none, the surviving child or children of a deceased active
147.15 or deferred volunteer firefighter;

147.16 (3) "active volunteer firefighter" means a person who regularly renders fire
147.17 suppression service for a municipal fire department or an independent nonprofit firefighting
147.18 corporation, who has met the statutory and other requirements for relief association
147.19 membership, and who is deemed by the relief association under law and its bylaws to be a
147.20 fully qualified member of the relief association or from the voluntary statewide lump-sum
147.21 volunteer firefighter retirement plan for at least one month; and

147.22 (4) "deferred volunteer firefighter" means a former active volunteer firefighter who
147.23 terminated active firefighting service, has sufficient service credit from the applicable relief
147.24 association or from the voluntary statewide lump-sum volunteer firefighter retirement plan
147.25 to be entitled to a service pension under the bylaws of the relief association, but has not
147.26 applied for or has not received the service pension.

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

147.28 Sec. 11. Minnesota Statutes 2012, section 424A.10, subdivision 2, is amended to read:

147.29 Subd. 2. **Payment of supplemental benefit.** (a) Upon the payment by a volunteer
147.30 firefighters' relief association or by the voluntary statewide lump-sum volunteer firefighter
147.31 retirement plan of a lump-sum distribution to a qualified recipient, the association must
147.32 pay a supplemental benefit to the qualified recipient. Notwithstanding any law to the
147.33 contrary, the relief association must pay the supplemental benefit out of its special fund

148.1 and the voluntary statewide lump-sum volunteer firefighter retirement plan must pay
148.2 the supplemental benefit out of the voluntary statewide lump-sum volunteer firefighter
148.3 retirement plan. This benefit is an amount equal to ten percent of the regular lump-sum
148.4 distribution that is paid on the basis of the recipient's service as a volunteer firefighter.
148.5 In no case may the amount of the supplemental benefit exceed \$1,000. A supplemental
148.6 benefit under this paragraph may not be paid to a survivor of a deceased active or deferred
148.7 volunteer firefighter in that capacity.

148.8 (b) Upon the payment by a relief association or the retirement plan of a lump-sum
148.9 survivor benefit to a survivor of a deceased active volunteer firefighter or of a deceased
148.10 deferred volunteer firefighter, the association ~~may~~ must pay a supplemental survivor
148.11 benefit to the survivor of the deceased active or deferred volunteer firefighter from the
148.12 special fund of the relief association ~~if its articles of incorporation or bylaws so provide~~
148.13 and the retirement plan ~~may~~ must pay a supplemental survivor benefit to the survivor of
148.14 the deceased active or deferred volunteer firefighter from the retirement fund if chapter
148.15 353G so provides. The amount of the supplemental survivor benefit is 20 percent of the
148.16 survivor benefit, but not to exceed \$2,000.

148.17 (c) An individual may receive a supplemental benefit under paragraph (a) or under
148.18 paragraph (b), but not under both paragraphs with respect to one lump-sum volunteer
148.19 firefighter benefit.

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

148.21 Sec. 12. **WHITE BEAR LAKE VOLUNTEER FIRE DEPARTMENT RELIEF**
148.22 **ASSOCIATION; RETIREE DEATH BENEFIT.**

148.23 Notwithstanding any provision of Minnesota Statutes, section 424A.05, subdivision
148.24 3, clause (4), to the contrary, the White Bear Lake Volunteer Fire Department Relief
148.25 Association may provide, if its bylaws so provide, for the payment of a \$2,000 lump sum
148.26 death benefit from the special fund of the relief association to the estate of a person who
148.27 was a member of the relief association, who rendered at least 20 years of firefighting
148.28 service in the fire department and membership in the relief association, who retired
148.29 before January 1, 2009, who received a monthly benefit service pension from the relief
148.30 association for the month in which this section became effective, and who died after the
148.31 effective date of the bylaw amendment that implements the authority under this section.

148.32 **EFFECTIVE DATE.** This section is effective the day after the governing body of
148.33 the city of White Bear Lake and its chief clerical officer timely complete their compliance
148.34 with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

149.1 Sec. 13. **REPEALER.**149.2 Minnesota Statutes 2012, section 424A.10, subdivision 5, is repealed.149.3 **EFFECTIVE DATE.** This section is effective the day following final enactment.149.4 **ARTICLE 7**149.5 **ONE PERSON AND SMALL GROUP RETIREMENT CHANGES**

149.6 Section 1. Minnesota Statutes 2012, section 352.01, subdivision 2a, is amended to read:

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

149.8 (1) employees of the Minnesota Historical Society;

149.9 (2) employees of the State Horticultural Society;

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

149.11 (4) employees of the adjutant general whose salaries are paid from federal funds and
149.12 who are not covered by any federal civilian employees retirement system;149.13 (5) employees of the Minnesota State Colleges and Universities who are employed
149.14 under the university or college activities program;149.15 (6) currently contributing employees covered by the system who are temporarily
149.16 employed by the legislature during a legislative session or any currently contributing
149.17 employee employed for any special service as defined in subdivision 2b, clause (8);149.18 (7) employees of the legislature who are appointed without a limit on the duration
149.19 of their employment and persons employed or designated by the legislature or by a
149.20 legislative committee or commission or other competent authority to conduct a special
149.21 inquiry, investigation, examination, or installation;149.22 (8) trainees who are employed on a full-time established training program
149.23 performing the duties of the classified position for which they will be eligible to receive
149.24 immediate appointment at the completion of the training period;

149.25 (9) employees of the Minnesota Safety Council;

149.26 (10) any employees who are on authorized leave of absence from the Transit
149.27 Operating Division of the former Metropolitan Transit Commission and who are employed
149.28 by the labor organization which is the exclusive bargaining agent representing employees
149.29 of the Transit Operating Division;149.30 (11) employees of the Metropolitan Council, Metropolitan Parks and Open Space
149.31 Commission, Metropolitan Sports Facilities Commission, or Metropolitan Mosquito
149.32 Control Commission unless excluded under subdivision 2b or are covered by another
149.33 public pension fund or plan under section 473.415, subdivision 3;

149.34 (12) judges of the Tax Court;

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

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

150.8 (15) persons who are employed by the Department of Commerce as a peace officer
150.9 in the Insurance Fraud Prevention Division under section 45.0135 who have attained the
150.10 mandatory retirement age specified in section 43A.34, subdivision 4;

150.11 (16) employees of the University of Minnesota unless excluded under subdivision
150.12 2b, clause (3);

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

150.15 (18) employees of the Minnesota Government Engineers Council to whom section
150.16 352.029 does not apply; ~~and~~

150.17 (19) employees of the Minnesota Sports Facilities Authority; and

150.18 (20) employees of the Minnesota Association of Professional Employees.

150.19 (b) Employees specified in paragraph (a), clause (13), are included employees under
150.20 paragraph (a) if employer and employee contributions are made in a timely manner in the
150.21 amounts required by section 352.04. Employee contributions must be deducted from
150.22 salary. Employer contributions are the sole obligation of the employer assuming operation
150.23 of the University of Minnesota heating plant facilities or any successor organizations to
150.24 that employer.

150.25 **EFFECTIVE DATE.** (a) This section is effective July 1, 2013.

150.26 (b) The membership inclusion under paragraph (a), clause (20), does not apply to
150.27 a person who is receiving an age and service retirement annuity from the general state
150.28 employees retirement plan of the Minnesota State Retirement System on June 30, 2013.

150.29 Sec. 2. Minnesota Statutes 2012, section 352.029, subdivision 1, is amended to read:

150.30 Subdivision 1. **Qualifications.** Unless already specifically included under section
150.31 352.01, subdivision 2a, or unless specifically excluded under section 352.01, subdivision
150.32 2b, a state employee on leave of absence without pay to provide service as an employee
150.33 or officer of a labor organization that is an exclusive bargaining agent representing state
150.34 employees may elect under subdivision 2 to be covered by the general state employees

151.1 retirement plan of the Minnesota State Retirement System for service with the labor
151.2 organization, subject to the limitations set forth in subdivisions 2a and 2b.

151.3 **EFFECTIVE DATE.** This section is effective July 1, 2013.

151.4 Sec. 3. Minnesota Statutes 2012, section 352.029, subdivision 2a, is amended to read:

151.5 Subd. 2a. **Limitations on salary for benefits and contributions.** (a) The covered
151.6 salary for a labor organization employee who is a member under section 352.01,
151.7 subdivision 2a, paragraph (a), or who qualifies for membership under this section or
151.8 section 352.75 is limited to the lesser of:

151.9 (1) the employee's actual salary as defined under section 352.01, subdivision 13; or

151.10 (2) 75 percent of the salary of the governor as set under section 15A.082.

151.11 (b) The limited covered salary determined under this subdivision must be used in
151.12 determining employee, employer, and employer additional contributions under section
151.13 352.04, subdivisions 2 and 3, and in determining retirement annuities and other benefits
151.14 under this chapter and chapter 356.

151.15 **EFFECTIVE DATE.** This section is effective July 1, 2013.

151.16 Sec. 4. Minnesota Statutes 2012, section 352.029, subdivision 2b, is amended to read:

151.17 Subd. 2b. **Earning restrictions apply.** A retirement annuity is only payable, if the
151.18 person has met any other applicable requirements, upon the termination of employment by
151.19 the labor organization by the person who is a member under section 352.01, subdivision
151.20 2a, paragraph (a), or who elected coverage under subdivision 1 ~~of employment by the~~
151.21 ~~labor organization.~~ The reemployed annuitant earnings limitation set forth in section
151.22 352.115, subdivision 10, applies in the event that the person who is a member under
151.23 section 352.01, subdivision 2a, paragraph (a), or who elected coverage under subdivision
151.24 1 retires and is subsequently reemployed while an annuitant by the labor organization or
151.25 by any other entity employing persons who are covered by the Minnesota State Retirement
151.26 System by virtue of that employment.

151.27 **EFFECTIVE DATE.** This section is effective July 1, 2013.

151.28 Sec. 5. Minnesota Statutes 2012, section 352.029, subdivision 3, is amended to read:

151.29 Subd. 3. **Contributions.** The employee and employer contributions required
151.30 by section 352.04, or by section 352.92 for employees covered by section 352.91, are
151.31 the obligation of the employee who is a member under section 352.01, subdivision 2a,
151.32 paragraph (a), or who chooses coverage under this section. However, the employing

152.1 labor organization may pay the employer contributions. Contributions made by the
152.2 employee must be made by salary deduction. The employing labor organization shall
152.3 pay all contributions to the system as required by section 352.04, or by section 352.92
152.4 for employees covered by section 352.91.

152.5 **EFFECTIVE DATE.** This section is effective July 1, 2013.

152.6 Sec. 6. Minnesota Statutes 2012, section 352.029, subdivision 5, is amended to read:

152.7 Subd. 5. **Board membership excluded.** Employees of a labor organization who
152.8 become members of the system under section 352.01, subdivision 2a, paragraph (a), or
152.9 under this section are not eligible for election to the board of directors.

152.10 **EFFECTIVE DATE.** This section is effective July 1, 2013.

152.11 Sec. 7. **[356.408] TERMINATION OF SURVIVOR DESIGNATION.**

152.12 Subdivision 1. **Authorization to terminate optional annuity form.** A public
152.13 pension plan retired member receiving a joint and survivor retirement annuity or a person
152.14 receiving a joint and survivor disability benefit from a plan listed in section 356.30,
152.15 subdivision 3, and the designated survivor of that person may mutually agree to terminate
152.16 the survivor designation by filing a termination statement on a form and in the manner
152.17 specified by the chief administrative officer of the applicable public pension plan. Upon
152.18 filing a valid termination statement accepted by the chief administrative officer, the rights
152.19 of the designated survivor to receive a benefit upon death of the plan retired or disabled
152.20 annuitant are terminated, and the retired or disabled annuitant must receive a normal
152.21 single-life annuity.

152.22 Subd. 2. **Revised annuity form.** The replacement single life annuity must be
152.23 actuarially equivalent to the joint and survivor annuity as of the first day of the month
152.24 following acceptance of the valid termination statement by the chief administrative officer
152.25 and payment of this revised prospective annuity begins on that same date.

152.26 Subd. 3. **Application.** This section does not apply if the designated survivor is the
152.27 spouse or former spouse of the plan member.

152.28 Subd. 4. **Termination statement form requirements.** The annuity form
152.29 termination statements must be in written form and must be notarized. Before accepting
152.30 any signed form or forms, the chief administrative officer of the applicable pension plan
152.31 must offer counseling to the retired or disabled annuitant and the designated survivor
152.32 regarding the implications of the annuity form waiver. The forms must indicate that this

153.1 counseling has been offered and either has been completed or has been waived by the
 153.2 retired or disabled annuitant and the designated survivor.

153.3 Subd. 5. **Prohibition against further annuity form revisions.** No retired or
 153.4 disabled annuitant who waives the annuity form under this section may further revise
 153.5 the annuity form at any later date.

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

153.7 Sec. 8. Minnesota Statutes 2012, section 356.48, subdivision 1, is amended to read:

153.8 Subdivision 1. **Covered plans.** This section applies to the following retirement plans:

153.9 (1) the general state employees retirement plan of the Minnesota State Retirement
 153.10 System established under chapter 352;

153.11 (2) the correctional state employees retirement plan of the Minnesota State
 153.12 Retirement System established under chapter 352;

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

153.14 (4) the unclassified state employees retirement program of the Minnesota State
 153.15 Retirement System established under chapter 352D;

153.16 (5) the general employee retirement plan of the Public Employees Retirement
 153.17 Association established under chapter 353;

153.18 (6) the public employees police and fire retirement plan established under chapter 353;

153.19 (7) the local government correctional employees retirement plan of the Public
 153.20 Employees Retirement Association established under chapter 353E;

153.21 (8) the Teachers Retirement Association established under chapter 354; ~~and~~

153.22 (9) the St. Paul Teachers Retirement Fund Association established under chapter
 153.23 354A; and

153.24 ~~(9)~~ (10) the uniform judicial retirement plan established under chapter 490.

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

153.26 Sec. 9. **MSRS-GENERAL RETIREMENT ELIGIBILITY CLARIFICATION;**
 153.27 **SERVICE CREDIT PURCHASE IN CERTAIN INSTANCES.**

153.28 (a) An eligible person described in paragraph (b) is entitled to purchase prior
 153.29 uncredited service credit under paragraph (c) and, if the service credit purchase is made, to
 153.30 have the effective start date for active retirement plan membership of June 30, 1989, and
 153.31 to retire under Minnesota Statutes, section 352.116, subdivision 1.

153.32 (b) An eligible person is a person who:

153.33 (1) was born on July 17, 1964;

154.1 (2) was initially employed by the state of Minnesota as a temporary status laborer
154.2 general on June 19, 1989;

154.3 (3) became a seasonal status laborer general on August 30, 1989;

154.4 (4) became an unlimited status laborer general on December 12, 1990;

154.5 (5) has received annual statements from the Minnesota State Retirement System
154.6 indicating eligibility for a retirement benefit under Minnesota Statutes, section 352.116,
154.7 subdivision 1, paragraph (b), as of September 1, 2012, including the June 30, 2012, annual
154.8 statement;

154.9 (6) attended a Minnesota State Retirement System preretirement class in March
154.10 2012 and was individually informed by a Minnesota State Retirement System employee of
154.11 the person's retirement eligibility under Minnesota Statutes, section 352.116, subdivision
154.12 1, paragraph (b); and

154.13 (7) received a letter from the Minnesota State Retirement System on August 16,
154.14 2012, revising the start date for general state employees retirement plan allowable
154.15 service credit from June 19, 1989, to September 27, 1989, and indicating consequent
154.16 inapplicability of Minnesota Statutes, section 352.116, subdivision 1.

154.17 (c) An eligible person may purchase allowable service credit in the general state
154.18 employees retirement plan of the Minnesota State Retirement System for the period June
154.19 30, 1989, by paying an amount equal to 7.63 percent of salary earned after June 18, 1989,
154.20 to June 30, 1989, and to 8.85 percent of salary earned after June 30, 1989, to September 27,
154.21 1989, plus 8.5 percent compound interest on the total equivalent employee and employer
154.22 contribution amounts from the date on which the contribution would have been deducted
154.23 or paid if the person had been a member of the general state employees retirement plan of
154.24 the Minnesota State Retirement System at the time to the date that this portion of the prior
154.25 service credit purchase payment is made. The payment must be made in a lump sum.

154.26 (d) An eligible person who purchased allowable service credit under paragraph
154.27 (c) has a June 30, 1989, start date for allowable service credited by the general state
154.28 employees retirement plan of the Minnesota State Retirement System and is eligible for a
154.29 retirement annuity under Minnesota Statutes, section 352.116, subdivision 1.

154.30 (e) Authority to purchase prior uncredited allowable service credit under this section
154.31 expires on August 1, 2013.

154.32 **EFFECTIVE DATE.** This section is effective July 1, 2013.

154.33 Sec. 10. **PERA-GENERAL; PURCHASE OF CERTAIN PRIOR NORTHFIELD**
154.34 **SERVICE CREDIT.**

155.1 (a) Notwithstanding any provision of Minnesota Statutes, chapter 353, to the
155.2 contrary, an eligible person described in paragraph (b) is entitled to repay any prior refund
155.3 as provided in paragraph (c) and is entitled to purchase service credit as provided in
155.4 paragraph (d).

155.5 (b) An eligible person is a person who:

155.6 (1) was born on July 10, 1942;

155.7 (2) was employed by the city of Northfield on October 5, 2005;

155.8 (3) became a member of the general employees retirement plan of the Public
155.9 Employees Retirement Association on April 5, 2009;

155.10 (4) was employed by the transit division of the city of Northfield until June 29,
155.11 2012; and

155.12 (5) was eligible for PERA general employees retirement plan membership on
155.13 October 5, 2005, but was not reported to PERA for membership in a timely fashion.

155.14 (c) The eligible person may repay to the general employees retirement fund of
155.15 the Public Employees Retirement Association any refund of accumulated member
155.16 contributions and interest previously received, plus interest at an annual rate of 8.5 percent
155.17 compounded annually from the date on which the refund was paid until the date on which
155.18 the refund is repaid.

155.19 (d) If the eligible person repays all prior refunds under paragraph (c), the eligible
155.20 person may purchase 43 months of allowable service credit and salary credit from the
155.21 general employees retirement plan of the Public Employees Retirement Association by
155.22 making a payment equal to the unpaid member contributions during the period October 5,
155.23 2005, until April 5, 2009, plus 8.5 percent interest from the date that each contribution
155.24 would have been transmitted to the Public Employees Retirement Association until the
155.25 date that the payment under this paragraph is made.

155.26 (e) If the eligible person makes the payment required under paragraph (c) in a timely
155.27 fashion, within 30 days following notification of that fact by the executive director of the
155.28 Public Employees Retirement Association, the city of Northfield shall pay the balance
155.29 of the prior service credit purchase payment amount required under Minnesota Statutes,
155.30 section 356.551. If the payment by the city of Northfield is not paid in a timely fashion,
155.31 the executive director shall collect the unpaid amount as provided under Minnesota
155.32 Statutes, section 353.28, subdivision 6.

155.33 (f) Authority to repay a refund and to make a prior service credit purchase payment
155.34 under this section expires on December 31, 2014.

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

156.1 Sec. 11. PERA-GENERAL; SERVICE CREDIT PURCHASE FOR OMITTED
156.2 CONTRIBUTION PERIOD; WRIGHT COUNTY HIGHWAY DEPARTMENT
156.3 EMPLOYEE.

156.4 (a) Notwithstanding any provision of law to the contrary, an eligible person
156.5 described in paragraph (b) is entitled to purchase from the general employees retirement
156.6 plan of the Public Employees Retirement Association allowable service credit under
156.7 Minnesota Statutes, section 353.01, subdivision 16, for the period of omitted member
156.8 deductions described in paragraph (c).

156.9 (b) An eligible person is a person who:

156.10 (1) was born on March 19, 1959;

156.11 (2) is a current employee of the Wright County Highway Department, covered by
156.12 the general employees retirement plan of the Public Employees Retirement Association;

156.13 (3) shifted from temporary to full-time employment with the highway department
156.14 in April 2007; and

156.15 (4) was not reported by Wright County for retirement coverage by and membership
156.16 in the general employees retirement plan of the Public Employees Retirement Association
156.17 until March 2012.

156.18 (c) The period of uncredited service authorized for purchase is the period from
156.19 April 2007 through December 2008, during which no member contributions for the
156.20 general employees retirement plan of the Public Employees Retirement Association were
156.21 deducted from the eligible person's salary by Wright County, and which could not be
156.22 corrected through the Public Employees Retirement Association omitted contribution
156.23 provision due to a three-year time limit in the provision.

156.24 (d) Minnesota Statutes, section 356.551, applies to this purchase, except that the
156.25 purchase payment amount payable by the eligible person is the employee contributions
156.26 that should have been made, plus 8.5 percent interest compounded annually from the
156.27 date each deduction should have occurred, until the date paid to the Public Employees
156.28 Retirement Association. The purchase payment amount payable by Wright County is the
156.29 balance of the full actuarial value prior service credit purchase payment amount as of the
156.30 first day of the month next following the receipt of the eligible person's payment that is
156.31 remaining after deducting the purchase payment amount payable by the eligible person.

156.32 (e) The payment amount due from the county under paragraph (d) must be made on
156.33 or before the 15th of the month next following the receipt of the eligible person's payment
156.34 under paragraph (d). If the county purchase payment amount is not paid in a timely
156.35 fashion, the amount due accrues compound monthly interest at the rate of 0.71 percent per
156.36 month from the first day of the month next following the receipt of the eligible person's

157.1 payment until the county purchase payment amount is received by the Public Employees
157.2 Retirement Association. If the county purchase payment amount is not paid to the Public
157.3 Employees Retirement Association 90 days after the receipt of the eligible person's
157.4 payment, the executive director shall notify the commissioner of management and budget
157.5 and the commissioner of revenue of that unpaid obligation and the unpaid obligation must
157.6 be deducted from any state aid otherwise payable to the county, plus interest.

157.7 (f) The eligible person must provide the executive director of the Public Employees
157.8 Retirement Association with any relevant requested information pertaining to this service
157.9 credit purchase.

157.10 (g) Authority to make a service credit purchase under this section expires on June
157.11 30, 2014, or upon the termination from public employment under Minnesota Statutes,
157.12 section 353.01, subdivision 11a, whichever occurs earlier.

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

157.14 **ARTICLE 8**

157.15 **MISCELLANEOUS PROVISIONS**

157.16 Section 1. **[6.496] VOLUNTEER FIREFIGHTER RELIEF ASSOCIATIONS;**
157.17 **STATE BOARD OF INVESTMENT OPTIONS.**

157.18 (a) Annually, on or before March 1, the state auditor shall provide all volunteer
157.19 firefighter relief associations with recent and historic investment performance results of
157.20 the various accounts of the Minnesota supplemental investment fund and information
157.21 on the process and procedures for a volunteer firefighter relief association to utilize the
157.22 Minnesota supplemental investment fund as an investment option.

157.23 (b) Annually, on or before March 1, the state auditor shall provide all volunteer
157.24 firefighter relief associations with basic information on the voluntary statewide lump-sum
157.25 volunteer firefighter retirement plan, that a fire department has the option annually to join
157.26 the retirement plan, and that, if the fire department joins the retirement plan, future asset
157.27 investments would be the responsibility of the State Board of Investment.

157.28 (c) The information provision required by paragraphs (a) and (b) may be provided in
157.29 an electronic or other format if the state auditor determines that the format is reasonably
157.30 accessible by a preponderance of volunteer firefighter relief associations.

157.31 **EFFECTIVE DATE.** This section is effective July 1, 2013.

157.32 Sec. 2. Minnesota Statutes 2012, section 352.03, subdivision 4, is amended to read:

157.33 Subd. 4. **Duties and powers of board of directors.** (a) The board shall:

- 158.1 (1) elect a chair;
- 158.2 (2) appoint an executive director;
- 158.3 (3) establish rules to administer this chapter and chapters 3A, 352B, 352C, 352D,
- 158.4 and 490 and transact the business of the system, subject to the limitations of law;
- 158.5 (4) consider and dispose of, or take any other action the board of directors deems
- 158.6 appropriate concerning, denials of applications for annuities or disability benefits under
- 158.7 this chapter, chapter 3A, 352B, 352C, 352D, or 490, and complaints of employees and
- 158.8 others pertaining to the retirement of employees and the operation of the system;
- 158.9 (5) oversee the administration of the deferred compensation plan established in
- 158.10 section 352.965; ~~and~~
- 158.11 (6) oversee the administration of the health care savings plan established in section
- 158.12 ~~352.98~~; and
- 158.13 (7) approve early retirement and optional annuity factors, subject to review by the
- 158.14 actuary retained by the Legislative Commission on Pensions and Retirement; establish
- 158.15 the schedule for implementation of the approved factors; and notify the Legislative
- 158.16 Commission on Pensions and Retirement of the implementation schedule.

158.17 (b) The board shall advise the director on any matters relating to the system and

158.18 carrying out functions and purposes of this chapter. The board's advice shall control.

158.19 Sec. 3. Minnesota Statutes 2012, section 353.03, subdivision 3, is amended to read:

158.20 Subd. 3. **Duties and powers.** (a) The board shall:

- 158.21 (1) elect a president and vice-president;
- 158.22 (2) approve the staffing complement, as recommended by the executive director,
- 158.23 necessary to administer the fund;
- 158.24 (3) adopt bylaws for its own government and for the management of the fund
- 158.25 consistent with the laws of the state and may modify them at pleasure;
- 158.26 (4) adopt, alter, and enforce reasonable rules consistent with the laws of the state and
- 158.27 the terms of the applicable benefit plans for the administration and management of the
- 158.28 fund, for the payment and collection of payments from members and for the payment of
- 158.29 withdrawals and benefits, and that are necessary in order to comply with the applicable
- 158.30 federal Internal Revenue Service and Department of Labor requirements;
- 158.31 (5) pass upon and allow or disallow all applications for membership in the fund and
- 158.32 allow or disallow claims for withdrawals, pensions, or benefits payable from the fund;
- 158.33 (6) adopt an appropriate mortality table based on experience of the fund as
- 158.34 recommended by the association actuary and approved under section 356.215, subdivision
- 158.35 18, with interest set at the rate specified in section 356.215, subdivision 8;

159.1 (7) provide for the payment out of the fund of the cost of administering this
159.2 chapter, of all necessary expenses for the administration of the fund and of all claims for
159.3 withdrawals, pensions, or benefits allowed; ~~and~~

159.4 (8) approve or disapprove all recommendations and actions of the executive director
159.5 made subject to its approval or disapproval by subdivision 3a.; and

159.6 (9) approve early retirement and optional annuity factors, subject to review by the
159.7 actuary retained by the Legislative Commission on Pensions and Retirement; establish
159.8 the schedule for implementation of the approved factors; and notify the Legislative
159.9 Commission on Pensions and Retirement of the implementation schedule.

159.10 (b) In passing upon all applications and claims, the board may summon, swear, hear,
159.11 and examine witnesses and, in the case of claims for disability benefits, may require the
159.12 claimant to submit to a medical examination by a physician of the board's choice, at the
159.13 expense of the fund, as a condition precedent to the passing on the claim, and, in the
159.14 case of all applications and claims, may conduct investigations necessary to determine
159.15 their validity and merit.

159.16 (c) The board may continue to authorize the sale of life insurance to members under
159.17 the insurance program in effect on January 1, 1985, but must not change that program
159.18 without the approval of the commissioner of management and budget. The association
159.19 shall not receive any financial benefit from the life insurance program beyond the amount
159.20 necessary to reimburse the association for costs incurred in administering the program.
159.21 The association shall not engage directly or indirectly in any other activity involving the
159.22 sale or promotion of goods or services, or both, whether to members or nonmembers.

159.23 (d) The board shall establish procedures governing reimbursement of expenses
159.24 to board members. These procedures must define the types of activities and expenses
159.25 that qualify for reimbursement, must provide that all out-of-state travel be authorized
159.26 by the board, and must provide for the independent verification of claims for expense
159.27 reimbursement. The procedures must comply with the applicable rules and policies of the
159.28 Department of Management and Budget and the Department of Administration.

159.29 (e) The board may purchase fiduciary liability insurance and official bonds for the
159.30 officers and members of the board of trustees and employees of the association and may
159.31 purchase property insurance or may establish a self-insurance risk reserve including, but
159.32 not limited to, data processing insurance and "extra-expense" coverage.

159.33 Sec. 4. Minnesota Statutes 2012, section 354.07, subdivision 1, is amended to read:

159.34 Subdivision 1. **General powers of board.** The board has the power to frame bylaws
159.35 for its own government and for the management of the association not inconsistent with

160.1 the laws of the state and to modify them at its pleasure; to adopt, alter, and enforce
160.2 reasonable rules not inconsistent with the laws of the state for the administration and
160.3 management of the association, for the payment and collection of payments from
160.4 members, and for the payment of withdrawals and benefits; to pass upon and allow or
160.5 disallow applications for membership in the association and for credit for teaching service;
160.6 to pass upon and allow or disallow claims for withdrawals, pensions, or benefits payable
160.7 by the fund; to adopt an appropriate mortality table based on experience of the association
160.8 as recommended by the actuary retained under section 356.214 and using the applicable
160.9 postretirement interest assumption specified in section 356.215, subdivision 8; to approve
160.10 early retirement and optional annuity factors, subject to review by the actuary retained by
160.11 the Legislative Commission on Pensions and Retirement; to establish the schedule for
160.12 implementation of the approved factors; to notify the Legislative Commission on Pensions
160.13 and Retirement of the implementation schedule; and to provide for the payment out of
160.14 the fund of necessary expenses for the administration by the association and of claims for
160.15 withdrawals, pensions, or benefits allowed.

160.16 Sec. 5. Minnesota Statutes 2012, section 354A.021, subdivision 2, is amended to read:

160.17 Subd. 2. **Organization; board duties.** (a) Each teachers retirement fund association
160.18 shall be organized and governed pursuant to this chapter and chapter 317A, except that
160.19 each association shall be deemed to be a nonprofit corporation without coming within
160.20 the definition in section 317A.011, subdivision 6. Any corporate action of any teachers
160.21 retirement fund association taken prior to April 9, 1976, shall be deemed to be valid if it
160.22 conformed with Minnesota Statutes 1976, chapter 317 or 354A, or Revised Laws 1905,
160.23 chapter 58, as amended through April 9, 1976.

160.24 (b) In addition to the other powers and duties of a board of trustees of a first class
160.25 city teacher retirement fund association, the board shall approve early retirement and
160.26 optional annuity factors, subject to review by the actuary retained by the Legislative
160.27 Commission on Pensions and Retirement; shall establish the schedule for implementation
160.28 of the approved factors; and shall notify the Legislative Commission on Pensions and
160.29 Retirement of the implementation schedule.

160.30

ARTICLE 9

160.31 **STATE PATROL RETIREMENT PLAN FINANCIAL SOLVENCY MEASURES**

160.32 Section 1. Minnesota Statutes 2012, section 352B.011, subdivision 4, is amended to
160.33 read:

161.1 Subd. 4. **Average monthly salary.** (a) Subject to the limitations of section 356.611,
 161.2 "average monthly salary" means the average of the highest monthly salaries for five years
 161.3 of service as a member upon which contributions were deducted from pay under section
 161.4 352B.02, or upon which appropriate contributions or payments were made to the fund to
 161.5 receive allowable service and salary credit as specified under the applicable law. Average
 161.6 monthly salary must be based upon all allowable service if this service is less than five years.

161.7 (b) The salary used for the calculation of "average monthly salary" means the salary
 161.8 of the member as defined in section 352.01, subdivision 13. "Average monthly salary"
 161.9 includes the salary of the member during the period of covered employment rendered after
 161.10 reaching the allowable service credit limit of section 352B.08, subdivision 2, paragraph
 161.11 (b). The salary used for the calculation of "average monthly salary" does not include any
 161.12 lump-sum annual leave payments and overtime payments made at the time of separation
 161.13 from state service, any amounts of severance pay, or any reduced salary paid during the
 161.14 period the person is entitled to workers' compensation benefit payments for temporary
 161.15 disability.

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

161.17 Sec. 2. Minnesota Statutes 2012, section 352B.02, subdivision 1a, is amended to read:

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

161.20	(1) before the first day of the first pay period beginning	
161.21	after July 1, 2011 <u>2014</u>	10.40 <u>12.4</u> percent
161.22	(2) on or after the first day of the first pay period	
161.23	beginning after July 1, 2011 <u>2014</u> , to June 30, 2016	12.40 <u>13.4</u> percent
161.24	(3) <u>after June 30, 2016</u>	<u>14.4</u> percent

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

161.27 **EFFECTIVE DATE.** This section is effective July 1, 2013.

161.28 Sec. 3. Minnesota Statutes 2012, section 352B.02, subdivision 1c, is amended to read:

161.29 Subd. 1c. **Employer contributions.** (a) In addition to member contributions,
 161.30 department heads shall pay a sum equal to the specified percentage of the salary upon which
 161.31 deductions were made, which constitutes the employer contribution to the fund as follows:

162.1	(1) before the first day of the first pay period beginning	
162.2	after July 1, 2011 <u>2014</u>	15.60 <u>18.6</u> percent
162.3	(2) on or after the first day of the first pay period	
162.4	beginning after July 1, 2011 <u>2014</u> , to June 30, 2016	18.60 <u>20.1</u> percent
162.5	(3) after June 30, 2016	<u>21.6</u> percent

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

162.8 **EFFECTIVE DATE.** This section is effective July 1, 2013.

162.9 Sec. 4. Minnesota Statutes 2012, section 352B.08, subdivision 1, is amended to read:

162.10 Subdivision 1. **Eligibility; when to apply; accrual.** (a) Every member who is
162.11 credited with three or more years of allowable service if first employed before July 1, ~~2010~~
162.12 2013, or with at least ~~five~~ ten years of allowable service if first employed after June 30,
162.13 ~~2010~~ 2013, is entitled to separate from state service and upon becoming 50 years old, is
162.14 entitled to receive a life annuity, upon separation from state service.

162.15 (b) Members must apply for an annuity in a form and manner prescribed by the
162.16 executive director.

162.17 (c) No application may be made more than 90 days before the date the member is
162.18 eligible to retire by reason of both age and service requirements.

162.19 (d) An annuity begins to accrue no earlier than 180 days before the date the
162.20 application is filed with the executive director.

162.21 **EFFECTIVE DATE.** This section is effective July 1, 2013.

162.22 Sec. 5. Minnesota Statutes 2012, section 352B.08, subdivision 2, is amended to read:

162.23 Subd. 2. **Normal retirement annuity.** (a) The annuity must be paid in monthly
162.24 installments. The annuity shall be equal to the amount determined by multiplying
162.25 the average monthly salary of the member by the percent specified in section 356.315,
162.26 subdivision 6, for each year of allowable service and ~~pro-rata~~ prorated for additional
162.27 completed months of allowable service, unless restricted under paragraph (b).

162.28 (b) Allowable service in excess of 33 years must not be used in computing the
162.29 annuity. This restriction does not apply to any member who has at least 28 years of
162.30 allowable service before July 1, 2013.

162.31 (c) When the annuity commences, any member contributions attributable to
162.32 allowable service not used to compute the annuity due to the restrictions in paragraph (b)
162.33 must be refunded using procedures specified in section 352B.11, subdivision 1.

163.1 **EFFECTIVE DATE.** This section is effective July 1, 2013.

163.2 Sec. 6. Minnesota Statutes 2012, section 352B.08, subdivision 2a, is amended to read:

163.3 Subd. 2a. **Early retirement.** Any member who has become at least 50 years old
163.4 and who has at least three years of allowable service if first employed before July 1,
163.5 ~~2010~~ 2013, or who has at least ~~five~~ ten years of allowable service if first employed after
163.6 June 30, ~~2010~~ 2013, is entitled upon application to a reduced retirement annuity equal
163.7 to the annuity calculated under subdivision 2, reduced by one-tenth of one percent for
163.8 each month that the member is under age 55 at the time of retirement, ~~if first employed~~
163.9 the effective date of retirement is before July 1, 2010, or reduced by two-tenths of one
163.10 percent 2015. If the effective date of retirement is after June 30, 2015, the reduction is
163.11 0.34 percent for each month that the member is under age 55 at the time of retirement ~~if~~
163.12 ~~first employed after June 30, 2010.~~

163.13 **EFFECTIVE DATE.** This section is effective July 1, 2013.

163.14 Sec. 7. Minnesota Statutes 2012, section 352B.10, subdivision 5, is amended to read:

163.15 Subd. 5. **Optional annuity.** A disablitant may elect, in lieu of spousal survivorship
163.16 coverage under section 352B.11, ~~subdivisions~~ subdivision 2b and 2e, the normal disability
163.17 benefit or an optional annuity as provided in section 352B.08, subdivision 3. The choice
163.18 of an optional annuity must be made in writing, on a form prescribed by the executive
163.19 director, and must be made before the commencement of the payment of the disability
163.20 benefit, or within 90 days before reaching age 55 or before reaching the five-year
163.21 anniversary of the effective date of the disability benefit, whichever is later. The optional
163.22 annuity is effective on the date on which the disability benefit begins to accrue, or the
163.23 month following the attainment of age 55 or following the five-year anniversary of the
163.24 effective date of the disability benefit, whichever is later.

163.25 Sec. 8. Minnesota Statutes 2012, section 352B.11, subdivision 1, is amended to read:

163.26 Subdivision 1. **Refund of payments.** (a) A member who has not received other
163.27 benefits under this chapter is entitled to a refund of payments made by salary deduction,
163.28 plus interest, if the member is separated, either voluntarily or involuntarily, from the state
163.29 service that entitled the member to membership.

163.30 (b) A refund under section 352B.08, subdivision 2, paragraph (c), does not result in
163.31 a forfeiture of salary credit for the allowable service credit covered by the refund.

163.32 ~~(b)~~ (c) In the event of the member's death, if there are no survivor benefits payable
163.33 under this chapter, a refund plus interest is payable to the last designated beneficiary on

164.1 a form filed with the director before death, or if no designation is filed, is payable to
164.2 the member's estate. Interest under this subdivision must be calculated as provided in
164.3 section 352.22, subdivision 2. To receive a refund, the application must be made on a
164.4 form prescribed by the executive director.

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

164.6 Sec. 9. Minnesota Statutes 2012, section 352B.11, subdivision 2b, is amended to read:

164.7 Subd. 2b. **Surviving spouse benefit eligibility.** (a) If an active member with
164.8 three or more years of allowable service if first employed before July 1, ~~2010~~ 2013, or
164.9 with at least five years of allowable service if first employed after June 30, ~~2010~~ 2013,
164.10 dies before attaining age 55, the surviving spouse is entitled to ~~the a benefit specified in~~
164.11 ~~subdivision 2c, paragraph (b)~~ for life equal to 50 percent of the average monthly salary
164.12 of the deceased member. On the first of the month next following the date on which the
164.13 deceased member would have attained exact age 55, in lieu of continued receipt of the
164.14 prior benefit, the surviving spouse is eligible to commence receipt of the second half of
164.15 a 100 percent joint and survivor annuity if this provides a larger benefit. The joint and
164.16 survivor annuity must be computed assuming the exact age 55 for the deceased member
164.17 and the age of the surviving spouse on the date of death.

164.18 (b) If an active member with less than three years of allowable service if first
164.19 employed before July 1, ~~2010~~ 2013, or with fewer than five years of allowable service if
164.20 first employed after June 30, ~~2010~~ 2013, dies at any age, the surviving spouse is entitled to
164.21 receive ~~the a benefit specified in subdivision 2c, paragraph (e)~~ for life equal to 50 percent
164.22 of the average monthly salary of the deceased member.

164.23 (c) If an active member with three or more years of allowable service if first
164.24 employed before July 1, ~~2010~~ 2013, or with at least five years of allowable service if first
164.25 employed after June 30, ~~2010~~ 2013, dies on or after attaining exact age 55, the surviving
164.26 spouse is entitled to receive ~~the benefits specified in subdivision 2c, paragraph (d)~~ a benefit
164.27 for life equal to 50 percent of the average monthly salary of the deceased member, or the
164.28 second half of a 100 percent joint and survivor annuity, whichever is larger. The joint and
164.29 survivor annuity must be computed using the age of the deceased member on the date of
164.30 death and the age of the surviving spouse on that same date.

164.31 (d) If a disabilitant dies while receiving a disability benefit under section 352B.10
164.32 or before the benefit under that section commenced, and an optional annuity was not
164.33 elected under section 352B.10, subdivision 5, the surviving spouse is entitled to receive
164.34 ~~the a benefit specified in subdivision 2c, paragraph (b)~~ for life equal to 50 percent of the
164.35 average monthly salary of the deceased member. On the first of the month next following

165.1 the date on which the deceased member would have attained exact age 55, in lieu of
 165.2 continued receipt of the prior benefit, the surviving spouse is eligible to commence receipt
 165.3 of the second half of a 100 percent joint and survivor annuity if this provides a larger
 165.4 benefit. The joint and survivor annuity must be computed assuming the exact age 55 for
 165.5 the deceased member and the age of the surviving spouse on the date of death.

165.6 (e) If a former member with three or more years of allowable service if first employed
 165.7 before July 1, ~~2010~~ 2013, or with at least five years of allowable service if first employed
 165.8 after June 30, ~~2010~~ 2013, who terminated from service and has not received a refund or
 165.9 commenced receipt of any other benefit provided by this chapter, dies, the surviving
 165.10 spouse is entitled to receive ~~the as a benefit specified in subdivision 2e, paragraph (e) the~~
 165.11 second half of a 100 percent joint and survivor annuity, commencing on the first of the
 165.12 month next following the deceased member's date of death, or the first of the month next
 165.13 following the date on which the deceased member would have attained age 55, whichever
 165.14 is later. The joint and survivor annuity must be computed using the age of the deceased
 165.15 member on the date of death and the age of the surviving spouse on that same date.

165.16 (f) If a former member with less than three years of allowable service if first
 165.17 employed before July 1, ~~2010~~ 2013, or with fewer than five years of allowable service if
 165.18 first employed after June 30, ~~2010~~ 2013, who terminated from service and has not received
 165.19 a refund or commenced receipt of any other benefit, if applicable, provided by this chapter,
 165.20 dies, the surviving spouse ~~is entitled to receive the refund specified in subdivision 2e,~~
 165.21 paragraph (f) or, if none, the children or, if none, the deceased member's estate is entitled to
 165.22 a refund of the employee contributions plus interest computed as specified in subdivision 1.

165.23 **EFFECTIVE DATE.** This section is effective July 1, 2013.

165.24 Sec. 10. Minnesota Statutes 2012, section 356.415, subdivision 1e, is amended to read:

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

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

165.29 (1) a postretirement increase of ~~1.5~~ one percent must be applied each year, effective
 165.30 on January 1, to the monthly annuity or benefit of each annuitant or benefit recipient
 165.31 who has been receiving an annuity or a benefit for at least 18 full months before the
 165.32 January 1 increase; and

165.33 (2) for each annuitant or benefit recipient who has been receiving an annuity or a
 165.34 benefit for at least six full months, an annual postretirement increase of 1/12 of ~~1.5~~ one
 165.35 percent for each month that the person has been receiving an annuity or benefit must be

166.1 applied, effective January 1, following the calendar year in which the person has been
166.2 retired for at least six months, but has been retired for less than 18 months.

166.3 (b) The increases provided by this subdivision commence on January 1, ~~2011~~
166.4 2014. Increases under ~~this subdivision~~ paragraph (a) for the State Patrol retirement plan
166.5 terminate on December 31 of the calendar year in which the actuarial valuation prepared
166.6 by the approved actuary under sections 356.214 and 356.215 and the standards for
166.7 actuarial work promulgated by the Legislative Commission on Pensions and Retirement
166.8 indicates that the market value of assets of the retirement plan equals or exceeds 90
166.9 85 percent of the actuarial accrued liability of the retirement plan and increases under
166.10 ~~subdivision 1~~ paragraph (c) recommence after that date.

166.11 (c) Retirement annuity, disability benefit, or survivor benefit recipients of the State
166.12 Patrol retirement plan are entitled to a postretirement adjustment annually on January
166.13 1, as follows:

166.14 (1) a postretirement increase of 1.5 percent must be applied each year, effective on
166.15 January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who
166.16 has been receiving an annuity or a benefit for at least 18 full months before the January 1
166.17 increase; and

166.18 (2) for each annuitant or benefit recipient who has been receiving an annuity or a
166.19 benefit for at least six full months, an annual postretirement increase of 1/12 of 1.5 percent
166.20 for each month that the person has been receiving an annuity or benefit must be applied,
166.21 effective January 1, following the calendar year in which the person has been retired for at
166.22 least six months, but has been retired for less than 18 months.

166.23 (d) Increases under paragraph (c) for the State Patrol retirement plan terminate on
166.24 December 31 of the calendar year in which the actuarial valuation prepared by the approved
166.25 actuary under sections 356.214 and 356.215 and the standards for actuarial work adopted by
166.26 the Legislative Commission on Pensions and Retirement indicates that the market value of
166.27 assets of the retirement plan equals or exceeds 90 percent of the actuarial accrued liability
166.28 of the retirement plan and increases under subdivision 1 recommence after that date.

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

166.33 **EFFECTIVE DATE.** This section is effective July 1, 2013.

166.34 Sec. 11. **REPEALER.**

166.35 Minnesota Statutes 2012, section 352B.11, subdivision 2c, is repealed.

167.1 **EFFECTIVE DATE.** This section is effective July 1, 2013.

167.2 **ARTICLE 10**

167.3 **PERA PLANS SALARY DEFINITION**

167.4 Section 1. Minnesota Statutes 2012, section 353.01, subdivision 10, is amended to read:

167.5 Subd. 10. **Salary.** (a) Subject to the limitations of section 356.611, "salary" means:

167.6 (1) the wages or periodic compensation of payable to a public employee; by the
167.7 employing governmental subdivision before:

167.8 (i) employee retirement deductions that are designated as picked-up contributions
167.9 under section 356.62;

167.10 (ii) any employee-elected deductions for deferred compensation, supplemental
167.11 retirement plans, or other voluntary salary reduction programs, ~~and also means "wages"~~
167.12 ~~and includes net income from fees~~ that would have otherwise been available as a cash
167.13 payment to the employee; and

167.14 (iii) employee deductions for contributions to a supplemental plan or to a
167.15 governmental trust established under section 356.24, subdivision 1, clause (7), to save for
167.16 postretirement health care expenses, unless otherwise excluded under paragraph (b);

167.17 (2) for a public employee who is covered by a supplemental retirement plan under
167.18 section 356.24, subdivision 1, clause (8), (9), or (10), ~~which require all plan contributions~~
167.19 ~~be made by or (12), the employer, the contribution~~ contributions to the applicable
167.20 supplemental retirement plan when an agreement between the parties establishes that the
167.21 ~~contribution~~ contributions will either result in a mandatory reduction of employees' wages
167.22 through payroll withholdings, or be made in lieu of an amount that would otherwise be
167.23 paid as wages; ~~and~~

167.24 (3) for a public employee who has prior service covered by a local police or
167.25 firefighters relief association that has consolidated with the Public Employees Retirement
167.26 Association or to which section 353.665 applies and who has elected coverage either
167.27 under the public employees police and fire fund benefit plan under section 353A.08
167.28 following the consolidation or under section 353.665, subdivision 4, the rate of salary
167.29 upon which member contributions to the special fund of the relief association were made
167.30 prior to the effective date of the consolidation as specified by law and by bylaw provisions
167.31 governing the relief association on the date of the initiation of the consolidation procedure
167.32 and the actual periodic compensation of the public employee after the effective date of
167.33 consolidation;

167.34 (4) a payment from a public employer through a grievance proceeding, settlement,
167.35 or court order that is attached to a specific earnings period in which the employee's regular

168.1 salary was not earned or paid to the member due to a suspension or a period of involuntary
 168.2 termination that is not a wrongful discharge under section 356.50; provided the amount is
 168.3 not less than the equivalent of the average of the hourly base salary rate in effect during
 168.4 the last six months of allowable service prior to the suspension or period of involuntary
 168.5 termination, plus any applicable increases awarded during the period that would have been
 168.6 paid under a collective bargaining agreement or personnel policy but for the suspension
 168.7 or involuntary termination, multiplied by the average number of regular hours for which
 168.8 the employee was compensated during the six months of allowable service prior to the
 168.9 suspension or period of involuntary termination, but not to exceed the compensation that
 168.10 the public employee would have earned if regularly employed during the applicable period;

168.11 (5) the amount paid to a member who is absent from employment by reason of
 168.12 personal, parental, or military leave of absence if equivalent to the hourly base salary
 168.13 rate in effect during the six months of allowable service, or portions thereof, prior to the
 168.14 leave, multiplied by the average number of regular hours for which the employee was
 168.15 compensated during the six months of allowable service prior to the applicable leave of
 168.16 absence;

168.17 (6) the amount paid to a member who is absent from employment by reason of an
 168.18 authorized medical leave of absence if specified in advance to be at least one-half but
 168.19 no more than equal to the earnings the member received, on which contributions were
 168.20 reported and allowable service credited during the six months immediately preceding
 168.21 the medical leave of absence; and

168.22 (7) for a public employee who receives performance or merit bonus payment under
 168.23 a written compensation plan, policy, or collective bargaining agreement in addition
 168.24 to regular salary or in lieu of regular salary increases, the compensation paid to the
 168.25 employee for attaining or exceeding performance goals, duties, or measures during a
 168.26 specified period of employment.

168.27 (b) Salary does not mean:

168.28 (1) ~~the~~ fees paid to district court reporters;₂

168.29 (2) unused annual leave, vacation₂ or sick leave payments, in the form of lump-sum
 168.30 or periodic payments;₂

168.31 (3) for the donor, payment to another person of the value of hours donated under a
 168.32 benevolent vacation, personal, or sick leave donation program;

168.33 (4) any form of severance payments, or retirement incentive payments;

168.34 (5) an allowance payment or per diem payments for or reimbursement of expenses;₂

168.35 (6) lump-sum settlements not attached to a specific earnings period,~~or;~~₂

169.1 (7) workers' compensation payments or disability insurance payments, including
169.2 payments from employer self-insurance arrangements;

169.3 ~~(2)~~ (8) employer-paid amounts used by an employee toward the cost of insurance
169.4 coverage, employer-paid fringe benefits, flexible spending accounts, cafeteria plans, health
169.5 care expense accounts, day care expenses, or any payments in lieu of any employer-paid
169.6 group insurance coverage, including the difference between single and family rates that
169.7 may be paid to a member with single coverage and certain amounts determined by the
169.8 executive director to be ineligible;

169.9 (9) employer-paid fringe benefits, including, but not limited to:

169.10 (i) employer-paid premiums or supplemental contributions for employees for all
169.11 types of insurance;

169.12 (ii) membership dues or fees for the use of fitness or recreational facilities;

169.13 (iii) incentive payments or cash awards relating to a wellness program;

169.14 (iv) the value of any nonmonetary benefits;

169.15 (v) any form of payment made in lieu of an employer-paid fringe benefit;

169.16 (vi) an employer-paid amount made to a deferred compensation or tax-sheltered
169.17 annuity program; and

169.18 (vii) any amount paid by the employer as a supplement to salary, either as a
169.19 lump-sum amount or a fixed or matching amount paid on a recurring basis, that is not
169.20 available to the employee as cash;

169.21 ~~(3)~~ (10) the amount equal to that which the employing governmental subdivision
169.22 would otherwise pay toward single or family insurance coverage for a covered employee
169.23 when, through a contract or agreement with some but not all employees, the employer:

169.24 (i) discontinues, or for new hires does not provide, payment toward the cost of the
169.25 employee's selected insurance coverages under a group plan offered by the employer;

169.26 (ii) makes the employee solely responsible for all contributions toward the cost of
169.27 the employee's selected insurance coverages under a group plan offered by the employer,
169.28 including any amount the employer makes toward other employees' selected insurance
169.29 coverages under a group plan offered by the employer; and

169.30 (iii) provides increased salary rates for employees who do not have any
169.31 employer-paid group insurance coverages;

169.32 ~~(4)~~ (11) except as provided in section 353.86 or 353.87, compensation of any
169.33 kind paid to volunteer ambulance service personnel or volunteer firefighters, as defined
169.34 in subdivision 35 or 36;

169.35 ~~(5)~~ (12) the amount of compensation that exceeds the limitation provided in section
169.36 356.611; and

171.1 ~~performance of less frequent~~ inherently dangerous duties, ~~either of which are specific to~~
 171.2 ~~protecting the property and personal safety of others and that present inherent dangers that~~
 171.3 are specific to the positions covered by the public employees police and fire retirement plan.

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

171.5 Sec. 3. Minnesota Statutes 2012, section 353.01, subdivision 47, is amended to read:

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

171.10 (b) For purposes of qualifying for an annuity or benefit as a basic or coordinated plan
 171.11 member of the general employees retirement plan of the Public Employees Retirement
 171.12 Association:

171.13 (1) a public employee who first became a member of the association before July
 171.14 1, 2010, is 100 percent vested when the person has accrued credit for not less than three
 171.15 years of allowable service as defined under subdivision 16; and

171.16 (2) a public employee who first becomes a member of the association after June 30,
 171.17 2010, is 100 percent vested when the person has accrued credit for not less than five years
 171.18 of allowable service as defined under subdivision 16.

171.19 (c) For purposes of qualifying for an annuity or benefit as a member of the ~~police~~
 171.20 ~~and fire plan or a member of the~~ local government correctional employees retirement plan:

171.21 (1) a public employee who first became a member of the association before July
 171.22 1, 2010, is 100 percent vested when the person has accrued credit for not less than three
 171.23 years of allowable service as defined under subdivision 16; and

171.24 (2) a public employee who first becomes a member of the association after June
 171.25 30, 2010, is vested at the following percentages when the person has accrued credited
 171.26 allowable service as defined under subdivision 16, as follows:

171.27 (i) 50 percent after five years;

171.28 (ii) 60 percent after six years;

171.29 (iii) 70 percent after seven years;

171.30 (iv) 80 percent after eight years;

171.31 (v) 90 percent after nine years; and

171.32 (vi) 100 percent after ten years.

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

172.1 (1) a public employee who first became a member of the association before July
 172.2 1, 2010, is 100 percent vested when the person has accrued credit for not less than three
 172.3 years of allowable service as defined under subdivision 16;

172.4 (2) a public employee who first becomes a member of the association after June 30,
 172.5 2010, and before July 1, 2014, is vested at the following percentages when the person has
 172.6 accrued credited allowable service as defined under subdivision 16, as follows:

172.7 (i) 50 percent after five years;

172.8 (ii) 60 percent after six years;

172.9 (iii) 70 percent after seven years;

172.10 (iv) 80 percent after eight years;

172.11 (v) 90 percent after nine years; and

172.12 (vi) 100 percent after ten years; and

172.13 (3) a public employee who first becomes a member of the association after June
 172.14 30, 2014, is vested at the following percentages when the person has accrued credited
 172.15 allowable service as defined under subdivision 16, as follows:

172.16 (i) 50 percent after ten years;

172.17 (ii) 55 percent after 11 years;

172.18 (iii) 60 percent after 12 years;

172.19 (iv) 65 percent after 13 years;

172.20 (v) 70 percent after 14 years;

172.21 (vi) 75 percent after 15 years;

172.22 (vii) 80 percent after 16 years;

172.23 (viii) 85 percent after 17 years;

172.24 (ix) 90 percent after 18 years;

172.25 (x) 95 percent after 19 years; and

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

172.27 Sec. 4. Minnesota Statutes 2012, section 353.031, subdivision 4, is amended to read:

172.28 Subd. 4. **Additional requirements; eligibility for police and fire or local**

172.29 **government correctional service retirement plan disability benefits.** (a) If an

172.30 application for disability benefits is filed within two years of the date of the injury or the

172.31 onset of the illness that gave rise to the disability application, the application must be

172.32 supported by evidence that the applicant is unable to perform the duties of the position

172.33 held by the applicant on the date of the injury or the onset of the illness causing the

172.34 disability. The employer must provide evidence indicating whether the applicant is able or

172.35 unable to perform the duties of the position held on the date of the injury or onset of the

173.1 illness causing the disability ~~and the specifications~~, a clear explanation of any duties that
173.2 the individual can or cannot perform, and an explanation of why the employer may or may
173.3 not authorize continued employment to the applicant in the current or other position.

173.4 (b) If an application for disability benefits is filed more than two years after the
173.5 date of injury or the onset of an illness causing the disability, the application must be
173.6 supported by evidence that the applicant is unable to perform the ~~most recent~~ duties that
173.7 ~~are~~ were expected to be performed by the applicant during the 90 days ~~before~~ preceding
173.8 ~~the filing of last day the application~~ applicant performed services for the employer. The
173.9 employer must provide evidence of the duties that ~~are~~ were expected to be performed by
173.10 the applicant during the 90 days ~~before~~ preceding ~~the filing of last day the application~~
173.11 applicant performed services, whether the applicant can or cannot perform those duties
173.12 overall, ~~and the specifications~~ a clear explanation of any duties that the applicant can
173.13 or cannot perform, and an explanation of why the employer may or may not authorize
173.14 continued employment to the applicant in the current or other position.

173.15 (c) Any report supporting a claim to disability benefits under section 353.656 or
173.16 353E.06 must specifically relate the disability to its cause; and for any claim to duty
173.17 disability from an injury or illness arising out of an act of duty, the report must state the
173.18 specific act of duty giving rise to the claim, and relate the cause of disability to inherently
173.19 dangerous duties ~~specific tasks or functions required to be performed by the employee in~~
173.20 ~~fulfilling the employee's duty-related acts which must be specific to the inherent dangers of~~
173.21 ~~the positions eligible for membership in~~ covered by the public employees police and fire
173.22 fund plan and the local government correctional service retirement plan. Any report that
173.23 does not relate the cause of disability to ~~specific acts or functions~~ inherently dangerous
173.24 duties performed by the employee may not be relied upon as evidence to support eligibility
173.25 for benefits and may be disregarded in the executive director's decision-making process.

173.26 (d) Any application for duty disability must be supported by a first report of injury as
173.27 defined in section 176.231.

173.28 (e) If a member who has applied for and been approved for disability benefits before
173.29 the termination of service does not terminate service or is not placed on an authorized
173.30 leave of absence as certified by the governmental subdivision within 45 days following
173.31 the date on which the application is approved, the application shall be canceled. If an
173.32 approved application for disability benefits has been canceled, a subsequent application
173.33 for disability benefits may not be filed on the basis of the same medical condition for a
173.34 minimum of one year from the date on which the previous application was canceled.

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

174.1 Sec. 5. Minnesota Statutes 2012, section 353.35, subdivision 1, is amended to read:

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

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

174.7 (c) The rights and benefits of a former member must not be restored until the person
174.8 returns to active service and acquires at least six months of allowable service credit
174.9 after taking the last refund and repays the refund or refunds taken and interest received
174.10 under section 353.34, subdivisions 1 and 2, plus interest at an annual rate of 8.5 percent
174.11 compounded annually. If the person elects to restore service credit in a particular fund
174.12 from which the person has taken more than one refund, the person must repay all refunds
174.13 to that fund. All refunds must be repaid within six months of the last date of termination
174.14 of public service.

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

174.16 Sec. 6. Minnesota Statutes 2012, section 353.65, subdivision 2, is amended to read:

174.17 Subd. 2. **Employee contribution.** (a) For members other than members who were
174.18 active members of the former Minneapolis Firefighters Relief Association on December
174.19 29, 2011, or for members other than members who were active members of the former
174.20 Minneapolis Police Relief Association on December 29, 2011, the employee contribution
174.21 is ~~9.4 percent~~ an amount equal to the following percentage of the total salary of the each
174.22 member in calendar year 2010 and is, as follows: 9.6 percent of the salary of the member
174.23 in each before calendar year after 2010 2014; 10.2 percent in calendar year 2014; and 10.8
174.24 percent in calendar year 2015 and thereafter.

174.25 (b) For members who were active members of the former Minneapolis Firefighters
174.26 Relief Association on December 29, 2011, the employee contribution is an amount
174.27 equal to eight percent of the monthly unit value under section 353.01, subdivision 10a,
174.28 multiplied by 80 and expressed as a biweekly amount for each member. The employee
174.29 contribution made by a member with at least 25 years of service credit as an active
174.30 member of the former Minneapolis Firefighters Relief Association must be deposited in
174.31 the postretirement health care savings account established under section 352.98.

174.32 (c) For members who were active members of the former Minneapolis Police Relief
174.33 Association on December 29, 2011, the employee contribution is an amount equal to eight
174.34 percent of the monthly unit value under section 353.01, subdivision 10b, multiplied by 80
174.35 and expressed as a biweekly amount for each member. The employee contribution made

175.1 by a member with at least 25 years of service credit as an active member of the former
175.2 Minneapolis Police Relief Association must be deposited in the postretirement health care
175.3 savings account established under section 352.98.

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

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

175.9 Sec. 7. Minnesota Statutes 2012, section 353.65, subdivision 3, is amended to read:

175.10 Subd. 3. **Employer contribution.** (a) With respect to members other than members
175.11 who were active members of the former Minneapolis Firefighters Relief Association on
175.12 December 29, 2011, or for members other than members who were active members of
175.13 the former Minneapolis Police Relief Association on December 29, 2011, the employer
175.14 contribution is ~~14.1 percent~~ an amount equal to the following percentage of the total salary
175.15 of the each member in calendar year 2010 and is, as follows: 14.4 percent of the salary of
175.16 the member in each before calendar year after 2010 2014; 15.3 percent in calendar year
175.17 2014; and 16.2 percent in calendar year 2015 and thereafter.

175.18 (b) With respect to members who were active members of the former Minneapolis
175.19 Firefighters Relief Association on December 29, 2011, the employer contribution is an
175.20 amount equal to the amount of the member contributions under subdivision 2, paragraph
175.21 (b).

175.22 (c) With respect to members who were active members of the former Minneapolis
175.23 Police Relief Association on December 29, 2011, the employer contribution is an amount
175.24 equal to the amount of the member contributions under subdivision 2, paragraph (c).

175.25 (d) Contributions under this subdivision must be made from funds available to the
175.26 employing subdivision by the means and in the manner provided in section 353.28.

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

175.28 Sec. 8. Minnesota Statutes 2012, section 353.651, subdivision 3, is amended to read:

175.29 Subd. 3. **Retirement annuity formula.** (a) The average salary as defined in
175.30 section 353.01, subdivision 17a, multiplied by the percent specified in section 356.315,
175.31 subdivision 6, ~~per year~~ multiplied by years of allowable service, multiplied by the
175.32 applicable vesting percentage indicated in section 353.01, subdivision 47, determines the
175.33 amount of the normal retirement annuity. If the member has earned allowable service

176.1 for performing services other than those of a police officer or firefighter, the annuity
176.2 representing that service must be computed under sections 353.29 and 353.30.

176.3 (b) For a member first enrolled in the public employees police and fire retirement
176.4 plan after June 30, 2014, the average salary as defined in section 353.01, subdivision 17a,
176.5 paragraph (a), includes salary for all years for which contributions have been reported to
176.6 the public employees police and fire retirement plan, but allowable service included in
176.7 the calculation is limited to 33 years and the normal retirement annuity must not exceed
176.8 99 percent of the average salary.

176.9 (c) When the annuity begins for members of the public employees police and fire
176.10 retirement plan enrolled after June 30, 2014, a prorated share of the contributions for
176.11 allowable service exceeding 33 years must be refunded to the member. The prorated
176.12 share of the contributions to be refunded is determined by multiplying the accumulated
176.13 deductions paid by the member to the public employees police and fire retirement plan by
176.14 a percentage determined using the number of months of service in excess of 396 as the
176.15 numerator and the total number of months of allowable service on which contributions
176.16 were reported as the denominator. Interest as defined in section 353.34, subdivision 2,
176.17 is to be applied to the prorated share of contributions from the first of the 397th month
176.18 of allowable service reported to the public employees police and fire retirement plan to
176.19 the first of the month the annuity begins.

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

176.21 Sec. 9. Minnesota Statutes 2012, section 353.651, subdivision 4, is amended to read:

176.22 Subd. 4. **Early retirement.** (a) A person who becomes a public employees police
176.23 and fire retirement plan member after June 30, 2007, or a former member who is reinstated
176.24 as a member of the plan after that date, who is at least 50 years of age and who is at least
176.25 partially vested under section 353.01, subdivision 47, upon the termination of public
176.26 service before July 1, 2014, if the person is other than a county sheriff or after January 4,
176.27 2015, if the person is a county sheriff is entitled upon application to a retirement annuity
176.28 equal to the normal annuity calculated under subdivision 3, reduced by two-tenths of one
176.29 percent for each month that the member is under age 55 at the time of retirement.

176.30 (b) Upon the termination of public service before July 1, 2014, if the person is
176.31 other than a county sheriff or upon the termination of public service before January 5,
176.32 2015, if the person is a county sheriff, any public employees police and fire retirement
176.33 plan member who first became a member of the plan before July 1, 2007, and who is
176.34 not specified in paragraph (a), upon attaining at least 50 years of age with at least three
176.35 years of allowable service is entitled upon application to a retirement annuity equal to the

177.1 normal annuity calculated under subdivision 3, reduced by one-tenth of one percent for
177.2 each month that the member is under age 55 at the time of retirement.

177.3 (c) A person other than a county sheriff who is a member of the public employees
177.4 police and fire retirement plan on or after July 1, 2014, or a county sheriff who is a
177.5 member of the public employees police and fire retirement plan on or after January 5,
177.6 2015, and who is at least 50 years old and is at least partially vested under section 353.01,
177.7 subdivision 47, and whose benefit effective date is after July 1, 2014, if other than a
177.8 county sheriff or after January 4, 2015, if a county sheriff and on or before July 1, 2019, is
177.9 entitled upon application to a retirement annuity equal to the normal annuity calculated
177.10 under subdivision 3, reduced for each month the member is under age 55 at the time of
177.11 retirement by applying a blended monthly rate that is equivalent to the sum of:

177.12 (1) one-sixtieth of the annual rate of five percent, prorated for each month the
177.13 person's benefit effective date is after July 1, 2014, or after December 31, 2014, whichever
177.14 applies; and

177.15 (2) one-sixtieth of the annual rate provided under paragraph (a) or (b), whichever
177.16 applies, for each month the person's benefit effective date is before July 1, 2019.

177.17 (d) A person other than a county sheriff who is a member of the public employees
177.18 police and fire retirement plan on or after July 1, 2014, or a county sheriff who is a member
177.19 of the public employees police and fire retirement plan on or after January 5, 2015, and
177.20 who is at least 50 years old and is at least partially vested under section 353.01, subdivision
177.21 47, whose benefit effective date is after July 1, 2019, is entitled, upon application, to a
177.22 retirement annuity equal to the normal annuity calculated under subdivision 3, reduced by
177.23 five percent annually, prorated for each month that the member is under age 55.

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

177.25 Sec. 10. Minnesota Statutes 2012, section 353.657, subdivision 2a, is amended to read:

177.26 Subd. 2a. **Death while eligible survivor benefit.** (a) If a member or former member
177.27 who has attained the age of at least 50 years and either who is vested under section
177.28 353.01, subdivision 47, or who has credit for at least 30 years of allowable service,
177.29 regardless of age attained, dies before the annuity or disability benefit becomes payable,
177.30 notwithstanding any designation of beneficiary to the contrary, the surviving spouse may
177.31 elect to receive a death while eligible survivor benefit.

177.32 (b) Notwithstanding the definition of surviving spouse in section 353.01, subdivision
177.33 20, a former spouse of the member, if any, is entitled to a portion of the death while
177.34 eligible survivor benefit if stipulated under the terms of a marriage dissolution decree
177.35 filed with the association. If there is no surviving spouse or child or children, a former

178.1 spouse may be entitled to a lump-sum refund payment under section 353.32, subdivision
178.2 1, if provided for in a marriage dissolution decree but not a death while eligible survivor
178.3 benefit despite the terms of a marriage dissolution decree filed with the association.

178.4 (c) The benefit may be elected instead of a refund with interest under section 353.32,
178.5 subdivision 1, or surviving spouse benefits otherwise payable under subdivisions 1 and
178.6 2. The benefit must be an annuity equal to the 100 percent joint and survivor annuity
178.7 which the member could have qualified for on the date of death, computed as provided in
178.8 sections 353.651, ~~subdivisions 2 and~~ subdivision 3, and 353.30, subdivision 3.

178.9 (d) The surviving spouse may apply for the annuity at any time after the date
178.10 on which the deceased employee would have attained the required age for retirement
178.11 based on the employee's allowable service. Sections 353.34, subdivision 3, and 353.71,
178.12 subdivision 2, apply to a deferred annuity payable under this subdivision.

178.13 (e) No payment accrues beyond the end of the month in which entitlement to
178.14 such annuity has terminated. An amount equal to the excess, if any, of the accumulated
178.15 contributions which were credited to the account of the deceased employee over and
178.16 above the total of the annuities paid and payable to the surviving spouse must be paid to
178.17 the deceased member's last designated beneficiary or, if none, to the legal representative of
178.18 the estate of such deceased member.

178.19 (f) Any member may request in writing, with the signed consent of the spouse, that
178.20 this subdivision not apply and that payment be made only to the designated beneficiary, as
178.21 otherwise provided by this chapter.

178.22 (g) For a member who is employed as a full-time firefighter by the Department of
178.23 Military Affairs of the state of Minnesota, allowable service as a full-time state Military
178.24 Affairs Department firefighter credited by the Minnesota State Retirement System may be
178.25 used in meeting the minimum allowable service requirement of this subdivision.

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

178.27 Sec. 11. Minnesota Statutes 2012, section 353.657, subdivision 3a, is amended to read:

178.28 Subd. 3a. **Maximum and minimum family benefits.** (a) The maximum monthly
178.29 benefit per family must not exceed the following percentages of the member's average
178.30 monthly salary as specified in subdivision 3:

178.31 (1) 80 percent, if the member's death was a line of duty death; or

178.32 (2) 70 percent, if the member's death was not a line of duty death or occurred while
178.33 the member was receiving a disability benefit that accrued before July 1, 2007.

178.34 (b) The minimum monthly benefit per family, including the joint and survivor
178.35 optional annuity under subdivision 2a, and section 353.656, subdivision 1a, must not be

179.1 less than the following percentage of the member's average monthly salary as specified in
179.2 subdivision 3:

179.3 (1) 60 percent, if the death was a line of duty death; or

179.4 (2) 50 percent, if the death was not a line of duty death or occurred while the member
179.5 was receiving a disability benefit that accrued before July 1, 2007.

179.6 (c) If the maximum under paragraph (a) is exceeded, the monthly benefit of the
179.7 joint annuitant, surviving spouse, and dependent children, as applicable, must each be
179.8 reduced to the amount necessary proportionately so that the total family benefit does
179.9 not exceed the applicable maximum. The joint and survivor optional annuity, surviving
179.10 spouse, or dependent children benefit, as applicable, must be restored, plus applicable
179.11 postretirement adjustments under Minnesota Statutes 2008, section 356.41 or section
179.12 356.415, as the dependent child or children become no longer dependent under section
179.13 353.01, subdivision 15, or in the event of the death of the joint and survivor annuity
179.14 recipient or the surviving spouse.

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

179.16 Sec. 12. Minnesota Statutes 2012, section 353E.001, subdivision 1, is amended to read:

179.17 Subdivision 1. **Duty disability.** "Duty disability," physical or psychological, means
179.18 a condition that is expected to prevent a member, for a period of not less than 12 months,
179.19 from performing the normal duties of a local government correctional service employee as
179.20 defined under section 353E.02 and that is the direct result of an injury incurred during, or
179.21 a disease arising out of, the performance of ~~normal duties or the actual performance of~~
179.22 ~~less frequent~~ inherently dangerous duties, either of which are specific to protecting the
179.23 property and personal safety of others and that present inherent dangers that are specific to
179.24 the positions covered by the local government correctional service retirement plan.

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

179.26 Sec. 13. Minnesota Statutes 2012, section 356.415, subdivision 1b, is amended to read:

179.27 Subd. 1b. **Annual postretirement adjustments; PERA; general employees**
179.28 **retirement plan and local government correctional retirement plan.** (a) Retirement
179.29 annuity, disability benefit, or survivor benefit recipients of the general employees
179.30 retirement plan of the Public Employees Retirement Association and the local government
179.31 correctional service retirement plan are entitled to a postretirement adjustment annually
179.32 on January 1, as follows:

180.1 (1) for ~~January 1, 2011, and~~ each successive January 1 until funding stability is
180.2 restored for the applicable retirement plan, a postretirement increase of one percent must
180.3 be applied each year, effective on January 1, to the monthly annuity or benefit amount of
180.4 each annuitant or benefit recipient who has been receiving an annuity or benefit for at least
180.5 12 full months as of the current June 30;

180.6 (2) for ~~January 1, 2011, and~~ each successive January 1 until funding stability is
180.7 restored for the applicable retirement plan, for each annuitant or benefit recipient who has
180.8 been receiving an annuity or a benefit for at least one full month, but less than 12 full
180.9 months as of the current June 30, an annual postretirement increase of 1/12 of one percent
180.10 for each month the person has been receiving an annuity or benefit must be applied;

180.11 (3) for each January 1 following the restoration of funding stability for the applicable
180.12 retirement plan, a postretirement increase of 2.5 percent must be applied each year,
180.13 effective January 1, to the monthly annuity or benefit amount of each annuitant or benefit
180.14 recipient who has been receiving an annuity or benefit for at least 12 full months as of
180.15 the current June 30; and

180.16 (4) for each January 1 following restoration of funding stability for the applicable
180.17 retirement plan, for each annuity or benefit recipient who has been receiving an annuity or
180.18 a benefit for at least one full month, but less than 12 full months as of the current June
180.19 30, an annual postretirement increase of 1/12 of 2.5 percent for each month the person
180.20 has been receiving an annuity or benefit must be applied.

180.21 (b) Funding stability is restored when the market value of assets of the applicable
180.22 retirement plan equals or exceeds 90 percent of the actuarial accrued liabilities of the
180.23 applicable plan in the two most recent prior consecutive actuarial valuation valuations
180.24 prepared under section 356.215 and the standards for actuarial work by the approved
180.25 actuary retained by the Public Employees Retirement Association under section 356.214.

180.26 (c) ~~If, after applying the increase as provided for in paragraph (a), clauses (3)~~
180.27 ~~and (4), the market value of the applicable retirement plan is determined in the next~~
180.28 ~~subsequent actuarial valuation prepared under section 356.215 to be less than 90 percent~~
180.29 ~~of the actuarial accrued liability of any of the applicable Public Employees Retirement~~
180.30 ~~Association plans, After having met the definition of funding stability under paragraph~~
180.31 (b), the increase provided in paragraph (a), clauses (1) and (2), are rather than an increase
180.32 under subdivision 1, is again to be applied as of the next successive January until funding
180.33 stability is again restored. in a subsequent year or years if the market value of assets of
180.34 the applicable plan equals or is less than:

180.35 (1) 85 percent of the actuarial accrued liabilities of the applicable plan for two
180.36 consecutive actuarial valuations; or

181.1 (2) 80 percent of the actuarial accrued liabilities of the applicable plan for the most
181.2 recent actuarial valuation.

181.3 (d) An increase in annuity or benefit payments under this section must be made
181.4 automatically unless written notice is filed by the annuitant or benefit recipient with the
181.5 executive director of the Public Employees Retirement Association requesting that the
181.6 increase not be made.

181.7 (e) The retirement annuity payable to a person who retires before becoming eligible
181.8 for Social Security benefits and who has elected the optional payment, as provided in
181.9 section 353.29, subdivision 6, must be treated as the sum of a period-certain retirement
181.10 annuity and a life retirement annuity for the purposes of any postretirement adjustment.
181.11 The period-certain retirement annuity plus the life retirement annuity must be the
181.12 annuity amount payable until age 62 for section 353.29, subdivision 6. A postretirement
181.13 adjustment granted on the period-certain retirement annuity must terminate when the
181.14 period-certain retirement annuity terminates.

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

181.16 Sec. 14. Minnesota Statutes 2012, section 356.415, subdivision 1c, is amended to read:

181.17 Subd. 1c. **Annual postretirement adjustments; PERA-police and fire.** (a)
181.18 Retirement annuity, disability benefit, or survivor benefit recipients of the public
181.19 employees police and fire retirement plan are entitled to a postretirement adjustment
181.20 annually on January 1, until funding stability is restored, as follows:

181.21 (1) for ~~January 1, 2011, and for January 1, 2012~~, for each annuitant or benefit
181.22 recipient whose annuity or benefit effective date is on or before June 1, 2014, who has
181.23 been receiving the annuity or benefit for at least 12 full months as of the immediate
181.24 preceding June 30, an amount equal to one percent in each year; or

181.25 (2) for ~~January 1, 2011, and for January 1, 2012~~, for each annuitant or benefit
181.26 recipient whose annuity or benefit effective date is on or before June 1, 2014, who has
181.27 been receiving the annuity or benefit for at least one full month, but not less than 11
181.28 months, as of the immediate preceding June 30, an amount equal to 1/12 of one percent ~~in~~
181.29 each year for each month of annuity or benefit receipt; and

181.30 (3) for ~~January 1, 2013, and each successive January 1 that follows the loss of~~
181.31 ~~funding stability as defined under paragraph (b) until funding stability as defined under~~
181.32 ~~paragraph (b) is again restored~~, for each annuitant or benefit recipient whose annuity
181.33 or benefit effective date is after June 1, 2014, who has will have been receiving the an
181.34 annuity or benefit for at least ~~12~~ 36 full months as of the immediate preceding June 30,
181.35 an amount equal to the ~~percentage increase in the Consumer Price Index for urban wage~~

182.1 ~~earners and clerical workers all items index published by the Bureau of Labor Statistics of~~
182.2 ~~the United States Department of Labor between the immediate preceding June 30 and the~~
182.3 ~~June 30 occurring 12 months previous, but not to exceed 1.5 one percent; or~~

182.4 (4) for January 1, 2013, and each successive January 1 that follows the loss of funding
182.5 stability as defined under paragraph (b) until funding stability as defined under paragraph
182.6 (b) is again restored, for each annuitant or benefit recipient whose annuity or benefit
182.7 effective date is after June 1, 2014, who has been receiving the annuity or benefit for at
182.8 least one 25 full month months, but less than 36 months as of the immediate preceding June
182.9 30, an amount equal to 1/12 of the percentage increase in the Consumer Price Index for
182.10 urban wage earners and clerical workers all items index published by the Bureau of Labor
182.11 Statistics of the United States Department of Labor between the immediate preceding June
182.12 30 and the June 30 occurring 12 months previous for each full month of annuity or benefit
182.13 receipt, but not to exceed 1/12 of 1.5 one percent for each full month of annuity or benefit
182.14 receipt; during the fiscal year in which the annuity or benefit was effective.

182.15 (5) ~~for~~ (b) Retirement annuity, disability benefit, or survivor benefit recipients of
182.16 the public employees police and fire retirement plan are entitled to a postretirement
182.17 adjustment annually on each January 1 following the restoration of funding stability as
182.18 defined under paragraph (b) (c) and during the continuation of funding stability as defined
182.19 under paragraph (b) (c), as follows:

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

182.26 (6) ~~for each January 1 following the restoration of funding stability as defined under~~
182.27 ~~paragraph (b) and during the continuation of funding stability as defined under paragraph~~
182.28 ~~(b);~~ (2) for each annuitant or benefit recipient who has been receiving the annuity or benefit
182.29 for at least ~~one~~ 25 full month months, but less than 36 full months, as of the immediate
182.30 preceding June 30, an amount equal to 1/12 of the percentage increase in the Consumer
182.31 Price Index for urban wage earners and clerical workers all items index published by
182.32 the Bureau of Labor Statistics of the United States Department of Labor between the
182.33 immediate preceding June 30 and the June 30 occurring 12 months previous for each full
182.34 month of annuity or benefit receipt during the fiscal year in which the annuity or benefit
182.35 was effective, but not to exceed 1/12 of 2.5 percent for each full month of annuity or
182.36 benefit receipt during the fiscal year in which the annuity or benefit was effective.

183.1 ~~(b)~~ (c) Funding stability is restored when the market value of assets of the public
 183.2 employees police and fire retirement plan equals or exceeds 90 percent of the actuarial
 183.3 accrued liabilities of the applicable plan in the two most recent prior consecutive actuarial
 183.4 ~~valuation~~ valuations prepared under section 356.215 and under the standards for actuarial
 183.5 work of the Legislative Commission on Pensions and Retirement by the approved actuary
 183.6 retained by the Public Employees Retirement Association under section 356.214.

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

183.12 (1) 85 percent of the actuarial accrued liabilities of the applicable plan for two
 183.13 consecutive actuarial valuations; or

183.14 (2) 80 percent of the actuarial accrued liabilities of the applicable plan for the most
 183.15 recent actuarial valuation.

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

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

183.21

ARTICLE 12

183.22

TEACHERS RETIREMENT ASSOCIATION EARLY RETIREMENT REDUCTION FACTORS

183.23

183.24 Section 1. Minnesota Statutes 2012, section 354.44, subdivision 6, is amended to read:

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

183.29 (b) This paragraph, in conjunction with paragraph (c), applies to a person who first
 183.30 became a member of the association or a member of a pension fund listed in section
 183.31 356.30, subdivision 3, before July 1, 1989, unless paragraph (d), in conjunction with
 183.32 paragraph (e), produces a higher annuity amount, in which case paragraph (d) applies. The
 183.33 average salary as defined in section 354.05, subdivision 13a, multiplied by the following

184.1 percentages per year of formula service credit shall determine the amount of the annuity to
 184.2 which the member qualifying therefor is entitled for service rendered before July 1, 2006:

184.3	Coordinated Member	Basic Member
184.4	Each year of service during	the percent specified
184.5	first ten	in section 356.315,
184.6		subdivision 1, per year
184.7	Each year of service	the percent specified
184.8	thereafter	in section 356.315,
184.9		subdivision 2, per year

184.10 For service rendered on or after July 1, 2006, the average salary as defined in section
 184.11 354.05, subdivision 13a, multiplied by the following percentages per year of service credit,
 184.12 determines the amount the annuity to which the member qualifying therefor is entitled:

184.13	Coordinated Member	Basic Member
184.14	Each year of service during	the percent specified
184.15	first ten	in section 356.315,
184.16		subdivision 1a, per year
184.17	Each year of service after	the percent specified
184.18	ten years of service	in section 356.315,
184.19		subdivision 2b, per year

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

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

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

184.34 (d) This paragraph applies to a member who has become at least 55 years old and
 184.35 first became a member of the association after June 30, 1989, and to any other member
 184.36 who has become at least 55 years old and whose annuity amount when calculated under
 184.37 this paragraph and in conjunction with paragraph (e), is higher than it is when calculated
 184.38 under paragraph (b), in conjunction with paragraph (c). For a basic member, the average
 184.39 salary, as defined in section 354.05, subdivision 13a, multiplied by the percent specified

185.1 by section 356.315, subdivision 4, for each year of service for a basic member shall
185.2 determine the amount of the retirement annuity to which the basic member is entitled.
185.3 The annuity of a basic member who was a member of the former Minneapolis Teachers
185.4 Retirement Fund Association as of June 30, 2006, must be determined according to the
185.5 annuity formula under the articles of incorporation of the former Minneapolis Teachers
185.6 Retirement Fund Association in effect as of that date. For a coordinated member, the
185.7 average salary, as defined in section 354.05, subdivision 13a, multiplied by the percent
185.8 specified in section 356.315, subdivision 2, for each year of service rendered before July
185.9 1, 2006, and by the percent specified in section 356.315, subdivision 2b, for each year of
185.10 service rendered on or after July 1, 2006, determines the amount of the retirement annuity
185.11 to which the coordinated member is entitled.

185.12 (e) This paragraph applies to a person who has become at least 55 years old and first
185.13 becomes a member of the association after June 30, 1989, and to any other member who
185.14 has become at least 55 years old and whose annuity is higher when calculated under
185.15 paragraph (d) in conjunction with this paragraph than when calculated under paragraph
185.16 (b), in conjunction with paragraph (c). An employee who retires under the formula annuity
185.17 before the normal retirement age shall be paid the normal annuity provided in paragraph
185.18 (d) reduced so that the reduced annuity is the actuarial equivalent of the annuity that
185.19 would be payable to the employee if the employee deferred receipt of the annuity and the
185.20 annuity amount were augmented at an annual rate of three percent compounded annually
185.21 from the day the annuity begins to accrue until the normal retirement age if the employee
185.22 became an employee before July 1, 2006, and at 2.5 percent compounded annually if the
185.23 employee becomes an employee after June 30, 2006. Except in regards to section 354.46,
185.24 this paragraph remains in effect until June 30, 2015.

185.25 (f) After June 30, 2020, this paragraph applies to a person who has become at least
185.26 55 years old and first becomes a member of the association after June 30, 1989, and to any
185.27 other member who has become at least 55 years old and whose annuity is higher when
185.28 calculated under paragraph (d) in conjunction with this paragraph than when calculated
185.29 under paragraph (b), in conjunction with paragraph (c). An employee who retires under
185.30 the formula annuity before the normal retirement age is entitled to receive the normal
185.31 annuity provided in paragraph (d). For a person who is at least age 62 or older and has at
185.32 least 30 years of service, the annuity must be reduced by an early reduction factor of six
185.33 percent per year of the annuity that would be payable to the employee if the employee
185.34 deferred receipt of the annuity and the annuity amount were augmented at an annual rate
185.35 of three percent compounded annually from the day the annuity begins to accrue until the
185.36 normal retirement age if the employee became an employee before July 1, 2006, and at 2.5

186.1 percent compounded annually if the employee became an employee after June 30, 2006.
186.2 For a person who is not at least age 62 or older and does not have at least 30 years of
186.3 service, the annuity would be reduced by an early reduction factor of four percent per year
186.4 for ages 55 through 59 and seven percent per year of the annuity that would be payable
186.5 to the employee if the employee deferred receipt of the annuity and the annuity amount
186.6 were augmented at an annual rate of three percent compounded annually from the day
186.7 the annuity begins to accrue until the normal retirement age if the employee became an
186.8 employee before July 1, 2006, and at 2.5 percent compounded annually if the employee
186.9 became an employee after June 30, 2006.

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

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

186.20 **EFFECTIVE DATE.** This section is effective July 1, 2013.

186.21 **ARTICLE 13**

186.22 **FIRST CLASS CITY TEACHER RETIREMENT INCREASES AND** 186.23 **FINANCIAL SOLVENCY MEASURES**

186.24 Section 1. **[354.436] DIRECT STATE AID ON BEHALF OF THE FORMER**
186.25 **MINNEAPOLIS TEACHERS RETIREMENT FUND ASSOCIATION.**

186.26 Subdivision 1. **Aid authorization.** The state shall pay \$12,954,000 to the Teachers
186.27 Retirement Association on behalf of the former Minneapolis Teachers Retirement Fund
186.28 Association.

186.29 Subd. 2. **Aid appropriation.** The commissioner of management and budget shall
186.30 pay the aid annually on October 1. The amount required is appropriated annually from the
186.31 general fund to the commissioner of management and budget.

186.32 Subd. 3. **Aid expiration.** The aid specified in this section terminates and this
186.33 section expires when the current assets of the Teachers Retirement Association fund equal
186.34 or exceed the actuarial accrued liabilities of the fund as determined in the most recent

187.1 actuarial valuation report for the Teachers Retirement Association fund by the actuary
 187.2 retained under section 356.214, or on the established date for full funding under section
 187.3 356.215, subdivision 11, whichever occurs earlier.

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

187.5 Sec. 2. Minnesota Statutes 2012, section 354A.011, subdivision 21, is amended to read:

187.6 Subd. 21. **Retirement.** (a) "Retirement" means the time after the date of cessation
 187.7 of active teaching service by a teacher who is ~~thereafter~~ then entitled to an accrued
 187.8 retirement annuity ~~commencing~~ beginning as designated by the board of trustees and
 187.9 payable ~~pursuant to an~~ upon filing a valid application for an annuity ~~filed~~ with the board.
 187.10 The applicable provisions of law, articles of incorporation and bylaws in effect on the date
 187.11 of cessation of active teaching service thereafter determine the rights of the person.

187.12 (b) For members of the St. Paul Teachers Retirement Fund Association, a right to
 187.13 a retirement annuity requires a complete and continuous separation for 90 days from
 187.14 employment in any form with Independent School District No. 625, including service
 187.15 provided to the school district as an independent contractor or as an employee of an
 187.16 independent contractor.

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

187.18 Sec. 3. Minnesota Statutes 2012, section 354A.12, subdivision 1, is amended to read:

187.19 Subdivision 1. **Employee contributions.** (a) The contribution required to be paid
 187.20 by each member of a teachers retirement fund association is the percentage of total salary
 187.21 specified below for the applicable association and program:

Association and Program	Percentage of Total Salary
Duluth Teachers Retirement Fund Association	
old law and new law	
coordinated programs	
before July 1, 2011 <u>2013</u>	5.5 <u>6.5</u> percent
effective July 1, 2011 <u>2013</u>	6.0 <u>7.0</u> percent
effective July 1, 2012 <u>2014</u>	6.5 <u>7.5</u> percent
St. Paul Teachers Retirement Fund Association	
basic program before July 1, 2011	8 percent
basic program after June 30, 2011	8.25 percent
basic program after June 30, 2012	8.5 percent
basic program after June 30, 2013	8.75 percent
basic program after June 30, 2014	9.0 percent
<u>basic program after June 30, 2015</u>	<u>9.5 percent</u>

188.1	<u>basic program after June 30, 2016</u>	<u>10.0 percent</u>
188.2	coordinated program before July 1, 2011	5.5 percent
188.3	coordinated program after June 30, 2011	5.75 percent
188.4	coordinated program after June 30, 2012	6.0 percent
188.5	coordinated program after June 30, 2013	6.25 percent
188.6	coordinated program after June 30, 2014	6.50 percent
188.7	<u>coordinated program after June 30, 2015</u>	<u>7.0 percent</u>
188.8	<u>coordinated program after June 30, 2016</u>	<u>7.50 percent</u>

188.9 (b) Contributions shall be made by deduction from salary and must be remitted
188.10 directly to the respective teachers retirement fund association at least once each month.

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

188.14 **EFFECTIVE DATE.** This section is effective with respect to the Duluth Teachers
188.15 Retirement Fund Association on July 1, 2013, and is effective with respect to the St. Paul
188.16 Teachers Retirement Fund Association on the day following final enactment.

188.17 Sec. 4. Minnesota Statutes 2012, section 354A.12, subdivision 2a, is amended to read:

188.18 Subd. 2a. **Employer regular and additional contributions.** (a) The employing
188.19 units shall make the following employer contributions to teachers retirement fund
188.20 associations:

188.21 (1) for any coordinated member of one of the following teachers retirement fund
188.22 associations in a city of the first class, the employing unit shall make a regular employer
188.23 contribution to the respective retirement fund association in an amount equal to the
188.24 designated percentage of the salary of the coordinated member as provided below:

188.25 Duluth Teachers Retirement Fund Association

188.26	before July 1, 2011 <u>2013</u>	5.79 <u>6.79</u> percent
188.27	effective July 1, 2011 <u>2013</u>	6.29 <u>7.29</u> percent
188.28	effective July 1, 2012 <u>2014</u>	6.79 <u>7.50</u> percent

188.29 St. Paul Teachers Retirement Fund Association

188.30	before July 1, 2011	4.50 percent
188.31	after June 30, 2011	4.75 percent
188.32	after June 30, 2012	5.0 percent
188.33	after June 30, 2013	5.25 percent
188.34	after June 30, 2014	5.5 percent
188.35	<u>after June 30, 2015</u>	<u>6.0 percent</u>
188.36	<u>after June 30, 2016</u>	<u>6.25 percent</u>
188.37	<u>after June 30, 2017</u>	<u>6.5 percent</u>

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

189.4	before July 1, 2011	8.0 percent of salary
189.5	after June 30, 2011	8.25 percent of salary
189.6	after June 30, 2012	8.5 percent of salary
189.7	after June 30, 2013	8.75 percent of salary
189.8	after June 30, 2014	9.0 percent of salary
189.9	<u>after June 30, 2015</u>	<u>9.5 percent of salary</u>
189.10	<u>after June 30, 2016</u>	<u>9.75 percent of salary</u>
189.11	<u>after June 30, 2017</u>	<u>10.0 percent of salary</u>

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

189.15 (4) for a coordinated member of the St. Paul Teachers Retirement Fund Association,
 189.16 the employing unit shall make an additional employer contribution to the respective fund
 189.17 in an amount equal to the applicable percentage of the coordinated member's salary,
 189.18 as provided below:

189.19	St. Paul Teachers Retirement Fund Association	3.84 percent
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189.20 (b) The regular and additional employer contributions must be remitted directly to
 189.21 the respective teachers retirement fund association at least once each month. Delinquent
 189.22 amounts are payable with interest under the procedure in subdivision 1a.

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

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

189.29 **EFFECTIVE DATE.** This section is effective with respect to the Duluth Teachers
 189.30 Retirement Fund Association on July 1, 2013, and is effective with respect to the St. Paul
 189.31 Teachers Retirement Fund Association on the day following final enactment.

189.32 Sec. 5. Minnesota Statutes 2012, section 354A.12, is amended by adding a subdivision
 189.33 to read:

189.34 **Subd. 2c. Duluth Teachers Retirement Fund Association; employer**
 189.35 **contributions for reemployed annuitants.** The school district shall make the regular

190.1 employer contributions and additional employer contributions specified in subdivision 2a
 190.2 on behalf of any retired member of the Duluth Teachers Retirement Fund Association who
 190.3 is reemployed by Independent School District No. 709, including providing service to the
 190.4 school district as an independent contractor or as an employee of an independent contractor.

190.5 **EFFECTIVE DATE.** This section is effective July 1, 2013.

190.6 Sec. 6. Minnesota Statutes 2012, section 354A.12, is amended by adding a subdivision
 190.7 to read:

190.8 **Subd. 2d. St. Paul Teachers Retirement Fund Association; employer**
 190.9 **contributions for reemployed annuitants.** Independent School District No. 625 shall
 190.10 make the regular employer contribution and additional employer contribution specified in
 190.11 subdivision 2a, plus a supplemental contribution equal to 2.5 percent of salary, on behalf
 190.12 of any retired member of the St. Paul Teachers Retirement Fund Association who is
 190.13 reemployed by Independent School District No. 625, including providing service to the
 190.14 school district as an independent contractor or as an employee of an independent contractor.

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

190.16 Sec. 7. Minnesota Statutes 2012, section 354A.12, subdivision 3a, is amended to read:

190.17 **Subd. 3a. Special direct state aid to first class city teachers retirement fund**
 190.18 **associations.** (a) The state shall pay ~~\$346,000~~ \$6,346,000 as special direct state aid to
 190.19 the Duluth Teachers Retirement Fund Association; ~~and \$2,827,000~~ \$9,827,000 to the St.
 190.20 Paul Teachers Retirement Fund Association ~~and, for the former Minneapolis Teachers~~
 190.21 ~~Retirement Fund Association, \$12,954,000 to the Teachers Retirement Association.~~

190.22 (b) The ~~direct state~~ aids under this subdivision are payable October 1 annually. The
 190.23 commissioner of management and budget shall pay the ~~direct state aid~~ aids specified in
 190.24 this subdivision. The ~~amount~~ amounts required ~~under this subdivision is~~ are appropriated
 190.25 annually from the general fund to the commissioner of management and budget.

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

190.27 Sec. 8. Minnesota Statutes 2012, section 354A.12, subdivision 3c, is amended to read:

190.28 **Subd. 3c. Termination of supplemental contributions and direct matching**
 190.29 **and state aid.** (a) The supplemental contributions payable to the St. Paul Teachers
 190.30 Retirement Fund Association by Independent School District No. 625 under section
 190.31 423A.02, subdivision 3, ~~or the direct~~ and all forms of state aid under subdivision 3a to the
 190.32 St. Paul Teachers Retirement Fund Association must continue until the current assets of

191.1 the fund equal or exceed the actuarial accrued liability of the fund as determined in the
191.2 most recent actuarial report for the fund by the actuary retained under section 356.214 or
191.3 until June 30, 2037, whichever occurs earlier.

191.4 (b) The aid to the Duluth Teachers Retirement Fund Association under section
191.5 423A.02, subdivision 3, and all forms of state aid under subdivision 3a to the Duluth
191.6 Teachers Retirement Fund Association must continue until the current assets of the fund
191.7 equal or exceed the actuarial accrued liability of the fund as determined in the most
191.8 recent actuarial report for the fund by the actuary retained under section 356.214 or until
191.9 the established date for full funding under section 356.215, subdivision 11, whichever
191.10 occurs earlier.

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

191.12 Sec. 9. Minnesota Statutes 2012, section 354A.12, subdivision 7, is amended to read:

191.13 **Subd. 7. Recovery of benefit overpayments.** (a) If the executive director discovers,
191.14 within the time period specified in subdivision 8 following the payment of a refund or
191.15 the accrual date of any retirement annuity, survivor benefit, or disability benefit, that
191.16 benefit overpayment has occurred due to using invalid service or salary, or due to any
191.17 erroneous calculation procedure, the executive director must recalculate the annuity or
191.18 benefit payable and recover any overpayment. The executive director shall recover the
191.19 overpayment by requiring direct repayment or by suspending or reducing the payment of a
191.20 retirement annuity or other benefit payable under this chapter to the applicable person or
191.21 the person's estate, whichever applies, until all outstanding amounts have been recovered.
191.22 If a benefit overpayment or improper payment of benefits occurred caused by a failure
191.23 of the person to satisfy length of separation requirements for retirement under section
191.24 354A.011, subdivision 21, the executive director shall recover the improper payments by
191.25 requiring direct repayment. The repayment must include interest at the rate of 0.71 percent
191.26 per month from the first of the month in which a monthly benefit amount was paid to the
191.27 first of the month in which the amount is repaid, with annual compounding.

191.28 (b) In the event the executive director determines that an overpaid annuity or benefit
191.29 that is the result of invalid salary included in the average salary used to calculate the
191.30 payment amount must be recovered, the executive director must determine the amount of
191.31 the employee deductions taken in error on the invalid salary, with interest as determined
191.32 under 354A.37, subdivision 3, and must subtract that amount from the total annuity or
191.33 benefit overpayment, and the remaining balance of the overpaid annuity or benefit, if
191.34 any, must be recovered.

192.1 (c) If the invalid employee deductions plus interest exceed the amount of the
192.2 overpaid benefits, the balance must be refunded to the person to whom the benefit or
192.3 annuity is being paid.

192.4 (d) Any invalid employer contributions reported on the invalid salary must be
192.5 credited against future contributions payable by the employer.

192.6 (e) If a member or former member, who is receiving a retirement annuity or
192.7 disability benefit for which an overpayment is being recovered, dies before recovery of the
192.8 overpayment is completed and an optional annuity or refund is payable, the remaining
192.9 balance of the overpaid annuity or benefit must continue to be recovered from the payment
192.10 to the optional annuity beneficiary or refund recipient.

192.11 (f) The board of trustees shall adopt policies directing the period of time and manner
192.12 for the collection of any overpaid retirement or optional annuity, and survivor or disability
192.13 benefit, or a refund that the executive director determines must be recovered as provided
192.14 under this section.

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

192.16 Sec. 10. Minnesota Statutes 2012, section 354A.27, is amended by adding a
192.17 subdivision to read:

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

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

192.26 **EFFECTIVE DATE.** This section is effective July 1, 2013, and applies to the
192.27 January 1, 2014, postretirement increase.

192.28 Sec. 11. Minnesota Statutes 2012, section 354A.27, subdivision 7, is amended to read:

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

192.31 (b) A percentage adjustment must be computed and paid under this subdivision to
192.32 eligible persons under subdivision 5. This adjustment is determined by reference to the
192.33 Consumer Price Index for urban wage earners and clerical workers all items index as

193.1 reported by the Bureau of Labor Statistics within the United States Department of Labor
193.2 each year as part of the determination of annual cost-of-living adjustments to recipients
193.3 of federal old-age, survivors, and disability insurance. For calculations of cost-of-living
193.4 adjustments under paragraph (c), the term "average third quarter Consumer Price Index
193.5 value" means the sum of the monthly index values as initially reported by the Bureau of
193.6 Labor Statistics for the months of July, August, and September, divided by 3.

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

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

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

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

193.23 **EFFECTIVE DATE.** This section is effective July 1, 2013.

193.24 Sec. 12. Minnesota Statutes 2012, section 354A.31, subdivision 3, is amended to read:

193.25 Subd. 3. **Resumption of teaching after commencement of a retirement annuity.**

193.26 (a) Any person who retired and is receiving a coordinated program retirement annuity
193.27 under the provisions of sections 354A.31 to 354A.41 or any person receiving a basic
193.28 program retirement annuity under the governing sections in the articles of incorporation
193.29 or bylaws and who has resumed teaching service for the school district in which the
193.30 teachers retirement fund association exists is entitled to continue to receive retirement
193.31 annuity payments, except that all or a portion of the annuity payments must be deferred
193.32 during the calendar year immediately following the calendar year in which the person's
193.33 salary from the teaching service is in an amount greater than \$46,000. The amount of the
193.34 annuity deferral is one-third the salary amount in excess of \$46,000 and must be deducted

194.1 from the annuity payable for the calendar year immediately following the calendar year
194.2 in which the excess amount was earned.

194.3 (b) If the person is retired for only a fractional part of the calendar year during the
194.4 initial year of retirement, the maximum reemployment salary exempt from triggering a
194.5 deferral as specified in this subdivision must be prorated for that calendar year.

194.6 (c) After a person has reached the Social Security normal retirement age, no deferral
194.7 requirement is applicable regardless of the amount of any compensation received for
194.8 teaching service for the school district in which the teachers retirement fund association
194.9 exists.

194.10 (d) The amount of the retirement annuity deferral must be handled or disposed
194.11 of as provided in section 356.47.

194.12 (e) Notwithstanding other paragraphs of this subdivision, for any retired Duluth
194.13 Teachers Retirement Fund Association member whose effective date of retirement is after
194.14 June 30, 2013, amounts specified as deferred under this subdivision must instead be
194.15 forfeited to the Duluth Teachers Retirement Fund Association fund.

194.16 (f) Notwithstanding other paragraphs of this subdivision, for any retired St. Paul
194.17 Teachers Retirement Fund Association basic or coordinated program member whose
194.18 effective date of retirement is after June 30, 2013, amounts specified as deferred under
194.19 this subdivision must instead be forfeited to the St. Paul Teachers Retirement Fund
194.20 Association fund.

194.21 (e) (g) For the purpose of this subdivision, salary from teaching service includes: (i)
194.22 all income for services performed as a consultant or independent contractor; or income
194.23 resulting from working with the school district in any capacity; and (ii) the greater of either
194.24 the income received or an amount based on the rate paid with respect to an administrative
194.25 position, consultant, or independent contractor in the school district in which the teachers
194.26 retirement fund association exists and at the same level as the position occupied by the
194.27 person who resumes teaching service.

194.28 (f) (h) On or before February 15 of each year, each applicable employing unit
194.29 shall report to the teachers retirement fund association the amount of postretirement
194.30 salary as defined in this subdivision, earned as a teacher, consultant, or independent
194.31 contractor during the previous calendar year by each retiree of the teachers retirement
194.32 fund association for teaching service performed after retirement. The report must be in
194.33 a format approved by the executive secretary or director.

194.34 **EFFECTIVE DATE.** This section is effective with respect to the Duluth Teachers
194.35 Retirement Fund Association on July 1, 2013, and is effective with respect to the St. Paul
194.36 Teachers Retirement Fund Association the day following final enactment.

195.1 Sec. 13. Minnesota Statutes 2012, section 354A.31, subdivision 4, is amended to read:

195.2 Subd. 4. **Computation of normal coordinated retirement annuity; St. Paul**
195.3 **fund.** (a) This subdivision applies to the coordinated program of the St. Paul Teachers
195.4 Retirement Fund Association.

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

195.8 (c) This paragraph, in conjunction with subdivision 6, applies to a person who first
195.9 became a member or a member in a pension fund listed in section 356.30, subdivision 3,
195.10 before July 1, 1989, unless paragraph (d), in conjunction with subdivision 7, produces
195.11 a higher annuity amount, in which case paragraph (d) will apply. For service rendered
195.12 before July 1, 2015, the retirement annuity formula percentage for purposes of this
195.13 paragraph is the percent specified in section 356.315, subdivision 1, per year for each year
195.14 of coordinated service for the first ten years and the percent specified in section 356.315,
195.15 subdivision 2, for each year of coordinated service thereafter. For service rendered after
195.16 June 30, 2015, the retirement annuity formula percentage for purposes of this paragraph
195.17 is the percent specified in section 356.315, subdivision 1a, per year for each year of
195.18 coordinated service for the first ten years and the percent specified in section 356.315,
195.19 subdivision 2b, for each year of coordinated service thereafter.

195.20 (d) This paragraph applies to a person who has become at least 55 years old and who
195.21 first becomes a member after June 30, 1989, and to any other member who has become
195.22 at least 55 years old and whose annuity amount, when calculated under this paragraph
195.23 and in conjunction with subdivision 7 is higher than it is when calculated under paragraph
195.24 (c), in conjunction with the provisions of subdivision 6. The retirement annuity formula
195.25 percentage for purposes of this paragraph is the percent specified in section 356.315,
195.26 subdivision 2, for each year of coordinated service rendered before July 1, 2015, and
195.27 the percent specified in section 356.215, subdivision 2b, for each year of coordinated
195.28 service thereafter.

195.29 **EFFECTIVE DATE.** This section is effective July 1, 2014.

195.30 Sec. 14. Minnesota Statutes 2012, section 354A.31, subdivision 4a, is amended to read:

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

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

196.4 (c) This paragraph, in conjunction with subdivision 6, applies to a person who first
196.5 became a member or a member in a pension fund listed in section 356.30, subdivision 3,
196.6 before July 1, 1989, unless paragraph (d), in conjunction with subdivision 7, produces a
196.7 higher annuity amount, in which case paragraph (d) applies. The retirement annuity
196.8 formula percentage for purposes of this paragraph is the percent specified in section
196.9 356.315, subdivision 1, per year for each year of coordinated program service for the first
196.10 ten years rendered through June 30, 2013, and the percent specified in section 356.315,
196.11 subdivision 1a, per year for each year of coordinated program service rendered after June
196.12 30, 2013, and the percent specified in section 356.315, subdivision 2, for each subsequent
196.13 year of coordinated program service through June 30, 2013, and the percent specified in
196.14 section 356.315, subdivision 2b, per year for each year of coordinated program service
196.15 rendered after June 30, 2013.

196.16 (d) This paragraph applies to a person who is at least 55 years old and who first
196.17 becomes a member after June 30, 1989, and to any other member who is at least 55 years
196.18 old and whose annuity amount, when calculated under this paragraph and in conjunction
196.19 with subdivision 7, is higher than it is when calculated under paragraph (c) in conjunction
196.20 with subdivision 6. The retirement annuity formula percentage for purposes of this
196.21 paragraph is the percent specified in section 356.315, subdivision 2, for each year of
196.22 coordinated program service through June 30, 2013, and the percent specified in section
196.23 356.315, subdivision 2b, per year for each year of coordinated program service rendered
196.24 after June 30, 2013.

196.25 **EFFECTIVE DATE.** This section is effective July 1, 2013.

196.26 Sec. 15. Minnesota Statutes 2012, section 354A.31, subdivision 7, is amended to read:

196.27 Subd. 7. **Actuarial Reduction for early retirement.** (a) This subdivision applies to
196.28 a person who has become at least 55 years old and first becomes a coordinated member
196.29 after June 30, 1989, and to any other coordinated member who has become at least 55
196.30 years old and whose annuity is higher when calculated using the retirement annuity
196.31 formula percentage in subdivision 4, paragraph (d), ~~and~~ or subdivision 4a, paragraph (d),
196.32 as applicable, in conjunction with this subdivision than when calculated under subdivision
196.33 4, paragraph (c), or subdivision 4a, paragraph (c), in conjunction with subdivision 6.

196.34 (b) A coordinated member who retires before the ~~full benefit~~ normal retirement
196.35 age shall be paid the retirement annuity calculated using the retirement annuity formula

197.1 percentage in subdivision 4, paragraph (d), or subdivision 4a, paragraph (d), ~~reduced so~~
 197.2 ~~that the reduced annuity is the actuarial equivalent of the annuity that would be payable~~
 197.3 ~~to the member if the member deferred receipt of the annuity and the annuity amount~~
 197.4 ~~were augmented at an annual rate of three percent compounded annually from the day~~
 197.5 ~~the annuity begins to accrue until the normal retirement age if the employee became an~~
 197.6 ~~employee before July 1, 2006, and at 2.5 percent compounded annually from the day the~~
 197.7 ~~annuity begins to accrue until the normal retirement age if the person initially becomes a~~
 197.8 ~~teacher after June 30, 2006. whichever is applicable, multiplied by the applicable early~~
 197.9 ~~retirement factor specified below:~~

	<u>Under age 62</u>		<u>Age 62 or older</u>	
	<u>or less than 30 years of service</u>		<u>with 30 years of service</u>	
<u>Normal retirement age:</u>	<u>65</u>	<u>66</u>	<u>65</u>	<u>66</u>
<u>Age at retirement</u>				
197.14 <u>55</u>	<u>0.5376</u>	<u>0.4592</u>		
197.15 <u>56</u>	<u>0.5745</u>	<u>0.4992</u>		
197.16 <u>57</u>	<u>0.6092</u>	<u>0.5370</u>		
197.17 <u>58</u>	<u>0.6419</u>	<u>0.5726</u>		
197.18 <u>59</u>	<u>0.6726</u>	<u>0.6062</u>		
197.19 <u>60</u>	<u>0.7354</u>	<u>0.6726</u>		
197.20 <u>61</u>	<u>0.7947</u>	<u>0.7354</u>		
197.21 <u>62</u>	<u>0.8507</u>	<u>0.7947</u>	<u>0.8831</u>	<u>0.8389</u>
197.22 <u>63</u>	<u>0.9035</u>	<u>0.8507</u>	<u>0.9246</u>	<u>0.8831</u>
197.23 <u>64</u>	<u>0.9533</u>	<u>0.9035</u>	<u>0.9635</u>	<u>0.9246</u>
197.24 <u>65</u>	<u>1.0000</u>	<u>0.9533</u>	<u>1.0000</u>	<u>0.9635</u>
197.25 <u>66</u>		<u>1.0000</u>		<u>1.0000</u>

197.26 For normal retirement ages between ages 65 and 66, the early retirement factors will
 197.27 be determined by linear interpolation between the early retirement factors applicable for
 197.28 normal retirement ages 65 and 66.

197.29 **EFFECTIVE DATE.** This section is effective July 1, 2013.

197.30 Sec. 16. Minnesota Statutes 2012, section 354A.35, subdivision 2, is amended to read:

197.31 Subd. 2. **Death while eligible to retire; surviving spouse optional annuity.** (a)
 197.32 The surviving spouse of a vested coordinated member who dies prior to retirement may
 197.33 elect to receive, instead of a refund with interest under subdivision 1, an annuity equal
 197.34 to the 100 percent joint and survivor annuity the member could have qualified for had
 197.35 the member terminated service on the date of death. The surviving spouse eligible for
 197.36 a surviving spouse benefit under this paragraph may apply for the annuity at any time
 197.37 after the date on which the deceased employee would have attained the required age for

198.1 retirement based on the employee's allowable service. A surviving spouse eligible for
198.2 surviving spouse benefits under paragraph (b) or (c) may apply for an annuity at any time
198.3 after the member's death. The member's surviving spouse shall be paid a joint and survivor
198.4 annuity under section 354A.32 and computed under section 354A.31.

198.5 (b) If the member was under age 55 and has credit for at least 30 years of allowable
198.6 service on the date of death, the surviving spouse may elect to receive a 100 percent joint
198.7 and survivor annuity based on the age of the member and surviving spouse on the date
198.8 of death. The annuity is payable using the full early retirement reduction under section
198.9 354A.31, subdivision 6, paragraph (a), to age 55 and one-half of the early retirement
198.10 reduction from age 55 to the age payment begins.

198.11 (c) If a vested member of the Duluth Teachers Retirement Fund Association was
198.12 under age 55 on the date of death but did not yet qualify for retirement, the surviving
198.13 spouse may elect to receive the 100 percent joint and survivor annuity based on the age
198.14 of the member and the survivor at the time of death. The annuity is payable using the
198.15 full early retirement reduction under section 354A.31, subdivision 6 or 7, to age 55 and
198.16 one-half of the early retirement reduction from age 55 to the date payment begins.

198.17 (d) If a vested member of the St. Paul Teachers Retirement Fund Association was
198.18 under age 55 on the date of death but did not yet qualify for retirement, the surviving
198.19 spouse may elect to receive the 100 percent joint and survivor annuity based on the age
198.20 of the member and the survivor at the time of death. The annuity is payable using the
198.21 full early retirement reduction under section 354A.31, subdivision 6 or 7, to age 55 and
198.22 one-half of the actuarial equivalent reduction from age 55 to the date payment begins.
198.23 The actuarial equivalent reduction is calculated so that the reduced annuity is the actuarial
198.24 equivalent of the annuity that would be payable to the member if the member deferred
198.25 receipt of the annuity and the annuity amount were augmented at an annual rate of 2.5
198.26 percent compounded annually from the day the annuity begins to accrue until the normal
198.27 retirement age.

198.28 ~~(d)~~ (e) Sections 354A.37, subdivision 2, and 354A.39 apply to a deferred annuity
198.29 or surviving spouse benefit payable under this section. The benefits are payable for the
198.30 life of the surviving spouse, or upon expiration of the term certain benefit payment under
198.31 subdivision 2b.

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

198.33 Sec. 17. Minnesota Statutes 2012, section 356.215, subdivision 8, is amended to read:

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

199.4 (1) select and ultimate interest rate assumption

199.5		ultimate	ultimate
199.6		preretirement	postretirement
199.7		interest rate	interest rate
199.8	plan	assumption	assumption
199.9	general state employees retirement plan	8.5%	6.0%
199.10	correctional state employees retirement plan	8.5	6.0
199.11	State Patrol retirement plan	8.5	6.0
199.12	legislators retirement plan	0.0	-2.0 until June 30, 2040, and -2.5 after June 30, 2040
199.13			
199.14			
199.15	elective state officers retirement plan	0.0	-2.0 until June 30, 2040, and -2.5 after June 30, 2040
199.16			
199.17			
199.18	judges retirement plan	8.5	6.0
199.19	general public employees retirement plan	8.5	6.0
199.20	public employees police and fire retirement plan	8.5	6.0
199.21	local government correctional service	8.5	6.0
199.22	retirement plan		
199.23	teachers retirement plan	8.5	6.0
199.24	Duluth teachers retirement plan	8.5	8.5
199.25	St. Paul teachers retirement plan	8.5	8.5

199.26 Except for the legislators retirement plan and the elective state officers retirement
 199.27 plan, the select preretirement interest rate assumption for the period after June 30, 2012,
 199.28 through June 30, 2017, is 8.0 percent. Except for the legislators retirement plan and the
 199.29 elective state officers retirement plan, the select postretirement interest rate assumption for
 199.30 the period after June 30, 2012, through June 30, 2017, is 5.5 percent, except for the Duluth
 199.31 teachers retirement plan and the St. Paul teachers retirement plan, each with a select
 199.32 postretirement interest rate assumption for the period after June 30, 2012, through June
 199.33 30, 2017, of 8.0 percent.

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

199.35		interest rate
199.36	plan	assumption
199.37	Bloomington Fire Department Relief Association	6.0
199.38	local monthly benefit volunteer firefighters relief	5.0
199.39	associations	

199.40 (b) The actuarial valuation must use the applicable following single rate future salary
 199.41 increase assumption, the applicable following modified single rate future salary increase
 199.42 assumption, or the applicable following graded rate future salary increase assumption:

200.1	(1) single rate future salary increase assumption	
200.2	plan	future salary increase assumption
200.3	legislators retirement plan	5.0%
200.4	judges retirement plan	3.0
200.5	Bloomington Fire Department Relief	4.0
200.6	Association	

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

200.9	plan	future salary increase assumption
200.10	local government correctional service retirement plan	assumption C
200.11	Duluth teachers retirement plan	assumption A
200.12	St. Paul teachers retirement plan	assumption B

200.13 For plans other than the Duluth teachers
 200.14 retirement plan, the select calculation
 200.15 is: during the designated select period, a
 200.16 designated percentage rate is multiplied by
 200.17 the result of the designated integer minus T,
 200.18 where T is the number of completed years
 200.19 of service, and is added to the applicable
 200.20 future salary increase assumption. The
 200.21 designated select period is ten years and the
 200.22 designated integer is ten for ~~all retirement~~
 200.23 ~~plans covered by this clause~~ the Duluth
 200.24 Teachers Retirement Fund Association
 200.25 and for the local government correctional
 200.26 service retirement plan and 15 for the St.
 200.27 Paul Teachers Retirement Fund Association.
 200.28 The designated percentage rate is ~~0.3~~ 0.2
 200.29 percent for the St. Paul Teachers Retirement
 200.30 Fund Association. The select calculation
 200.31 for the Duluth Teachers Retirement Fund
 200.32 Association is 8.00 percent per year for
 200.33 service years one through seven, 7.25 percent
 200.34 per year for service years seven and eight,
 200.35 and 6.50 percent per year for service years
 200.36 eight and nine.

200.37 The ultimate future salary increase assumption is:

201.1	age	A	B	C
201.2	16	8.00% <u>6.00%</u>	6.90% <u>5.90%</u>	9.00%
201.3	17	8.00 <u>6.00</u>	6.90 <u>5.90</u>	9.00
201.4	18	8.00 <u>6.00</u>	6.90 <u>5.90</u>	9.00
201.5	19	8.00 <u>6.00</u>	6.90 <u>5.90</u>	9.00
201.6	20	6.90 <u>6.00</u>	6.90 <u>5.90</u>	9.00
201.7	21	6.90 <u>6.00</u>	6.90 <u>5.90</u>	8.75
201.8	22	6.90 <u>6.00</u>	6.90 <u>5.90</u>	8.50
201.9	23	6.85 <u>6.00</u>	6.85 <u>5.85</u>	8.25
201.10	24	6.80 <u>6.00</u>	6.80 <u>5.80</u>	8.00
201.11	25	6.75 <u>6.00</u>	6.75 <u>5.75</u>	7.75
201.12	26	6.70 <u>6.00</u>	6.70 <u>5.70</u>	7.50
201.13	27	6.65 <u>6.00</u>	6.65 <u>5.65</u>	7.25
201.14	28	6.60 <u>6.00</u>	6.60 <u>5.60</u>	7.00
201.15	29	6.55 <u>6.00</u>	6.55 <u>5.55</u>	6.75
201.16	30	6.50 <u>6.00</u>	6.50 <u>5.50</u>	6.75
201.17	31	6.45 <u>6.00</u>	6.45 <u>5.45</u>	6.50
201.18	32	6.40 <u>6.00</u>	6.40 <u>5.40</u>	6.50
201.19	33	6.35 <u>6.00</u>	6.35 <u>5.35</u>	6.50
201.20	34	6.30 <u>6.00</u>	6.30 <u>5.30</u>	6.25
201.21	35	6.25 <u>6.00</u>	6.25 <u>5.25</u>	6.25
201.22	36	6.20 <u>5.86</u>	6.20 <u>5.20</u>	6.00
201.23	37	6.15 <u>5.73</u>	6.15 <u>5.15</u>	6.00
201.24	38	6.10 <u>5.59</u>	6.10 <u>5.10</u>	6.00
201.25	39	6.05 <u>5.45</u>	6.05 <u>5.05</u>	5.75
201.26	40	6.00 <u>5.31</u>	6.00 <u>5.00</u>	5.75
201.27	41	5.90 <u>5.18</u>	5.95 <u>4.95</u>	5.75
201.28	42	5.80 <u>5.04</u>	5.90 <u>4.90</u>	5.50
201.29	43	5.70 <u>4.90</u>	5.85 <u>4.85</u>	5.25
201.30	44	5.60 <u>4.76</u>	5.80 <u>4.80</u>	5.25
201.31	45	5.50 <u>4.63</u>	5.75 <u>4.75</u>	5.00
201.32	46	5.40 <u>4.49</u>	5.70 <u>4.70</u>	5.00
201.33	47	5.30 <u>4.35</u>	5.65 <u>4.65</u>	5.00
201.34	48	5.20 <u>4.21</u>	5.60 <u>4.60</u>	5.00
201.35	49	5.10 <u>4.08</u>	5.55 <u>4.55</u>	5.00
201.36	50	5.00 <u>3.94</u>	5.50 <u>4.50</u>	5.00
201.37	51	4.90 <u>3.80</u>	5.45 <u>4.45</u>	5.00
201.38	52	4.80 <u>3.66</u>	5.40 <u>4.40</u>	5.00
201.39	53	4.70 <u>3.53</u>	5.35 <u>4.35</u>	5.00
201.40	54	4.60 <u>3.39</u>	5.30 <u>4.30</u>	5.00
201.41	55	4.50 <u>3.25</u>	5.25 <u>4.25</u>	4.75
201.42	56	4.40 <u>3.25</u>	5.20 <u>4.20</u>	4.75
201.43	57	4.30 <u>3.25</u>	5.15 <u>4.15</u>	4.50

202.1	58	4.20 <u>3.25</u>	5.10 <u>4.10</u>	4.25
202.2	59	4.10 <u>3.25</u>	5.05 <u>4.05</u>	4.25
202.3	60	4.00 <u>3.25</u>	5.00 <u>4.00</u>	4.25
202.4	61	3.90 <u>3.25</u>	5.00 <u>4.00</u>	4.25
202.5	62	3.80 <u>3.25</u>	5.00 <u>4.00</u>	4.25
202.6	63	3.70 <u>3.25</u>	5.00 <u>4.00</u>	4.25
202.7	64	3.60 <u>3.25</u>	5.00 <u>4.00</u>	4.25
202.8	65	3.50 <u>3.25</u>	5.00 <u>4.00</u>	4.00
202.9	66	3.50 <u>3.25</u>	5.00 <u>4.00</u>	4.00
202.10	67	3.50 <u>3.25</u>	5.00 <u>4.00</u>	4.00
202.11	68	3.50 <u>3.25</u>	5.00 <u>4.00</u>	4.00
202.12	69	3.50 <u>3.25</u>	5.00 <u>4.00</u>	4.00
202.13	70	3.50 <u>3.25</u>	5.00 <u>4.00</u>	4.00

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

202.15	general state employees retirement plan of the	assumption A
202.16	Minnesota State Retirement System	
202.17	general employees retirement plan of the Public	assumption B
202.18	Employees Retirement Association	
202.19	Teachers Retirement Association	assumption C
202.20	public employees police and fire retirement plan	assumption D
202.21	State Patrol retirement plan	assumption E
202.22	correctional state employees retirement plan of the	assumption F
202.23	Minnesota State Retirement System	

202.24	service						
202.25	length	A	B	C	D	E	F
202.26	1	10.50%	12.03%	12.00%	13.00%	8.00%	6.00%
202.27	2	8.10	8.90	9.00	11.00	7.50	5.85
202.28	3	6.90	7.46	8.00	9.00	7.00	5.70
202.29	4	6.20	6.58	7.50	8.00	6.75	5.55
202.30	5	5.70	5.97	7.25	6.50	6.50	5.40
202.31	6	5.30	5.52	7.00	6.10	6.25	5.25
202.32	7	5.00	5.16	6.85	5.80	6.00	5.10
202.33	8	4.70	4.87	6.70	5.60	5.85	4.95
202.34	9	4.50	4.63	6.55	5.40	5.70	4.80
202.35	10	4.40	4.42	6.40	5.30	5.55	4.65
202.36	11	4.20	4.24	6.25	5.20	5.40	4.55
202.37	12	4.10	4.08	6.00	5.10	5.25	4.45
202.38	13	4.00	3.94	5.75	5.00	5.10	4.35
202.39	14	3.80	3.82	5.50	4.90	4.95	4.25
202.40	15	3.70	3.70	5.25	4.80	4.80	4.15
202.41	16	3.60	3.60	5.00	4.80	4.65	4.05
202.42	17	3.50	3.51	4.75	4.80	4.50	3.95
202.43	18	3.50	3.50	4.50	4.80	4.35	3.85

203.1	19	3.50	3.50	4.25	4.80	4.20	3.75
203.2	20	3.50	3.50	4.00	4.80	4.05	3.75
203.3	21	3.50	3.50	3.90	4.70	4.00	3.75
203.4	22	3.50	3.50	3.80	4.60	4.00	3.75
203.5	23	3.50	3.50	3.70	4.50	4.00	3.75
203.6	24	3.50	3.50	3.60	4.50	4.00	3.75
203.7	25	3.50	3.50	3.50	4.50	4.00	3.75
203.8	26	3.50	3.50	3.50	4.50	4.00	3.75
203.9	27	3.50	3.50	3.50	4.50	4.00	3.75
203.10	28	3.50	3.50	3.50	4.50	4.00	3.75
203.11	29	3.50	3.50	3.50	4.50	4.00	3.75
203.12	30 or more	3.50	3.50	3.50	4.50	4.00	3.75

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

203.17	plan	payroll growth assumption
203.18	general state employees retirement plan of the	3.75%
203.19	Minnesota State Retirement System	
203.20	correctional state employees retirement plan	3.75
203.21	State Patrol retirement plan	3.75
203.22	judges retirement plan	3.00
203.23	general employees retirement plan of the Public	3.75
203.24	Employees Retirement Association	
203.25	public employees police and fire retirement plan	3.75
203.26	local government correctional service retirement plan	3.75
203.27	teachers retirement plan	3.75
203.28	Duluth teachers retirement plan	4.50 <u>3.50</u>
203.29	St. Paul teachers retirement plan	5.00 <u>4.00</u>

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

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

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

203.38 Sec. 18. Minnesota Statutes 2012, section 356.47, subdivision 1, is amended to read:

204.1 Subdivision 1. **Application.** (a) This section applies to the balance of annual
 204.2 retirement annuities on the amount of retirement annuity reductions after reemployed
 204.3 annuitant earnings limitations for retirement plans governed by section 352.115,
 204.4 subdivision 10; 353.37; 354.44, subdivision 5; or 354A.31, subdivision 3.

204.5 (b) This section also applies to the balance of annual retirement annuities on
 204.6 the amount of retirement annuity reductions under section 354A.31, subdivision 3, for
 204.7 members of the Duluth Teachers Retirement Fund Association whose effective date of
 204.8 retirement is before July 1, 2013.

204.9 (c) This section also applies to the balance of annual retirement annuities on
 204.10 the amount of retirement annuity reductions under section 354A.31, subdivision 3, for
 204.11 members of the St. Paul Teachers Retirement Fund Association whose effective date of
 204.12 retirement is before July 1, 2013.

204.13 **EFFECTIVE DATE.** This section is effective with respect to the Duluth Teachers
 204.14 Retirement Fund Association on July 1, 2013, and is effective with respect to the St. Paul
 204.15 Teachers Retirement Fund Association the day following final enactment.

204.16 Sec. 19. Minnesota Statutes 2012, section 423A.02, subdivision 5, is amended to read:

204.17 Subd. 5. **Termination of state aid programs.** The amortization state aid,
 204.18 supplemental amortization state aid, and additional amortization state aid programs
 204.19 terminate as of the December 31, next following the date of the actuarial valuation when
 204.20 the assets of the St. Paul Teachers Retirement Fund Association equal the actuarial accrued
 204.21 liability of that plan or ~~December 31, 2009~~ June 30, 2037, whichever is ~~later~~ earlier.

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

204.23 Sec. 20. **DULUTH TEACHERS RETIREMENT FUND ASSOCIATION BYLAW**
 204.24 **AMENDMENT AUTHORIZATION.**

204.25 Consistent with Minnesota Statutes, section 354A.12, subdivision 4, the Duluth
 204.26 Teachers Retirement Fund Association is authorized to amend its articles of incorporation
 204.27 or its bylaws to specify the revised contribution rates under sections 3 and 4, required
 204.28 employee contributions on behalf of reemployed annuitants as specified under section 5,
 204.29 and revised treatment of reemployed annuitant holding accounts under sections 12 and 18.

204.30 **EFFECTIVE DATE.** This section is effective July 1, 2013.

204.31 Sec. 21. **ST. PAUL TEACHERS RETIREMENT FUND ASSOCIATION BYLAW**
 204.32 **AMENDMENT AUTHORIZATION.**

205.1 Consistent with Minnesota Statutes, section 354A.12, subdivision 4, the St. Paul
205.2 Teachers Retirement Fund Association is authorized to amend its articles of incorporation
205.3 or its bylaws to apply the reduction factors stated in section 15 rather than the actuarial
205.4 reduction factors previously authorized.

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

205.6 Sec. 22. **CONSOLIDATION STUDY.**

205.7 The boards and executive directors of the Duluth Teachers Retirement Fund
205.8 Association, the St. Paul Teachers Retirement Fund Association, and the Teachers
205.9 Retirement Association shall jointly study and develop a report on the feasibility and
205.10 requirements necessary for the consolidation of the Duluth Teachers Retirement Fund
205.11 Association and the St. Paul Teachers Retirement Fund Association into the Teachers
205.12 Retirement Association. The report shall include detailed actuarial analysis that will define
205.13 the financial requirements for consolidating with the Teachers Retirement Association
205.14 in a manner, consistent with past practice, that assures that the assets of the Teachers
205.15 Retirement Association are protected, that the merging funds are fully funded, and that the
205.16 Teachers Retirement Association is not subsidizing the merged funds. The report shall
205.17 include implementation plans, proposed allocation of costs between the state and all
205.18 interested parties, time frames sufficient for an orderly transition, necessary management
205.19 and administrative changes, asset investment related considerations, and education and
205.20 communication plans to fully inform the executive branch, the legislative branch, and all
205.21 system stakeholders of financial requirements. The report shall include plans to treat
205.22 the employees of the Duluth Teachers Retirement Fund Association and the St. Paul
205.23 Teachers Retirement Fund Association in a manner comparable to that provided to the
205.24 former employees of the former Minneapolis Teachers Retirement Fund Association upon
205.25 consolidation into the Teachers Retirement Fund Association. The boards and executive
205.26 directors shall consult with the executive director of the State Board of Investment on
205.27 investment management transition issues. The report must be submitted to the Legislative
205.28 Commission on Pensions and Retirement by January 6, 2014.

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

205.30 Sec. 23. **REPEALER.**

205.31 Minnesota Statutes 2012, section 354A.27, subdivision 6, is repealed.

206.1 **ARTICLE 14**206.2 **JUDGES RETIREMENT PLAN FINANCIAL SOLVENCY MEASURES**

206.3 Section 1. Minnesota Statutes 2012, section 356.315, is amended by adding a
206.4 subdivision to read:

206.5 Subd. 8a. **Judges plan.** The applicable benefit accrual rate is 2.5 percent.

206.6 **EFFECTIVE DATE.** This section is effective July 1, 2013.

206.7 Sec. 2. Minnesota Statutes 2012, section 356.415, subdivision 1, is amended to read:

206.8 Subdivision 1. **Annual postretirement adjustments; generally.** (a) Except as
206.9 otherwise provided in subdivision 1a, 1b, 1c, 1d, ~~or 1e,~~ or 1f, retirement annuity, disability
206.10 benefit, or survivor benefit recipients of a covered retirement plan are entitled to a
206.11 postretirement adjustment annually on January 1, as follows:

206.12 (1) a postretirement increase of 2.5 percent must be applied each year, effective
206.13 January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who has
206.14 been receiving an annuity or a benefit for at least 12 full months prior to the January 1
206.15 increase; and

206.16 (2) for each annuitant or benefit recipient who has been receiving an annuity or a
206.17 benefit amount for at least one full month, an annual postretirement increase of 1/12 of 2.5
206.18 percent for each month that the person has been receiving an annuity or benefit must be
206.19 applied, effective on January 1 following the calendar year in which the person has been
206.20 retired for less than 12 months.

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

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

206.25 (d) The retirement annuity payable to a person who retires before becoming eligible
206.26 for Social Security benefits and who has elected the optional payment as provided in
206.27 section 353.29, subdivision 6, must be treated as the sum of a period certain retirement
206.28 annuity and a life retirement annuity for the purposes of any postretirement adjustment.
206.29 The period certain retirement annuity plus the life retirement annuity must be the
206.30 annuity amount payable until age 62 for section 353.29, subdivision 6. A postretirement
206.31 adjustment granted on the period certain retirement annuity must terminate when the
206.32 period certain retirement annuity terminates.

206.33 **EFFECTIVE DATE.** This section is effective July 1, 2013.

207.1 Sec. 3. Minnesota Statutes 2012, section 356.415, is amended by adding a subdivision
207.2 to read:

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

207.7 (b) Retirement annuity, disability benefit, or survivor benefit recipients of the
207.8 judges retirement plan are entitled to a postretirement adjustment annually on January
207.9 1, as follows:

207.10 (1) a postretirement increase of 1.75 percent must be applied each year, effective
207.11 on January 1, to the monthly annuity or benefit of each annuitant or benefit recipient
207.12 who has been receiving an annuity or a benefit for at least 18 full months before the
207.13 January 1 increase; and

207.14 (2) for each annuitant or benefit recipient who has been receiving an annuity or a
207.15 benefit for at least six full months, an annual postretirement increase of 1/12 of 1.75
207.16 percent for each month that the person has been receiving an annuity or benefit must be
207.17 applied, effective January 1, following the calendar year in which the person has been
207.18 retired for at least six months, but has been retired for less than 18 months.

207.19 (c) Increases under this subdivision terminate on December 31 of the calendar
207.20 year in which the actuarial valuation prepared by the approved actuary under sections
207.21 356.214 and 356.215 and the standards for actuarial work promulgated by the Legislative
207.22 Commission on Pensions and Retirement indicates that the market value of assets of the
207.23 judges retirement plan equals or exceeds 70 percent of the actuarial accrued liability of
207.24 the retirement plan. Increases under subdivision 1 or 1a, whichever is applicable, begin
207.25 on the January 1 next following that date.

207.26 (d) An increase in annuity or benefit payments under this subdivision must be made
207.27 automatically unless written notice is filed by the annuitant or benefit recipient with the
207.28 executive director of the applicable covered retirement plan requesting that the increase
207.29 not be made.

207.30 **EFFECTIVE DATE.** This section is effective July 1, 2013.

207.31 Sec. 4. Minnesota Statutes 2012, section 490.121, subdivision 21f, is amended to read:

207.32 Subd. 21f. **Normal retirement date.** (a) For a judge in the tier I program, "normal
207.33 retirement date" means the date a the judge attains the age of 65.

207.34 (b) For a judge in the tier II program, normal retirement date means the date the
207.35 judge attains age 66.

208.1 **EFFECTIVE DATE.** This section is effective July 1, 2013.

208.2 Sec. 5. Minnesota Statutes 2012, section 490.121, subdivision 22, is amended to read:

208.3 Subd. 22. **Service credit limit.** "Service credit limit" means, for a judge covered
208.4 by tier I, the greater of: (1) 24 years of allowable service under this chapter; or (2), for
208.5 judges a judge with allowable service rendered before July 1, 1980, the number of years of
208.6 allowable service under chapter 490, which, when multiplied by the percentage listed in
208.7 section 356.315, subdivision 7 or 8, whichever is applicable to each year of service, equals
208.8 76.8. For a judge covered by tier II, there is no service credit limit.

208.9 **EFFECTIVE DATE.** This section is effective July 1, 2013.

208.10 Sec. 6. Minnesota Statutes 2012, section 490.121, is amended by adding a subdivision
208.11 to read:

208.12 Subd. 25. **Tier I.** "Tier I" is the benefit program of the retirement plan with a
208.13 membership specified by section 490.1221, paragraph (b), and governed by sections
208.14 356.315, subdivisions 7 and 8; 356.415, subdivisions 1 and 1f; and 490.121 to 490.133,
208.15 except as modified in sections 356.315, subdivision 8a; 490.121, subdivision 21f,
208.16 paragraph (b); 490.1222; 490.123, subdivision 1a, paragraph (b); and 490.124, subdivision
208.17 1, paragraphs (c) and (d).

208.18 **EFFECTIVE DATE.** This section is effective July 1, 2013.

208.19 Sec. 7. Minnesota Statutes 2012, section 490.121, is amended by adding a subdivision
208.20 to read:

208.21 Subd. 26. **Tier II.** "Tier II" is the benefit program of the retirement plan with a
208.22 membership specified by section 490.1221, paragraph (c), and governed by sections
208.23 356.315, subdivision 8a; 356.415, subdivisions 1 and 1f; 490.121 to 490.133, as modified
208.24 in section 490.121, subdivision 21f, paragraph (b); 490.1222; 490.123, subdivision 1a,
208.25 paragraph (b); and 490.124, subdivision 1, paragraphs (c) and (d).

208.26 **EFFECTIVE DATE.** This section is effective July 1, 2013.

208.27 Sec. 8. **[490.1221] JUDGES PLAN PROGRAMS.**

208.28 (a) Members of the judges retirement plan are members of either the tier I or tier II
208.29 program.

208.30 (b) A tier I program judge is a person who was first appointed or elected as a judge
208.31 before July 1, 2013, who was not eligible for the tier II program because the judge had

209.1 five or more years of allowable service on or before December 30, 2013, or did not elect
 209.2 that program.

209.3 (c) A tier II program judge is a person who:

209.4 (1) was first appointed or elected as a judge after June 30, 2013; or

209.5 (2) was first appointed or elected as a judge before July 1, 2013, had less than five
 209.6 years of allowable service on or before December 30, 2013, and made an election under
 209.7 section 14 to be in the tier II program.

209.8 **EFFECTIVE DATE.** This section is effective July 1, 2013.

209.9 **Sec. 9. [490.1222] APPLICATION OF SERVICE CREDIT LIMIT.**

209.10 The service credit limit specified in section 490.121, subdivision 22, does not apply
 209.11 to a judge in the tier II program.

209.12 **EFFECTIVE DATE.** This section is effective July 1, 2013.

209.13 **Sec. 10.** Minnesota Statutes 2012, section 490.123, subdivision 1a, is amended to read:

209.14 **Subd. 1a. Member contribution rates.** (a) A judge ~~who is covered by the federal~~
 209.15 ~~Old Age, Survivors, Disability, and Health Insurance Program and in the tier I program~~
 209.16 whose service does not exceed the service credit limit in section 490.121, subdivision 22,
 209.17 shall contribute to the fund from each salary payment a sum equal to ~~8.00~~ 9.00 percent
 209.18 of salary.

209.19 (b) A judge in the tier II program shall contribute to the fund from each salary
 209.20 payment a sum equal to 7.00 percent of salary.

209.21 ~~(b) The contribution~~ (c) Contributions under this subdivision ~~is~~ are payable by salary
 209.22 deduction. The deduction must be made by the state court administrator under section
 209.23 352.04, subdivisions 4, 5, and 8.

209.24 **EFFECTIVE DATE.** This section is effective beginning on the first day of the first
 209.25 full payroll period following an increase in judicial salaries of at least one percent due to
 209.26 action by the legislature during calendar year 2013 or later.

209.27 **Sec. 11.** Minnesota Statutes 2012, section 490.123, subdivision 1b, is amended to read:

209.28 **Subd. 1b. Employer contribution rate.** (a) The employer contribution rate to the
 209.29 fund on behalf of a judge is ~~20.5~~ 22.5 percent of salary. The employer obligation continues
 209.30 after a judge exceeds the service credit limit in section 490.121, subdivision 22.

209.31 (b) The employer contribution must be paid by the state court administrator. The
 209.32 employer contribution is payable at the same time as member contributions are made

210.1 under subdivision 1a or as employee contributions are made to the unclassified program
210.2 governed by chapter 352D for judges whose service exceeds the limit in section 490.121,
210.3 subdivision 22, are remitted.

210.4 **EFFECTIVE DATE.** This section is effective the first day of the first full payroll
210.5 period after June 30, 2013.

210.6 Sec. 12. Minnesota Statutes 2012, section 490.124, subdivision 1, is amended to read:

210.7 Subdivision 1. **Basic Retirement annuity.** (a) Except as qualified hereinafter from
210.8 and after the mandatory retirement date, the normal retirement date, the early retirement
210.9 date, or one year from the disability retirement date, as the case may be, a retiring judge is
210.10 eligible to receive a retirement annuity from the judges' retirement fund.

210.11 (b) For a tier I program judge, the retirement annuity is an amount equal to:

210.12 (1) the percent specified in section 356.315, subdivision 7, multiplied by the judge's
210.13 final average compensation with that result then multiplied by the number of years and
210.14 fractions of years of allowable service rendered before July 1, 1980; plus

210.15 (2) the percent specified in section 356.315, subdivision 8, multiplied by the judge's
210.16 final average compensation with that result then multiplied by the number of years and
210.17 fractions of years of allowable service rendered after June 30, 1980.

210.18 (c) For a tier II program judge who was first appointed or elected as a judge before
210.19 July 1, 2013, the retirement annuity is an amount equal to:

210.20 (1) the percent specified in section 356.315, subdivision 8, multiplied by the judge's
210.21 final average compensation with that result then multiplied by the number of years and
210.22 fractions of years of allowable service rendered before January 1, 2014; plus

210.23 (2) the percentage specified in section 356.315, subdivision 8a, multiplied by the
210.24 judge's final average compensation with that result then multiplied by the number of years
210.25 and fractions of years of allowable service rendered after December 31, 2013.

210.26 (d) For a tier II program judge who was first appointed or elected as a judge after
210.27 June 30, 2013, the retirement annuity is an amount equal to the percent specified in section
210.28 356.315, subdivision 8a, multiplied by the judge's final average compensation with that
210.29 result then multiplied by the number of years and fractions of years of allowable service.

210.30 (e) (e) For a judge in the tier I program, service that exceeds the service credit limit in
210.31 section 490.121, subdivision 22, must be excluded in calculating the retirement annuity, but
210.32 the compensation earned by the judge during this period of judicial service must be used in
210.33 determining a judge's final average compensation and calculating the retirement annuity.

210.34 **EFFECTIVE DATE.** This section is effective July 1, 2013.

211.1 Sec. 13. **MEMBER CONTRIBUTION INCREASE CONDITION.**

211.2 Any increase in judicial salaries enacted by the legislature during calendar year 2013
211.3 or later is not applicable to a judge in the tier I program if the member contribution rate
211.4 applicable to that judge in the tier I program under Minnesota Statutes, section 490.123,
211.5 subdivision 1a, is not deducted from the salary of the judge.

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

211.7 Sec. 14. **TIER II PROGRAM ELECTION; PRE-JULY 1, 2013, JUDGES.**

211.8 Subdivision 1. **Authority.** A person who was first appointed or elected as a judge
211.9 covered by the Minnesota State Retirement System judges retirement plan before July 1,
211.10 2013, is eligible to elect treatment as a tier II program judge if the judge has less than five
211.11 years of allowable service on the date the judge makes a valid election under subdivision 2.

211.12 Subd. 2. **Election procedure.** An eligible judge under subdivision 1 may elect to
211.13 be subject to the provisions of Minnesota Statutes, chapter 490, applicable to a tier II
211.14 program judge rather than the tier I program by electing that treatment in writing before
211.15 January 1, 2014, on a form provided by the executive director of the Minnesota State
211.16 Retirement System.

211.17 Subd. 3. **Effect of election.** (a) The election is irrevocable.

211.18 (b) An eligible judge who fails to make an election remains in the tier I program.

211.19 (c) If the tier II program is elected by an eligible judge, member contributions based on
211.20 revised member contribution rates under Minnesota Statutes, section 490.123, subdivision
211.21 1a, begin on the first day of the first full pay period occurring after January 1, 2014.

211.22 **EFFECTIVE DATE.** This section is effective July 1, 2013.

211.23 **ARTICLE 15**

211.24 **MISCELLANEOUS PROVISIONS**

211.25 Section 1. Minnesota Statutes 2012, section 356.91, is amended to read:

211.26 **356.91 VOLUNTARY MEMBERSHIP DUES DEDUCTION.**

211.27 (a) Upon written authorization of a person receiving an annuity from a public
211.28 pension fund administered by the Minnesota State Retirement System or the Public
211.29 Employees Retirement Association, the executive director of the public pension fund ~~may~~
211.30 shall deduct from the retirement annuity an amount requested by the annuitant to be paid
211.31 as membership dues or other payments to any labor organization that is an exclusive
211.32 bargaining agent representing public employees or an organization representing retired

212.1 public employees of which the annuitant is a member and shall, on a monthly basis, pay
212.2 the amount to the organization so designated by the annuitant.

212.3 (b) A pension fund and the plan fiduciaries which authorize or administer deductions
212.4 of dues payments under paragraph (a) are not liable for failure to properly deduct or transmit
212.5 the dues amounts, provided that the fund and the fiduciaries have acted in good faith.

212.6 (c) ~~The deductions under paragraph (a) may occur no more frequently than two times~~
212.7 ~~per year and may not be used for political purposes.~~ Any labor organization that is an
212.8 exclusive bargaining agent representing public employees or an organization representing
212.9 retired public employees may conduct blind mailings to the annuitants of a retirement
212.10 system specified in paragraph (a) by requesting that the retirement system mail voluntary
212.11 membership information and dues deduction cards to annuitants. Such mailings shall not
212.12 be for the purpose of supporting or opposing any candidate, political party, or ballot
212.13 measure. The organization requesting the blind mailing shall pay all costs associated
212.14 with these mailings, including but not limited to copying, labeling, mailing, postage, and
212.15 record keeping. In lieu of administering a blind mailing in-house, a retirement system
212.16 may transmit annuitant data necessary for conducting a blind mailing to a mail center
212.17 pursuant to a secure data share agreement with the mail center which provides that neither
212.18 the organization nor any other entity shall have direct access to the data transmitted by
212.19 the retirement system. The retirement system shall have no obligation to approve or
212.20 disapprove, or otherwise be responsible for, the content of the mailings. No organization
212.21 shall conduct more than two blind mailings per calendar year.

212.22 (d) ~~Any labor organization specified in paragraph (a) shall reimburse the public~~
212.23 ~~pension fund for the administrative expense of withholding premium amounts.~~

212.24 **ARTICLE 16**

212.25 **APPROPRIATIONS**

212.26 Section 1. **JUDICIARY.**

212.27 (a) \$22,000 in fiscal year 2014 and \$22,000 in fiscal year 2015 are appropriated
212.28 to the Supreme Court from the general fund for the increased employer contribution
212.29 in article 14, section 11.

212.30 (b) \$55,000 in fiscal year 2014 and \$57,000 in fiscal year 2015 are appropriated
212.31 to the court of appeals from the general fund for the increased employer contribution
212.32 in article 14, section 11.

212.33 (c) \$778,000 in fiscal year 2014 and \$809,000 in fiscal year 2015 are appropriated
212.34 to the district courts from the general fund for the increased employer contribution in
212.35 article 14, section 11.

213.1 **Sec. 2. PUBLIC SAFETY.**

213.2 The following amounts are appropriated to the Department of Public Safety for the
213.3 increased employer contribution in article 9, section 3:

213.4 (1) \$95,000 in fiscal year 2015 is appropriated from the general fund. The general
213.5 fund base for fiscal year 2017 is increased by \$94,000.

213.6 (2) \$546,000 in fiscal year 2015 is appropriated from the trunk highway fund. The
213.7 trunk highway fund base for fiscal year 2017 is increased by \$547,000.

213.8 (3) \$8,000 in fiscal year 2015 is appropriated from the highway user tax distribution
213.9 fund. The highway user tax distribution fund base for fiscal year 2017 is increased
213.10 by \$8,000.

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ARTICLE 5	REVISIONS AND REPEALS OF FORMER LOCAL POLICE AND PAID FIREFIGHTER RELIEF ASSOCIATION LAWS	Page.Ln 66.27
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ARTICLE 7	ONE PERSON AND SMALL GROUP RETIREMENT CHANGES ..	Page.Ln 149.4
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3A.02 RETIREMENT ALLOWANCE.

Subd. 3. **Appropriation.** The amounts required for payment of retirement allowances provided by this section are appropriated annually to the director from the legislators retirement fund or from the general fund as provided in section 3A.115. The retirement allowance is payable monthly to the recipients entitled to those retirement allowances.

69.021 REPORTING PREMIUMS; CALCULATION OF AID.

Subd. 6. **Calculation of apportionment of police state aid to counties.** The police state aid available must be distributed to the counties in proportion to the relationship that the total number of active peace officers, as defined in section 69.011, subdivision 1, clause (g), in each county who are employed either by municipalities maintaining police departments or by the county, bears to the total number of peace officers employed by all municipalities and counties, subject to any reduction under subdivision 10. Any necessary additional adjustments shall be made to subsequent apportionments.

69.77 BLOOMINGTON FIREFIGHTERS RELIEF ASSOCIATION.

Subd. 3. **Minimum member contribution.** Each active member of the relief association must pay into the special fund of the association during a year of covered service, a contribution for retirement coverage, including survivorship benefits, of not less than eight percent of the maximum rate of salary upon which retirement coverage is credited and service pension and retirement benefit amounts are determined. The member contributions must be made by payroll deduction from the salary of the member by the municipality, and must be transmitted by the municipality to the relief association as soon as practical. The relief association shall deposit the member contribution to the credit of the special fund of the relief association. The member contribution requirement specified in this subdivision does not apply to any members who are volunteer firefighters.

352.045 PROCEDURE FOR REVISING EMPLOYEE AND EMPLOYER CONTRIBUTIONS IN CERTAIN INSTANCES.

Subd. 3. **Contribution rate revision.** Notwithstanding the contribution rate provisions stated in plan law, the employee and employer contribution rates must be adjusted:

(1) if, after July 1, 2011, the regular actuarial valuations of the applicable plan under section 356.215 indicate that there is a contribution sufficiency under subdivision 2 equal to or greater than 0.5 percent of covered payroll for two consecutive years, the employee and employer contribution rates for the applicable plan must be decreased as determined under subdivision 4 to a level such that the sufficiency equals no more than 0.25 percent of covered payroll based on the most recent actuarial valuation; or

(2) if, after July 1, 2011, the regular actuarial valuations of the applicable plan under section 356.215 indicate that there is a deficiency equal to or greater than 0.5 percent of covered payroll for two consecutive years, the employee and employer contribution rates for the applicable plan must be increased as determined under subdivision 4 to a level such that no deficiency exists based on the most recent actuarial valuation.

Subd. 4. **Reporting, commission review.** (a) The contribution rate increase or decrease must be determined by the executive director of the Minnesota State Retirement System, must be reported to the chair and the executive director of the Legislative Commission on Pensions and Retirement on or before the next February 1, and, if the Legislative Commission on Pensions and Retirement does not recommend against the rate change or does not recommend a modification in the rate change, is effective on the next July 1 following the determination by the executive director that a contribution deficiency or sufficiency has existed for two consecutive fiscal years based on the most recent actuarial valuations under section 356.215. If the actuarially required contribution exceeds or is less than the total support provided by the combined employee and employer contribution rates for the applicable plan by more than 0.5 percent of covered payroll, the applicable plan employee and employer contribution rates must be adjusted incrementally over one or more years to a level such that there remains a contribution sufficiency of no more than 0.25 percent of covered payroll.

(b) No incremental adjustment may exceed 0.25 percent of payroll for either the employee or employer contribution rates per year in which any adjustment is implemented. For an

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applicable plan, a contribution rate adjustment under this section must not be made until at least two years have passed since fully implementing a previous adjustment under this section.

352.955 TRANSFER OF PRIOR MSRS-GENERAL SERVICE CREDIT.

Subd. 2. **Payment of additional equivalent contributions; pre-July 1, 2007, coverage transfers.** (a) An eligible employee who was transferred to plan coverage before July 1, 2007, and who elects to transfer past service credit under this section must pay an additional member contribution for that prior service period. The additional member contribution is the difference between the member contribution rate or rates for the general state employees retirement plan of the Minnesota State Retirement System for the period of employment covered by the service credit to be transferred and the member contribution rate or rates for the correctional state employees retirement plan for the period of employment covered by the service credit to be transferred, plus annual compound interest at the rate of 8.5 percent.

(b) The additional equivalent member contribution under this subdivision must be paid in a lump sum. Payment must accompany the election to transfer the prior service credit. No transfer election or additional equivalent member contribution payment may be made by a person or accepted by the executive director after January 1, 2008, or the date on which the eligible employee terminates state employment, whichever is earlier.

(c) If an eligible employee elects to transfer past service credit under this section and pays the additional equivalent member contribution amount under paragraphs (a) and (b), the applicable department shall pay an additional equivalent employer contribution amount. The additional employer contribution is the difference between the employer contribution rate or rates for the general state employees retirement plan for the period of employment covered by the service credit to be transferred and the employer contribution rate or rates for the correctional state employees retirement plan for the period of employment covered by the service credit to be transferred, plus annual compound interest at the rate of 8.5 percent.

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

352B.11 RETIREES.

Subd. 2c. **Surviving spouse benefit entitlements.** (a) A surviving spouse specified in subdivision 2b is eligible to receive, following the filing of a valid application and consistent with any other applicable requirements, a benefit as specified in this subdivision. A 100 percent joint and survivor annuity under paragraph (b) must be computed assuming the exact age 55 for the deceased member and the age of the surviving spouse on the date of death. A 100 percent joint and survivor annuity under paragraph (d) or (e) must be computed using the age of the deceased member on the date of death and the age of the surviving spouse on that same date.

(b) For a surviving spouse specified in subdivision 2b, paragraph (a) or (d), the surviving spouse benefit is a benefit for life equal to 50 percent of the average monthly salary of the deceased member. On the first of the month next following the date on which the deceased member would have attained exact age 55, in lieu of continued receipt of the prior benefit, the surviving spouse is eligible to commence receipt of the second half of a 100 percent joint and survivor annuity, if this provides a larger benefit.

(c) For a surviving spouse specified in subdivision 2b, paragraph (b), the surviving spouse benefit is a benefit for life equal to 50 percent of the average monthly salary of the deceased member.

(d) For a surviving spouse specified in subdivision 2b, paragraph (c), the surviving spouse benefit is a benefit for life equal to 50 percent of the average monthly salary of the deceased member, or the second half of a 100 percent joint and survivor annuity, whichever is larger.

(e) For a surviving spouse specified in subdivision 2b, paragraph (e), the surviving spouse benefit is the second half of a 100 percent joint and survivor annuity, commencing on the first of the month next following the deceased member's date of death, or the first of the month next following the date on which the deceased member would have attained age 55, whichever is later.

(f) For a surviving spouse specified in subdivision 2b, paragraph (f), the surviving spouse or, if none, the children or, if none, the deceased member's estate, is entitled to a refund of the employee contributions plus interest computed as specified in subdivision 1.

352C.001 RETIREMENT PLAN; APPLICATION.

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(a) The retirement plan applicable to a former constitutional officer who was first elected to a constitutional office after July 1, 1967, and before July 1, 1997, is the applicable portions of this chapter and chapter 356 in effect on the date on which the person terminated active service as a constitutional officer.

(b) Nothing in this section, section 352C.091, subdivision 1, or Laws 2006, chapter 271, article 10, section 33, subdivision 2, is intended to reduce the benefits of former constitutional officers or to adversely modify their eligibility for benefits in effect as of June 30, 2006.

352C.091 ADMINISTRATION.

Subdivision 1. **Administrative agency and standards.** (a) The elected officers retirement plan must be administered by the board of directors and the executive director of the Minnesota State Retirement System.

(b) The elected state officers retirement plan must be administered consistent with the applicable statutory provisions governing the plan and chapters 356 and 356A.

352C.10 BENEFIT ADJUSTMENTS.

Retirement allowances payable to retired constitutional officers and surviving spouse benefits payable must be adjusted under section 356.415.

353.29 RETIREMENT ANNUITY UPON TERMINATION OF MEMBERSHIP.

Subd. 6. **Retirement before eligibility for Social Security benefits.** A member or former member who retires before becoming eligible for Social Security retirement benefits may elect to receive an optional retirement annuity from the association that provides for different annuity amounts over different periods of retirement. The election of this optional retirement annuity must be exercised by making application to the board of trustees. The optional annuity must take the form of an annuity payable for the period before the annuitant becomes eligible for Social Security old age retirement benefits in a greater amount than the amount of the annuity calculated under subdivisions 2 and 3 on the basis of the age of the annuitant at retirement. The optional annuity must be the actuarial equivalent of the normal retirement annuity computed on the basis of age at retirement. This greater amount must be paid until the annuitant reaches age 62, at which time the payment from the association must be reduced. The board of trustees shall establish the method of computing the optional retirement annuity under this subdivision. In establishing the method of computing the optional retirement annuity, the board of trustees shall obtain the written approval of the actuary retained under section 356.214. The recommendations must be a part of the permanent records of the board of trustees.

353.64 MEMBERSHIP; QUALIFICATIONS; POLICE OFFICER, FIREFIGHTER.

Subd. 3. **Police and fire fund membership; exclusion.** A police officer or firefighter employed by a governmental subdivision who by virtue of that employment is required by law to be a member of and to contribute to any police or firefighter relief association governed by section 69.77 which has not consolidated with the public employees police and fire plan is not eligible to become a member of the public employees police and fire plan.

353.665 MERGER OF CERTAIN CONSOLIDATION ACCOUNTS INTO PERA-P&F.

Subd. 2. **Transfer of liabilities.** Unless the municipality has elected to retain the consolidation account under subdivision 1, paragraph (b), all current and future liabilities of a former local police or fire consolidation account are the liabilities of the public employees police and fire fund as of July 1, 1999, and the accrued benefits of the members are the obligation of the public employees police and fire fund.

Subd. 3. **Transfer of assets.** Unless the municipality has elected to retain the consolidation account under subdivision 1, paragraph (b), the assets of the former local police or fire consolidation account must be transferred and upon transfer, the actuarial value of the assets of a former local police or fire consolidation account less an amount equal to the residual assets as determined under subdivision 7, paragraph (f), are the assets of the public employees police and fire fund as of July 1, 1999. The assets, excluding the amounts for distribution under subdivision 7, paragraph (f), become an asset of the public employees police and fire fund. The public

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employees police and fire fund also must be credited as an asset with the amount of receivable assets under subdivision 7, paragraph (e).

Subd. 4. **Benefit coverage for active members.** (a) A person who is a police officer or a firefighter who, as such, is an active member of a merging local police or fire consolidation account on June 30, 1999, and who has not previously elected benefit coverage under the relevant provisions of the public employees police and fire fund benefit plan under section 353A.08, subdivision 3, may elect benefit coverage under the relevant provisions of the public employees police and fire fund benefit plan. This election must be made in writing on a form prescribed by the executive director before September 1, 1999, and is irrevocable.

(b) If an eligible person makes no affirmative election of benefit coverage before September 1, 1999, the person retains the benefit coverage provided by the relief association benefit plan as reflected in the applicable provisions of chapter 353B and may elect benefit coverage under the relevant provisions of the public employees police and fire fund benefit plan when the person terminates active employment for purposes of receiving a service pension, disability benefit, or within 90 days of the date the member terminates active employment and defers receipt of a service pension, whichever applies.

(c) Notwithstanding any provision of section 353A.083 and any municipal action under authority of that statute to the contrary, the provisions of the public employees police and fire fund benefit plan applicable to active members of the merging local police or fire consolidation accounts who elect the public employees police and fire fund benefit plan under section 353A.08, subdivision 3, or paragraph (a), are the applicable provisions of sections 353.63 to 353.659.

Subd. 6. **Benefit coverage for deferred members.** A person who terminated before July 1, 1999, active employment as a police officer or a firefighter that gave rise to membership in a local relief association that has consolidated with the public employees police and fire plan under chapter 353A and is merging under this section and who had sufficient service credit to entitle the person to an eventual service pension retains the benefit plan as reflected in the applicable provisions of chapter 353B, except that the deferred member may elect before September 1, 1999, to participate, upon retirement, in the Minnesota postretirement investment fund. Any election to participate in the Minnesota postretirement investment fund is applicable to any survivor benefit attributable to a deferred member covered by this subdivision.

Subd. 7. **Calculation of final funded status.** (a) As of June 30, 1999, the actuary retained under section 356.214 shall determine the final funded status of local police and fire consolidation accounts under chapter 353A that the applicable municipality has not elected to retain under subdivision 1, paragraph (b), as provided in this subdivision.

(b) The final funded status calculation must be made using the benefit plan provisions applicable to the consolidation account and the actuarial assumptions used for the June 30, 1998, actuarial valuation of the account.

(c) The actuary must calculate the total actuarial accrued liability of the consolidation account, which is the sum of the actuarial accrued liability for all consolidation account members who are not included in the participation of the account in the Minnesota postretirement investment fund calculated using the entry age normal actuarial cost method. If local legislation enacted during the 1999 regular session or any special session occurring before October 1, 1999, provides a benefit increase for one consolidation account member or more, whether the applicable municipality has given final approval to the local legislation yet or not, the total actuarial accrued liability calculation must include that benefit increase. The actuary also must calculate any account unfunded accrued liability or any account funding surplus. An account unfunded accrued liability is the actuarial accrued liability reduced by the amount of the current value of assets, if the resulting number is positive. An account funding surplus is the actuarial accrued liability reduced by the amount of the current value of assets, if the resulting number is negative. If a municipality is associated with two consolidation accounts and one has an account funding surplus and one has an account unfunded accrued liability in the preliminary calculation under this paragraph, the actuary must make a second calculation for the account with a preliminary account unfunded accrued liability, after crediting to that account an amount up to 75 percent of the one-half of the market value of the assets of the account with an account funding surplus that are in excess of 100 percent of the account actuarial accrued liability and that are less than that percentage of the total actuarial accrued liability that equals the public employees police and fire fund funded ratio as of June 30, 1999, but not to exceed the account's unfunded actuarial accrued liability.

(d) The actuary also must calculate the amortizable base for every consolidation account. The amortizable base is the present value of future benefits for all account members who are not included in the participation of the account in the Minnesota postretirement investment fund reduced by the present value of 19 percent of future covered salary and further reduced by the current value of account assets other than its participation in the Minnesota postretirement

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investment fund, after adjustment for fiscal year 1999 net mortality gains and losses and for the net actuarial affect of the election of postretirement adjustment coverage under subdivision 5.

(e) If the amortizable base under paragraph (d) is a positive number, the receivable assets are an amount equal to the amortizable base number.

(f) If the amortizable base under paragraph (d) is a negative number, the actuary must calculate the residual asset amount. The residual asset amount is:

(1) one-half of the amount by which the current assets of the account exceed 100 percent of the total actuarial accrued liability up to that percentage of the total actuarial accrued liability that equals the public employees police and fire fund funded ratio on June 30, 1999; and

(2) the amount by which the current assets of the account exceed that percentage of the total actuarial accrued liability that equals the public employees police and fire fund funded ratio on June 30, 1999. Following the calculation of the residual asset amount for each applicable municipality and the verification of the amount by the legislative auditor, the executive director of the public employees retirement association shall pay the applicable residual asset amount with interest equal to the average yield on the invested treasurer's cash fund from July 1, 1999, to the first of the month in which the payment is issued to each qualifying municipality. The residual asset amount must be used by the municipality to defray fire department expenditure items if the residual asset amount was derived from a fire consolidation account or to defray police department expenditure items if the residual asset amount was derived from a police consolidation account. Before the residual asset amount payment is made by the Public Employees Retirement Association, the governing body of the applicable municipality, following a public hearing on the issue, must formulate and adopt a plan for the expenditure of the residual amount and must file that plan in the form of a municipal resolution with the state auditor. The residual asset amount must be deposited in a special fund or account in the municipal treasury established for that purpose. The special fund or account must be invested and any investment return attributable to the residual asset amount must be credited to that special fund or account and its disbursement similarly restricted. The special fund or account must be audited periodically by the state auditor.

Subd. 9. Benefit plan coverage. Unless modified by an election authorized under subdivision 4, 5, or 6, the benefit plan election by any person or on behalf of any person under section 353A.08 remains binding. Merging former consolidation account members who elected the entirety of the public employees police and fire benefit plan are entitled to an applicable annuity or benefit under the provisions of sections 353.63 to 353.68 in effect on the day that the merging former consolidation account member terminated active service as a police officer or firefighter, whichever applies.

Subd. 10. Consolidation account termination. Unless the municipality has elected to retain the consolidation account under subdivision 1, paragraph (b), upon the payment of all residual asset amounts under subdivision 7 and the transfer of all liabilities and remaining assets under subdivisions 2 and 3, the local consolidation accounts under chapter 353A in existence on March 1, 1999, are terminated, and all benefits accrued up to the date of termination are the obligation of the public employees police and fire fund.

353.667 CONSOLIDATION OF THE MINNEAPOLIS FIREFIGHTERS RELIEF ASSOCIATION.

Subdivision 1. Membership transfer. On December 30, 2011, the active, inactive, and retired members, including surviving spouses, of the Minneapolis Firefighters Relief Association are transferred to the public employees police and fire retirement plan, are no longer members of the Minneapolis Firefighters Relief Association, and are members of the public employees police and fire retirement plan.

Subd. 2. Service credit and benefit liability transfer. (a) Allowable service credit and base salary credit of the active members of the Minneapolis Firefighters Relief Association, as contained in the records of the Minneapolis Firefighters Relief Association through December 29, 2011, are transferred to the public employees police and fire retirement plan and are credited as provided in section 353.01, subdivisions 10a and 16, paragraph (c), on December 30, 2011.

(b) The liability for the payment of retirement annuities, service pensions, and retirement and surviving spouse benefits of the Minneapolis Firefighters Relief Association retired members, service pensioners, disabilitants, surviving spouses, and other retirement benefit recipients as specified in the records of the Minneapolis Firefighters Relief Association is transferred to the public employees police and fire retirement plan on December 30, 2011.

Subd. 3. Transfer of records. On December 30, 2011, the chief administrative officer of the Minneapolis Firefighters Relief Association shall transfer all records and documents relating to the special fund of the Minneapolis Firefighters Relief Association to the executive director

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of the Public Employees Retirement Association. To the extent possible, original copies of all records and documents must be transferred.

Subd. 4. **Transfer of assets; transfer of title to assets.** (a) On December 30, 2011, the chief administrative officer of the Minneapolis Firefighters Relief Association shall transfer the entire assets of the special fund of the Minneapolis Firefighters Relief Association other than the health insurance account to the public employees police and fire retirement fund at market value. Unless ineligible or inappropriate, the transfer must be in the form of investment securities and must include any accounts receivable that are determined by the State Board of Investment as being capable of being collected. An amount, in cash, must be transferred by the city of Minneapolis equal to the market value recognized by the relief association of investment securities that are determined by the executive director of the State Board of Investment not to be in compliance with the requirements and limitations set forth in sections 11A.09, 11A.14, 11A.23, and 11A.24 or not to be appropriate for retention in light of the established investment objectives of the State Board of Investment or of accounts receivable determined as being incapable of being collected by the executive director of the State Board of Investment. Legal and beneficial title to assets that are determined noncompliant or inappropriate securities or that are uncollectible accounts receivable are transferred to the city of Minneapolis on December 30, 2011. Any accounts payable on December 30, 2011, are an obligation of the public employees police and fire retirement fund and reduce the asset value for purposes of subdivision 6. The transferred assets must be deposited in the public employees police and fire retirement fund. The amount of the transferred health insurance account must remain deposited in the financial institution retained by the former Minneapolis Firefighters Relief Association on May 1, 2011, and that financial institution must act as the custodian of the account. The financial institution shall perform all trustee and fiduciary duties with respect to the account as a condition to the retention of the account. The executive director of the Minneapolis Firefighters Relief Association, prior to December 30, 2011, shall estimate three calendar years of the administrative expenses related to the operation of the account and shall prepay those expenses from the account to the financial institution before December 30, 2011. After the three-year prepayment period, the beneficiaries of the account are responsible for the payment of the administrative expenses related to the operation of the account.

(b) Upon the transfer of assets to the State Board of Investment under paragraph (a), legal title to those transferred assets vests with the State Board of Investment on behalf of the public employees police and fire retirement plan, and beneficial title to the transferred assets remains with the former membership of the former Minneapolis Firefighters Relief Association.

(c) The public employees police and fire retirement plan and fund is the successor in interest to all claims for or against the Minneapolis Firefighters Relief Association. The public employees police and fire retirement plan and fund is not liable for any claim against the Minneapolis Firefighters Relief Association, its governing board, or its administrative staff acting in a fiduciary capacity, under chapter 356A or common law, which is founded upon a claim of a breach of fiduciary duty if the act or acts constituting the claimed breach were not undertaken in good faith. The public employees police and fire retirement plan may assert any applicable defense to any claim in any judicial or administrative proceeding that the Minneapolis Firefighters Relief Association, its board, or its administrative staff would otherwise have been entitled to assert, and the public employees police and fire retirement plan may assert any applicable defense that it has in its capacity as a statewide agency.

(d) The Public Employees Retirement Association shall indemnify any former fiduciary of the Minneapolis Firefighters Relief Association consistent with the provisions of section 356A.11. The indemnification may be effected by the purchase by the Public Employees Retirement Association of reasonable fiduciary liability tail insurance for the officers and directors of the former Minneapolis Firefighters Relief Association. Consistent with section 69.80, the relief association may purchase reasonable fiduciary liability tail insurance for its officers and directors prior to December 30, 2011.

(e) Office equipment and other physical assets of the special fund of the Minneapolis Firefighters Relief Association that are not needed by the Public Employees Retirement Association may be sold by the special fund of the Minneapolis Firefighters Relief Association to the general fund of the Minneapolis Firefighters Relief Association or to any successor fraternal organization of the Minneapolis Firefighters Relief Association at fair market value, with the proceeds of that sale deposited in the public employees police and fire retirement fund and included in the transferred asset value under subdivision 6.

Subd. 5. **Benefits.** The annuities, service pensions, and other retirement benefits of or attributable to retired, disabled, deferred, surviving spouse, or inactive Minneapolis Firefighters Relief Association members who had that status as of December 29, 2011, continue after consolidation in the same amount and under the same terms as provided in chapter 423C except

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that the unit value is governed by section 353.01, subdivision 10a, and the postretirement adjustments after December 31, 2015, must be calculated solely under section 353.6511, subdivision 8.

Subd. 6. **Additional employer contributions.** (a) As of December 30, 2011, the approved actuary retained by the Public Employees Retirement Association shall calculate the present value of future benefits of the former Minneapolis Firefighters Relief Association, and, after subtracting the market value of the transferred assets of the former Minneapolis Firefighters Relief Association and the present value of the employer contribution under section 353.65, subdivision 3, paragraph (b), shall calculate the remainder present value of future benefits amount. Annually, following December 30, 2011, the city of Minneapolis shall pay an amount sufficient to amortize on a level annual dollar basis the remainder present value of future benefits amount by December 31, 2031. The amortization payment is payable annually on July 15, beginning in 2012. The 2012 payment should be estimated based on the provisions of Laws 2011, First Special Session chapter 8. The July 2013 payment shall be adjusted based on the final actuarial valuation.

(b) If the postretirement or preretirement interest rate actuarial assumption applicable to the public employees police and fire retirement plan under section 356.215, subdivision 8, is modified from the rates specified in section 356.215, subdivision 8, the remainder present value of future benefits amount calculation under paragraph (a), updated for the passage of time, must be revised and the amortization contribution by the city of Minneapolis for the balance of the amortization period must be redetermined and certified to the city of Minneapolis.

Subd. 7. **Health and dental insurance program deductions.** The executive director shall withhold any health insurance or dental insurance premiums designated by the annuitant or benefit recipient and shall transfer them to the city of Minneapolis. The Public Employees Retirement Association may charge a necessary and reasonable monthly administrative fee to the city of Minneapolis for this function and bill it in addition to the employer contribution under section 353.65, subdivision 3, paragraph (b). Notwithstanding any provision of chapter 13 to the contrary, the executive director shall provide the city of Minneapolis with the current addresses of former members of the Minneapolis Firefighters Relief Association.

Subd. 8. **Cooperation with fraternal organization.** (a) This subdivision applies if the membership of the former Minneapolis Firefighters Relief Association approves the continuation of the relief association as a fraternal organization under Laws 2011, First Special Session chapter 8, article 6, section 17.

(b) The executive director shall cooperate with the Minneapolis firefighters fraternal association to ensure adequate communication with the former members of the former Minneapolis Firefighters Relief Association consistent with Public Employees Retirement Association policy.

Subd. 9. **Fire insurance surcharge.** Notwithstanding any provision of section 297L.10 to the contrary, the proceeds of the first class city fire insurance premium tax surcharge with respect to Minneapolis must be paid to the city of Minneapolis to defray a portion of the employer retirement cost under section 353.65, subdivision 3, with respect to Minneapolis firefighters.

353.668 CONSOLIDATION OF THE MINNEAPOLIS POLICE RELIEF ASSOCIATION.

Subdivision 1. **Membership transfer.** On December 30, 2011, the active, inactive, and retired members, including surviving spouses, of the Minneapolis Police Relief Association are transferred to the public employees police and fire retirement plan, are no longer members of the Minneapolis Police Relief Association, and are members of the public employees police and fire retirement plan.

Subd. 2. **Service credit and benefit liability transfer.** (a) Allowable service credit and base salary credit of the active members of the Minneapolis Police Relief Association, as contained in the records of the Minneapolis Police Relief Association through December 29, 2011, are transferred to the public employees police and fire retirement plan and are credited as provided in section 353.01, subdivisions 10b and 16, paragraph (c), on December 30, 2011.

(b) The liability for the payment of retirement annuities, service pensions, and retirement and surviving spouse benefits of the Minneapolis Police Relief Association retired members, service pensioners, disabilitants, surviving spouses, and other retirement benefit recipients as specified in the records of the Minneapolis Police Relief Association is transferred to the public employees police and fire retirement plan on December 30, 2011.

Subd. 3. **Transfer of records.** On December 30, 2011, the chief administrative officer of the Minneapolis Police Relief Association shall transfer all records and documents relating to the special fund of the Minneapolis Police Relief Association to the executive director of the

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Public Employees Retirement Association. To the extent possible, original copies of all records and documents must be transferred.

Subd. 4. **Transfer of assets; transfer of title to assets.** (a) On December 30, 2011, the chief administrative officer of the Minneapolis Police Relief Association shall transfer the entire assets of the special fund of the Minneapolis Police Relief Association other than the health insurance account to the public employees police and fire retirement fund at market value. Unless ineligible or inappropriate, the transfer must be in the form of investment securities and must include any accounts receivable that are determined by the State Board of Investment as being capable of being collected. An amount, in cash, must be transferred by the city of Minneapolis equal to the market value recognized by the relief association of investment securities that are determined by the executive director of the State Board of Investment not to be in compliance with the requirements and limitations set forth in sections 11A.09, 11A.14, 11A.23, and 11A.24 or not to be appropriate for retention in light of the established investment objectives of the State Board of Investment or of accounts receivable determined by the executive director of the State Board of Investment as being incapable of being collected. Legal and beneficial title to assets that are determined noncompliant or inappropriate securities or that are uncollectible accounts receivable are transferred to the city of Minneapolis on December 30, 2011. Any accounts payable on December 30, 2011, are an obligation of the public employees police and fire retirement fund and reduce the asset value for purposes of subdivision 6. The transferred assets must be deposited in the public employees police and fire retirement fund. The amount of the health insurance account as of the date of the consolidation must remain deposited in the financial institution retained by the former Minneapolis Police Relief Association on May 1, 2011, and that financial institution must act as the custodian of the account. The health insurance account may be transferred from the financial institution that holds the account to a successor financial institution on June 30, 2012, under the requirements of this subdivision and the terms of an agreement between the Minneapolis Police Relief Association and the successor financial institution dated December 30, 2011, that provides for the transfer. The financial institution shall perform all trustee and fiduciary duties with respect to the account as a condition to the retention of the account. The executive director of the Minneapolis Police Relief Association, prior to December 30, 2013, shall estimate three calendar years of the administrative expenses related to the operation of the account and shall prepay those expenses from the account to the financial institution prior to December 30, 2011. After the three-year prepayment period, the beneficiaries of the account are responsible for the payment of the administrative expenses related to the operation of the account.

(b) Upon the transfer of assets to the State Board of Investment under paragraph (a), legal title to those transferred assets vests with the State Board of Investment on behalf of the public employees police and fire retirement plan, and beneficial title to the transferred assets remains with the former membership of the former Minneapolis Police Relief Association.

(c) The public employees police and fire retirement plan and fund is the successor in interest to all claims for or against the Minneapolis Police Relief Association. The public employees police and fire retirement plan and fund is not liable for any claim against the Minneapolis Police Relief Association, its governing board, or its administrative staff acting in a fiduciary capacity, under chapter 356A or common law, which is founded upon a claim of a breach of fiduciary duty if the act or acts constituting the claimed breach were not undertaken in good faith. The public employees police and fire retirement plan may assert any applicable defense to any claim in any judicial or administrative proceeding that the Minneapolis Police Relief Association, its board, or its administrative staff would otherwise have been entitled to assert, and the public employees police and fire retirement plan may assert any applicable defense that it has in its capacity as a statewide agency.

(d) The Public Employees Retirement Association shall indemnify any former fiduciary of the Minneapolis Police Relief Association consistent with the provisions of section 356A.11. The indemnification may be effected by the purchase by the Public Employees Retirement Association of reasonable fiduciary liability tail insurance for the officers and directors of the former Minneapolis Police Relief Association. Consistent with section 69.80, the relief association may purchase reasonable fiduciary liability tail insurance for its officers and directors prior to December 30, 2011.

(e) Office equipment and other physical assets of the special fund of the Minneapolis Police Relief Association that are not needed by the Public Employees Retirement Association may be sold by the special fund of the Minneapolis Police Relief Association to the general fund of the Minneapolis Police Relief Association or to any successor fraternal organization of the Minneapolis Police Relief Association at fair market value, with the proceeds of that sale deposited in the public employees police and fire retirement fund and included in the transferred asset value under subdivision 6.

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Subd. 5. **Benefits.** The annuities, service pensions, and other retirement benefits of or attributable to retired, disabled, deferred, surviving spouse, or inactive Minneapolis Police Relief Association members who had that status as of December 29, 2011, continue after consolidation in the same amount and under the same terms as provided in chapter 423B, except that the unit value is governed by section 353.01, subdivision 10b, and the postretirement adjustments after December 31, 2015, must be calculated solely under section 353.6512, subdivision 8.

Subd. 6. **Additional employer contributions.** (a) As of December 30, 2011, the approved actuary retained by the Public Employees Retirement Association shall calculate the present value of future benefits of the former Minneapolis Police Relief Association, and, after subtracting the market value of the transferred assets of the former Minneapolis Police Relief Association and the present value of the employer contribution under section 353.65, subdivision 3, paragraph (c), shall calculate the remainder present value of future benefits amount. Annually, following December 30, 2011, the city of Minneapolis shall pay an amount sufficient to amortize on a level annual dollar basis the remainder present value of future benefits amount by December 31, 2031. The amortization payment is payable annually on July 15, beginning in 2012. The 2012 payment should be estimated based on the provisions of Laws 2011, First Special Session chapter 8. The July 2013 payment shall be adjusted based on the final actuarial valuation.

(b) If the postretirement or preretirement interest rate actuarial assumption applicable to the public employees police and fire retirement plan under section 356.215, subdivision 8, is modified from the rates specified in section 356.215, subdivision 8, the remainder present value of future benefits amount calculation under paragraph (a), updated for the passage of time, must be revised and the amortization contribution by the city of Minneapolis for the balance of the amortization period must be redetermined and certified to the city of Minneapolis.

Subd. 7. **Health and dental insurance program deductions.** The executive director shall withhold any health insurance or dental insurance premiums designated by the annuitant or benefit recipient and shall transfer them to the city of Minneapolis. The Public Employees Retirement Association may charge a necessary and reasonable monthly administrative fee to the city of Minneapolis for this function and bill it in addition to the employer contribution under section 353.65, subdivision 3, paragraph (c). Notwithstanding any provision of chapter 13 to the contrary, the executive director shall provide the city of Minneapolis with the current addresses of former members of the Minneapolis Police Relief Association.

Subd. 8. **Cooperation with fraternal organization.** (a) This subdivision applies if the membership of the former Minneapolis Police Relief Association approves the continuation of the relief association as a fraternal organization under Laws 2011, First Special Session chapter 8, article 7, section 17.

(b) The executive director shall cooperate with the Minneapolis police fraternal association to ensure adequate communication with the former members of the former Minneapolis Police Relief Association consistent with Public Employees Retirement Association policy.

353.669 CONSOLIDATION OF THE FAIRMONT POLICE RELIEF ASSOCIATION.

Subdivision 1. **Membership transfer.** On June 29, 2012, the retired members, including surviving spouses, of the Fairmont Police Relief Association are transferred to the public employees police and fire retirement plan, are no longer members of the former Fairmont Police Relief Association, and are members of the public employees police and fire retirement plan.

Subd. 2. **Benefit liability transfer.** The liability for the payment of retirement annuities, service pensions, and survivor benefits of the retired members, service pensioners, surviving spouses, and any other retirement benefit recipients of the former Fairmont Police Relief Association, as contained in the transferred records of the former relief association, is transferred to the public employees police and fire retirement plan on June 29, 2012.

Subd. 3. **Transfer of records.** On June 29, 2012, the chief administrative officer of the Fairmont Police Relief Association shall transfer all records and documents relating to the special fund of the former Fairmont Police Relief Association to the executive director of the Public Employees Retirement Association. To the extent possible, original copies of all records and documents must be transferred.

Subd. 4. **Transfer of assets; transfer of title to assets.** (a) On June 29, 2012, the chief administrative officer of the Fairmont Police Relief Association shall transfer the entire assets of the special fund of the Fairmont Police Relief Association to the public employees police and fire retirement fund at market value. Unless ineligible or inappropriate as determined by the State Board of Investment, the transfer must be in the form of investment securities and must include any accounts receivable that are determined by the State Board of Investment as being capable of

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being collected. The city of Fairmont must transfer, in cash, an amount equal to the market value, as recognized by the relief association of any investment securities that are determined by the executive director of the State Board of Investment to be not in compliance with the requirements and limitations set forth in sections 11A.09, 11A.14, 11A.23, and 11A.24, or to be inappropriate for retention in light of the established investment objectives of the State Board of Investment, or of any accounts receivable that are determined by the executive director as being incapable of being collected. The legal and beneficial title to assets that are determined to be noncompliant or inappropriate securities or that are determined to be uncollectable accounts receivable are transferred from the relief association special fund to the city of Fairmont as of June 29, 2012. Any accounts payable of the special fund of the Fairmont Police Relief Association on June 29, 2012, are an obligation of the public employees police and fire retirement fund and reduce the value of the transferred relief association special fund assets for purposes of subdivision 6. Assets transferred from the special fund of the Fairmont Police Relief Association must be deposited in the public employees police and fire retirement fund and must be managed by the State Board of Investment through the Minnesota combined investment funds under section 11A.14.

(b) Upon the transfer of the assets to the management of the State Board of Investment under paragraph (a), legal title to those transferred assets vests with the State Board of Investment on behalf of the public employees police and fire retirement plan, and beneficial title to the transferred assets remains with the former membership of the former Fairmont Police Relief Association.

(c) The public employees police and fire retirement plan and fund is the successor in interest to all claims for and against the Fairmont Police Relief Association. The public employees police and fire retirement plan and fund is not liable for any claim against the Fairmont Police Relief Association or its governing board acting in a fiduciary capacity under chapter 356A or under common law which is founded upon a claim of a breach of fiduciary duty if the act or acts constituting the claimed breach were not undertaken in good faith. The public employees police and fire retirement plan may assert any applicable defense to any claim in any judicial or administrative proceeding that the former Fairmont Police Relief Association or its former governing board would otherwise have been entitled to assert and the public employees police and fire retirement plan may assert any applicable defense that it has in its capacity as a statewide agency.

(d) The Public Employees Retirement Association shall indemnify any former fiduciary of the Fairmont Police Relief Association consistent with the provisions of section 356A.11. The indemnification may be effected by the purchase by the Public Employees Retirement Association of reasonable fiduciary liability tail insurance for the officers and directors of the former Fairmont Police Relief Association.

Subd. 5. **Benefits.** (a) The annuities, service pensions, and other retirement benefits of or attributable to retired members and surviving spouses of the Fairmont Police Relief Association who had that status as of June 29, 2012, continue after consolidation in the same amount and under the same terms as provided under Minnesota Statutes 2000, sections 423.41 to 423.46, 423.48 to 423.59, 423.61, and 423.62; Laws 1963, chapter 423; Laws 1977, chapter 100; and Laws 1999, chapter 222, article 3, section 4, except as provided in paragraph (b).

(b) The annual base salary figure for pension and benefit determinations upon consolidation and for the balance of calendar year 2012 is \$106,666.67. After December 31, 2012, annual postretirement adjustments of pensions and benefits in force must be calculated solely under section 356.415, subdivision 1c.

Subd. 6. **Calculation of final funded status; employer contributions.** (a) As of June 29, 2012, the approved actuary retained by the Public Employees Retirement Association under section 356.214 shall determine the final funded status of the Fairmont Police Relief Association special fund. The final funded status is the present value of future benefits payable from the Fairmont Police Relief Association as of June 29, 2012, after subtracting the market value of the transferred assets of the Fairmont Police Relief Association as of June 29, 2012. The present value of future benefits figure must be calculated using the applicable actuarial assumptions for the public employees police and fire retirement plan specified in or established under section 356.215. If there is a remainder present value of future benefits amount, the city of Fairmont shall pay to the public employees police and fire retirement fund an amount sufficient, on a level annual dollar basis, to amortize the calculated remainder present value of future benefits amount by December 31, 2020. Payments shall be made annually on or before December 31, beginning in 2012.

(b) If there are assets of the former Fairmont Police Relief Association in excess of the present value of future benefits as of June 29, 2012, these assets must be credited to an interest bearing suspense account within the public employees police and fire retirement fund, must be used to offset any amount payable under paragraph (c) until June 30, 2015, and, after June 30,

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2015, must be paid to the city of Fairmont. The suspense account must be credited with the same rate of investment return as the public employees police and fire retirement fund.

(c) If, after June 29, 2012, the postretirement or preretirement interest rate actuarial assumption applicable to the public employees police and fire retirement plan under section 356.215, subdivision 8, is modified from the rates specified in Minnesota Statutes 2010, section 356.215, subdivision 8, the remainder present value of future benefits amount calculation under paragraph (a), updated for the passage of time, must be revised and the amortization contribution by the city of Fairmont for the balance of the amortization period must be redetermined and certified to the city of Fairmont.

353.6691 MERGER OF THE VIRGINIA FIRE DEPARTMENT RELIEF ASSOCIATION.

Subdivision 1. **Merger authorized.** On June 29, 2012, the Virginia fire department consolidation account of the Public Employees Retirement Association under chapter 353A becomes a part of the public employees police and fire retirement plan and fund governed by sections 353.63 to 353.659.

Subd. 2. **Benefit liability transfer.** All current and future liabilities of the Virginia fire department consolidation account under chapter 353A are liabilities of the public employees police and fire retirement plan and fund as of June 29, 2012, and the accrued benefits of the members of the consolidation account are the obligation of the public employees police and fire retirement plan and fund.

Subd. 3. **Transfer of assets; transfer to title assets.** On June 29, 2012, the assets of the Virginia fire department consolidation account must be transferred to the public employees police and fire retirement fund. Upon transfer, the market value of the assets of the consolidation account, less any amount of residual assets under subdivision 5, are assets of the public employees police and fire fund as of June 29, 2012, and the assets, excluding the distribution amount under subdivision 5, become an asset of the public employees police and fire retirement fund. The public employees police and fire retirement fund also must be credited as an asset with the amount of any receivable assets from employer contributions under subdivision 5.

Subd. 4. **Benefits.** A person who received a service pension, a disability benefit, or a survivor benefit from the Virginia fire department consolidation account for the month prior to June 29, 2012, and who has not previously elected postretirement adjustments under section 356.415, subdivision 1c, rather than the postretirement adjustment mechanism of the Virginia Fire Department Relief Association under section 353A.08, subdivision 1, may elect future postretirement adjustments under section 356.415, subdivision 1c, or the retention of the former Virginia Fire Department Relief Association postretirement adjustment mechanism. The election must be made in writing on a form prescribed by the executive director on or before September 1, 2012. Unless modified by an election under this subdivision, the benefit plan election by any person or on behalf of any person under section 353A.08 remains binding.

Subd. 5. **Calculation of final funded status; employer contributions.** (a) As of June 29, 2012, the approved actuary retained by the Public Employees Retirement Association under section 356.214 shall determine the final funded status of the former Virginia Fire Department Relief Association special fund. The final funded status is the present value of future benefits payable from the Virginia fire department consolidation account as of the effective date of merger after subtracting the market value of the transferred assets of the Virginia fire department consolidation account as of June 29, 2012. The present value of future benefits figure must be calculated using the applicable actuarial assumptions for the public employees police and fire retirement plan specified in or established under section 356.215. If there is a remainder present value of future benefits amount, the city of Virginia shall pay to the public employees police and fire retirement fund an amount sufficient, on a level annual dollar basis, to amortize the calculated remainder present value of future benefits amount by December 31, 2020. Payments shall be made annually on or before December 31, beginning in 2012.

(b) If there are assets of the former Virginia fire department consolidation account in excess of the present value of future benefits as of June 29, 2012, these assets shall be credited to an interest bearing suspense account within the public employees police and fire retirement fund until January 1, 2013. The suspense account must be credited with the same rate of investment return as the public employees police and fire retirement fund.

(c) If, after June 29, 2012, the postretirement or preretirement interest rate actuarial assumption applicable to the public employees police and fire retirement plan under section 356.215, subdivision 8, is modified from the rates specified in Minnesota Statutes 2010, section 356.215, subdivision 8, the remainder present value of future benefits amount calculation under

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paragraph (a), updated for the passage of time, must be revised and any amortization contribution by the city of Virginia for the balance of the amortization period must be redetermined and certified to the city of Virginia.

(d) On January 1, 2013, one-half of any suspense account under paragraph (b) must be paid as an additional ad hoc postretirement adjustment to the service pensioners, disabilitants, and surviving spouses of the former Virginia fire consolidation account. The additional ad hoc postretirement adjustment for each recipient is the total amount available for the adjustment divided by the total number of recipients as of January 1, 2013, of the former Virginia fire consolidation account. On January 1, 2014, if the suspense account has earned investment income equal to or greater than the preretirement interest rate assumption applicable to the public employees police and fire retirement plan under section 356.215, subdivision 8, the balance remaining of the suspense account under paragraph (b) must be paid as an additional ad hoc postretirement adjustment to the service pensioners, disabilitants, and surviving spouses of the former Virginia fire consolidation account, divided by the total number of recipients as of January 1, 2014. Nothing in this paragraph may be deemed to authorize the payment of a postretirement adjustment to an estate.

353A.01 LEGISLATIVE INTENT AND POLICY.

Subdivision 1. **Voluntary consolidation authorized.** It is the intent and policy of the legislature in sections 353A.01 to 353A.10 to authorize, on a voluntary elective basis, any local police or salaried firefighters relief association and the respective municipality to effect the consolidation of the local relief association with the Public Employees Retirement Association established by chapter 353.

Subd. 2. **Savings clause.** A consolidation under Laws 1987, chapter 296, does not impair or diminish benefits for an active, deferred, or retired member or a survivor of an active, deferred, or retired member who elects to retain benefits under the relief association plan in existence at the time of a consolidation.

353A.02 DEFINITIONS.

Subdivision 1. **Generally.** When used in sections 353A.01 to 353A.10, each of the following words and phrases shall have the meaning ascribed to it in this section unless the context clearly indicates otherwise.

Subd. 2. **Actions preliminary to consolidation finalization.** "Actions preliminary to consolidation finalization" means those actions undertaken by the commission, the state board, the Public Employee Retirement Association, the local police or firefighters relief association, and the municipality following initiation of the consolidation procedure as provided in section 353A.04.

Subd. 3. **Assets.** "Assets" means the investment securities and other items of value held by the special fund of the relief association.

Subd. 4. **Beneficiary.** "Beneficiary" means the natural person designated by any active, deferred, or retired member of the fund or of the local relief association consolidation account of the fund, whichever applies, as the recipient of any remainder interest to the credit of the designating person under law upon the death of the designating person, including the natural person receiving or entitled to receive the remainder portion of any elected optional retirement annuity form or automatic survivor benefit portion of a service pension or disability benefit.

Subd. 5. **Benefit plan.** "Benefit plan" means that portion of a pension plan which deals specifically with the service pension or retirement annuity and retirement benefit coverage provided by the relief association or the fund, whichever applies, including, but not limited to, the types of coverage, the initial and continuing eligibility for and entitlement to service pensions or retirement annuities and retirement benefits, the amount of service pensions or retirement annuities and retirement benefits and the adjustment of service pensions or retirement annuities and retirement benefits.

Subd. 6. **Board of trustees.** "Board of trustees" means the managing board of the local police or firefighters relief association.

Subd. 7. **Chief administrative officer.** "Chief administrative officer" means the person who has primary responsibility for the execution of the administrative affairs of the municipality, in the case of a municipality, or of the relief association in the case of a local police or firefighters relief association, or the designee of that person.

Subd. 8. **Commission.** "Commission" means the Legislative Commission on Pensions and Retirement established by section 3.85.

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Subd. 9. **Deferred member.** "Deferred member" means a person who has credit for sufficient service in the relief association to gain entitlement to an eventual service pension but who has not yet applied for or started receipt of that service pension.

Subd. 10. **Effective date of the consolidation.** "Effective date of the consolidation" means the date on which the consolidation shall occur as determined under section 353A.06.

Subd. 11. **Existing relief association benefit plan.** "Existing relief association benefit plan" means the benefit plan of the relief association in effect on the day before the initiation of the consolidation procedure as provided in section 353A.04.

Subd. 12. **Fund.** "Fund" means the public employees police and fire consolidation fund established by sections 353A.01 to 353A.10.

Subd. 13. **Inappropriate investments.** "Inappropriate investments" means any investment security or other asset held by the relief association at or after the initiation of the consolidation procedure which does not comply with any applicable investment guidelines or objectives which are established and published by the state board.

Subd. 14. **Ineligible investments.** "Ineligible investments" means any investment security or other asset held by the relief association at or after the initiation of the consolidation procedure which does not comply with the applicable requirements or limitations of sections 11A.09, 11A.23, and 11A.24.

Subd. 15. **Local police or firefighters relief association.** "Local police or firefighters relief association" means a relief association governed by section 69.77, including the Duluth Firefighters Relief Association, the Duluth Police Pension Association, the St. Paul Fire Department Relief Association, and the St. Paul Police Relief Association, but does not mean the Bloomington Fire Department Relief Association or a relief association that is a member of the Minnesota Police Pension Council or the Minnesota Professional Firefighters Pension Council.

Subd. 16. **Local relief association consolidation accounts.** "Local relief association consolidation accounts" means the special accounts consolidated with the Public Employees Retirement Association under sections 353.65, subdivision 1, and 353A.09, subdivision 1.

Subd. 17. **Majority vote.** "Majority vote" means:

(1) for a local police or firefighters relief association, a number of votes of the membership of the relief association that equals or exceeds 50 percent of the number of members voting; or

(2) for a relief association that would not have met the definition of a local police or firefighters relief association under subdivision 15, on January 1, 1987, a number of votes that equals or exceeds 50 percent of the membership of the relief association.

Subd. 18. **Membership of the relief association.** "Membership of the relief association" means the active, deferred, disabled, and retired members and the survivors of active, deferred, disabled, and retired members of a relief association. Volunteer firefighters or their survivors may not be included in determining the membership of a relief association.

Subd. 19. **Minimum required proportion of relief association membership.** "Minimum required proportion of relief association membership" means ten percent of the membership of a local police or firefighters relief association or 30 percent of the membership of a relief association that would not have met the definition of a local police or firefighters relief association under subdivision 15, on January 1, 1987.

Subd. 21. **Other items of value.** "Other items of value" means any real property, personal property, or interest in real or personal property not evidenced by or appropriately characterized as a security as that term is defined by section 524.1-201, clause (32).

Subd. 22. **Pension plan.** "Pension plan" means the various aspects of the relationship between a municipality and its police officers or salaried firefighters, whichever applies, who are members of the local police or firefighters relief association regarding the retirement benefit coverage provided by the relief association.

Subd. 23. **Postretirement adjustment.** "Postretirement adjustment" means any periodic or regular procedure for modifying the amount of a retirement annuity, service pension, disability benefit, or survivor benefit after the start of that annuity, pension, or benefit, including but not limited to modifications of amounts under section 356.415, or any benefit escalation or benefit amount modification based on changes in the salaries payable to active police officers or salaried firefighters or changes in a cost-of-living index as provided for in the existing relief association benefit plan.

Subd. 24. **Public employees police and fire fund benefit plan.** "Public employees police and fire fund benefit plan" means the provisions of sections 353.63 to 353.68, any general provisions of chapter 353 which may be applicable, any applicable provisions of chapter 11A or 356, any applicable provisions of any rules issued by the board of the Public Employees Retirement Association, and any applicable amendments in those statutes or rules.

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Subd. 24a. **Public Employees Retirement Association.** "Public Employees Retirement Association" means the retirement system that administers the public employees police and fire fund and the local relief association consolidated accounts.

Subd. 25. **Public hearing.** "Public hearing" means a meeting held by the board of trustees of the relief association or the governing body of the municipality in which the relief association is located, whichever applies, in a place and at a time accessible to members of the general public, which is reasonably calculated to allow for participation by all affected interests, for which proper notice has been given and at which the views of the general public may be heard.

Subd. 26. **Referendum.** "Referendum" means a vote of the total membership of a relief association on the question of the consolidation of the relief association with the fund as provided in section 353A.04 which shall occur upon the initiation of the consolidation and shall be conducted through the use of a mailed secret, written ballot and in accordance with procedures established by the board of trustees of the relief association for the issuance and collection of ballots.

Subd. 27. **Relief association.** "Relief association" means the police or firefighters relief association for which consolidation procedures have been initiated.

Subd. 28. **Special benefit coverage.** "Special benefit coverage" means any benefit provided for in the articles of incorporation or bylaws of the local relief association which, in the judgment of the executive director of the public employees retirement association, is not of the type regularly provided by the public employees police and fire fund because it involves one or a combination of the following factors:

(a) the benefit is other than a service pension, a disability or superannuation benefit, or a survivor benefit;

(b) the payment of the benefit does not occur monthly and does not continue beyond one or a small number of payments; or

(c) the payment of amounts from the pension fund is not made to individual benefit recipients or former members.

Subd. 29. **State board.** "State board" means the State Board of Investment operating under chapter 11A.

Subd. 30. **Survivor.** "Survivor" means the person who has or the persons who have, as of the death of the active, deferred, or retired member of the relief association, the relationship to the member of the legally married spouse or the dependent minor child as defined or specified by the benefit plan of the relief association.

353A.03 VOLUNTARY CONSOLIDATION OPTION.

Notwithstanding any provision of law to the contrary, a local police or firefighters relief association, as defined in section 353A.02, subdivision 15, may consolidate with the public employees retirement association under sections 353A.01 to 353A.10.

353A.04 CONSOLIDATION PROCEDURE.

Subdivision 1. **Source of consolidation initiation.** The consolidation of a relief association may be initiated by the minimum required proportion of the relief association membership.

Subd. 2. **Initiation procedure.** To initiate the consolidation procedure, the minimum required proportion of the relief association membership shall submit a signed petition to the board of trustees recommending to the board, the balance of the membership of the relief association and to the municipality that the relief association be consolidated with the public employees retirement association. Upon receipt of the petition and authentication of the signatures contained in it, the board of trustees shall hold a public hearing on the issue and shall adopt a resolution setting forth its recommendation to the membership and to the municipality on the issue and setting forth the procedure for a membership referendum under subdivision 4.

Subd. 3. **Board of trustees response.** In responding to a petition of the minimum required proportion of the relief association membership, the board of trustees shall hold a special meeting within one month of the receipt and authentication of the petition at which the public hearing shall be conducted. The resolution of the board of trustees setting forth its recommendation and the membership referendum procedure shall be adopted either at that special meeting or at the regular scheduled meeting of the board of trustees next following the special meeting.

Subd. 4. **Membership referendum procedure.** The resolution of the board of trustees setting forth the membership referendum procedure shall provide for a referendum by the membership of the relief association. The referendum must be conducted by a secret ballot in a manner agreeable to the chief administrative officer of the relief association and the representative

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of the municipality on the relief association board who is most senior in rank. The resolution must specify the language of the referendum question, the time and place for the referendum, the procedure for referendum balloting as provided in section 353A.02, subdivision 26, and the form and content of any informational or explanatory materials that may be distributed with the referendum ballot. Approval or disapproval of consolidation shall be determined by majority vote. A ballot must be provided to each active, deferred, or retired member and to the survivors of active, deferred, or retired members. A relief association shall distribute ballots by mail to the last known addresses of members or survivors at least 30 days before the deadline for their return to the association. An active, deferred, disabled, or retired member is entitled to one vote. The survivor or survivors of an active, deferred, disabled, or retired member is entitled to one vote. If there is more than one survivor, the vote must be cast by the eldest survivor if that person is of the age of majority or, if not, by the guardian of the eldest survivor.

Subd. 5. Approval time limits. When the consolidation process is approved by the relief association membership, the governing body of the municipality shall approve or disapprove the consolidation action by a resolution of the governing body of the municipality within two months.

Subd. 6. Impact of disapproval. If a consolidation action is disapproved by action of the governing body of the municipality or by majority referendum vote of the membership of the relief association, no consolidation action may be initiated until after January 1 of the year next following the date of disapproval.

Subd. 7. Certification of approval. If a consolidation action is approved, the chief administrative officer of the municipality shall notify the executive director of the Public Employees Retirement Association, the executive director of the state board, the executive director of the commission, the commissioner of management and budget, the secretary of state, and the state auditor of the approval. The notification to the state auditor shall also contain a certification by the chief administrative officer of the municipality and by the secretary of the relief association that there was compliance with the procedures set forth in this section in approving that consolidation action and shall include a copy of any relevant documentation.

Subd. 8. Final municipal approval. If a consolidation action is approved, the remaining actions preliminary to the finalization of the consolidation provided for in section 353A.05 shall take place and consolidation shall occur pending final approval of the consolidation by the governing body of the municipality. Final action on the question of the approval of the consolidation by the governing body of the municipality shall occur at a public hearing held for that purpose and shall occur within one month of the conclusion of the remaining actions preliminary to the finalization of the consolidation. If the governing body of the municipality upon its final action on the consolidation disapproves the consolidation, or the deadline for the municipality to take final action upon the question of consolidation expires, the approvals by the relief association and the municipality to initiate the consolidation shall no longer be effective.

Subd. 9. Division of salaried and volunteer firefighter relief association. If the relief association includes in its membership both volunteer firefighters and salaried firefighters, the board of trustees of the relief association shall, before the effective date of the consolidation, undertake the necessary steps to separate the volunteer firefighters portion of the relief association from the salaried firefighters portion of the relief association and to establish the volunteer firefighters portion of the relief association as a distinct relief association governed by chapter 424A. Any special fund assets of the original relief association shall be valued at their fair market value and divided between the new volunteer firefighters relief association and the existing relief association on the basis of their relative actuarial accrued liabilities as determined by an approved actuary as provided in section 356.215. The municipality shall adopt a resolution specifying how any fire state aid received by the municipality under sections 69.011 to 69.051 shall be allocated between the newly established volunteer firefighters relief association and the existing relief association or the fund, whichever applies, as of the date of allocation.

353A.05 ACTIONS PRELIMINARY TO CONSOLIDATION FINALIZATION.

Subdivision 1. Commission actions. (a) Upon initiation of consolidation as provided in section 353A.04, the executive director of the commission shall direct the actuary retained under section 356.214 to undertake the preparation of the actuarial calculations necessary to complete the consolidation.

(b) These actuarial calculations shall include for each active member, each deferred former member, each retired member, and each current beneficiary the computation of the present value of future benefits, the future normal costs, if any, and the actuarial accrued liability on the basis of the existing relief association benefit plan and on the basis of the public employees police and fire fund benefit plan. These actuarial calculations shall also include for the total active, deferred,

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retired, and benefit recipient membership the sum of the present value of future benefits, the future normal costs, if any, and the actuarial accrued liability on the basis of the existing relief association benefit plan, on the basis of the public employees police and fire fund benefit plan, and on the basis of the benefit plan which produced the largest present value of future benefits for each person. The actuarial calculations shall be prepared using the entry age actuarial cost method for all components of the benefit plan and using the actuarial assumptions applicable to the fund for the most recent actuarial valuation prepared under section 356.215, except that the actuarial calculations on the basis of the existing relief association benefit plan shall be prepared using an interest rate actuarial assumption during the postretirement period which is in the same amount as the interest rate actuarial assumption applicable to the preretirement period. The actuarial calculations shall include the computation of the present value of the initial postretirement adjustment anticipated by the executive director of the state board as payable after the effective date of the consolidation under section 356.415.

(c) The chief administrative officer of the relief association shall, upon request, provide in a timely manner to the executive director of the commission and to the actuary retained under section 356.214 the most current available information or documents, whichever applies, regarding the demographics of the active, deferred, retired, and benefit recipient membership of the relief association, the financial condition of the relief association, and the existing benefit plan of the relief association.

(d) Upon completion of the actuarial calculations required by this subdivision, the actuary retained under section 356.214 shall issue a report in the form of an appropriate summary of the actuarial calculations and shall provide a copy of that report to the executive director of the commission, the executive director of the Public Employees Retirement Association, the chief administrative officer of the relief association, the chief administrative officer of the municipality in which the relief association is located, and the state auditor.

Subd. 2. State board actions. (a) Upon approval of consolidation by the membership as provided in section 353A.04, the executive director of the state board shall review the existing investment portfolio of the relief association for compliance with the requirements and limitations set forth in sections 11A.09, 11A.14, 11A.23, and 11A.24 and for appropriateness for retention in the light of the established investment objectives of the state board. The executive director of the state board, using any reporting service retained by the state board, shall determine the approximate market value of the existing assets of the relief association upon the effective date of consolidation and the transfer of assets from the relief association to the individual relief association consolidation accounts at market value.

(b) The state board may require that the relief association liquidate any investment security or other item of value which is determined to be ineligible or inappropriate for retention by the state board. The liquidation shall occur before the effective date of consolidation and transfer of assets.

(c) If requested to do so by the chief administrative officer of the relief association or of the municipality, the state board shall provide advice on the means and procedures available to liquidate investment securities and other assets determined to be ineligible or inappropriate.

Subd. 3. Association actions. Upon receipt of the report of actuarial calculations under subdivision 1 and notice from the state board of the completion of the preliminary actions under subdivision 2, the association shall notify the chief administrative officer of the municipality and the chief administrative officer of the relief association of the completion of the preliminary actions.

353A.06 FINALIZATION OF CONSOLIDATION.

Subdivision 1. Notice of final approval. Upon final approval by the governing body of the municipality, the chief administrative officer of the municipality shall provide notice of the local action to the chief administrative officer of the relief association, the executive director of the state board, the executive director of the commission, the executive director of the Public Employees Retirement Association, the commissioner of management and budget, the secretary of state, and the state auditor. The board of trustees of the Public Employees Retirement Association, at its next regularly scheduled meeting, shall set the effective date for the consolidation and notify the persons under this subdivision who are to receive notice from the municipality.

Subd. 2. Information required. Upon final approval of consolidation by the municipality under section 353A.04, the executive director of the public employees retirement association shall request from the relief association and the municipality the information necessary to allow the association to complete the consolidation. The information, at a minimum, must include all data required to be provided by the executive director of the commission and the actuary retained

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by the commission under section 353A.05, subdivision 1. The chief administrative officer of the relief association and the chief administrative officer of the municipality shall provide the requested information in a timely manner. The data must be reported on forms or in a manner prescribed by the executive director of the association. The data must be current as of the effective date of the consolidation with the association. The chief administrative officer of the municipality and the chief administrative officer of the relief association shall certify the accuracy of the data reported to the association. The executive director may rely on that data without undertaking any affirmative duty to verify the data.

353A.07 EFFECT ON ADMINISTRATION.

Subdivision 1. **Transfer of administration.** On the effective date of consolidation, the administration of the special fund and the benefit plan of the relief association is transferred to the executive director and the board of trustees of the Public Employees Retirement Association.

Subd. 2. **Transfer of records.** On the effective date of consolidation, the chief administrative officer of the relief association shall transfer all records and documents relating to the special fund of the relief association to the fund. To the extent possible, original copies of all records and documents shall be transferred. For any records and documents which apply to both the general fund and the special fund of the relief association, the chief administrative officer may transfer a photostatic copy of the applicable original record or document if the copy is accompanied by a certification by the chief administrative officer that the copy is a true and exact copy of the original. Any photostatic copy of any document so certified may be treated by the fund for all purposes as an original copy.

Subd. 3. **Transfer of assets.** (a) On the effective date of consolidation, the chief administrative officer of the relief association shall transfer the entire assets of the special fund of the relief association to the Public Employees Retirement Association. The transfer must include any investment securities of the consolidation account which are not determined to be ineligible or inappropriate by the executive director of the state board under section 353A.05, subdivision 2, at the market value of the investment security as of the effective date of the consolidation. The transfer must include any accounts receivable determined by the executive director of the state board as capable of being collected. The transfer must also include an amount, in cash, representing any remaining investment security or other asset of the consolidation account which was liquidated, after defraying any accounts payable.

(b) As of the effective date of consolidation, subject to the authority of the state board, the board of trustees of the Public Employee Retirement Association has legal title to and management responsibility for any transferred assets as trustees for any person having a beneficial interest arising out of benefit coverage provided by the relief association. The Public Employees Retirement Association is the successor in interest for all claims for and against the consolidation account or the municipality with respect to the consolidation account of the relief association, except a claim against the relief association or the municipality or any person connected with the relief association or the municipality in a fiduciary capacity, based on any act or acts by that person which were not done in good faith and which constituted a breach of the obligation of the person as a fiduciary. As a successor in interest, the Public Employees Retirement Association may assert any applicable defense in any judicial proceeding which the board of the relief association or the municipality would have otherwise been entitled to assert.

Subd. 4. **Termination of special fund.** (a) As of the effective date of consolidation and the transfer of administration, records, assets, and liabilities from the relief association to the separate consolidation fund, the special fund of the relief association shall cease to exist as a legal entity. If the relief association has a general fund as of the effective date of consolidation, the general fund may continue to exist as a legal entity at the discretion of the board of the relief association. If the relief association does not have a general fund as of the effective date of consolidation, the board of the relief association may establish a general fund, which may conduct business on behalf of the relief association as the board of the relief association may direct. Following consolidation, the general fund may retain the name of the relief association, shall be the only fund of the relief association, and shall continue to be governed by any applicable general or special law provision other than any provisions governing the benefits previously payable from the special fund of the relief association. Any relief association continuing in the form of the general fund shall function as a fraternal organization.

(b) The municipality shall maintain the service previously provided to assist the relief association through making the appropriate payroll deduction of relief association membership dues from relief association members.

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Subd. 5. **Costs of consolidation.** The reasonable and necessary costs arising from the actions of the commission, the state board, and the fund preliminary to consolidation as provided in section 353A.05 shall be paid by the relief association from the special fund as those costs are incurred before the effective date of the consolidation and shall be considered to be authorized administrative expenses of the relief association for section 69.80.

Subd. 6. **Postconsolidation bylaw amendments.** Following the effective date of consolidation, if the relief association continues in the form of the general fund, the board of the relief association shall adopt the appropriate amendments to its bylaws and articles of incorporation to reflect its change in status and operation. The amendments shall be effective upon filing the applicable amendments with the executive director of the commission and with the state auditor and shall not require municipal ratification as provided in section 69.77, subdivision 3.

353A.08 EFFECT ON BENEFIT COVERAGE.

Subdivision 1. **Election of coverage by current retirees.** (a) A person who is receiving a service pension, disability benefit, or survivor benefit is eligible to elect benefit coverage provided under the relevant provisions of the public employees police and fire fund benefit plan or to retain benefit coverage provided under the relief association benefit plan in effect on the effective date of the consolidation. The relevant provisions of the public employees police and fire fund benefit plan for the person electing that benefit coverage are limited to any future postretirement adjustments under section 356.415 based on the amount of the benefit or pension payable on December 31, if December 31 is the effective date of consolidation, or on the December 1 following the effective date of the consolidation, if other than December 31. The survivor benefit payable on behalf of any service pension or disability benefit recipient who elects benefit coverage under the public employees police and fire fund benefit plan must be calculated under the relief association benefit plan and is subject to future postretirement adjustments under section 356.415 based on the amount of the survivor benefit payable.

(b) A survivor benefit calculated under the relief association benefit plan which is first payable after June 30, 1997, to the surviving spouse of a retired member of a consolidation account who, before July 1, 1997, chose postretirement adjustments as provided under section 356.415 must be increased on the effective date of the survivor benefit on an actuarial equivalent basis to reflect the change in the postretirement interest rate actuarial assumption under section 356.215, subdivision 8, from five percent to six percent under a calculation procedure and tables adopted by the board and approved by the actuary retained under section 356.214.

(c) By electing the public employees police and fire fund benefit plan, a current service pension or disability benefit recipient who, as of the first January 1 occurring after the effective date of consolidation, has been receiving the pension or benefit for at least seven months, or any survivor benefit recipient who, as of the first January 1 occurring after the effective date of consolidation, has been receiving the benefit on the person's own behalf or in combination with a prior applicable service pension or disability benefit for at least seven months is eligible to receive a partial adjustment payable under section 356.415.

(d) The election by any pension or benefit recipient must be made on or before the deadline established by the board of the Public Employees Retirement Association in a manner that recognizes the number of persons eligible to make the election and the anticipated time required to conduct any required benefit counseling.

Subd. 2. **Election of coverage by current deferred retirees.** (a) Any person who has terminated active employment as a police officer or firefighter, whichever applies, with the municipality, has sufficient credit for service to entitle the person to an eventual service pension and has not taken a refund of accumulated member contributions, if applicable, shall have the option to elect to have benefit coverage provided under the relevant provisions of the public employees police and fire fund benefit plan or to retain benefit coverage provided by the relief association benefit plan in effect on the effective date of consolidation. The relevant provisions of the public employees police and fire fund benefit plan for the person electing that benefit coverage shall be the provisions specified in subdivision 1.

The election shall be made when the person files an application for receipt of the deferred service pension and shall accompany that application.

(b) The retirement annuity for a deferred member of a consolidated local relief association which consolidated before July 1, 1997, who elected the relevant provisions of the public employees police and fire fund benefit plan under subdivision 1 must be increased on an actuarial equivalent basis to reflect the change in the postretirement interest rate actuarial assumption under section 356.215, subdivision 8, from five percent to six percent under a calculation procedure

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and tables adopted by the board of trustees of the Public Employees Retirement Association and approved by the actuary retained under section 356.214.

Subd. 3. **Election of coverage by active members.** (a) A person who is an active member of a police or fire relief association, other than a volunteer firefighter, has the option to elect benefit coverage under the relevant provisions of the public employees police and fire fund or to retain benefit coverage provided by the relief association benefit plan in effect on the effective date of consolidation. The relevant provisions of the public employee police and fire fund benefit plan for the person electing that benefit coverage are the relevant provisions of the public employee police and fire fund benefit plan applicable to retirement annuities, disability benefits, and survivor benefits, including postretirement adjustments under section 356.415, but excluding any provisions governing the purchase of credit for prior service or making payments in lieu of member contribution deductions applicable to any period which occurred before the effective date of consolidation.

(b) An active member is eligible to make an election at one of the following times:

(1) within six months of the effective date of consolidation;

(2) between the date on which the active member attains the age of 49 years and six months and the date on which the active member attains the age of 50 years; or

(3) on the date on which the active member terminates active employment for purposes of receiving a service pension or disability benefits, or within 90 days of the date the member terminates active employment and defers receipt of a service pension, whichever applies.

Subd. 4. **Irrevocable election.** (a) Any election made under this section shall be irrevocable once it has been filed. Each election shall be made on a form prescribed by the executive director of the public employees retirement association and shall be filed with the executive director. If the current retiree, current benefit recipient, current deferred retiree, or current active member has, as of the effective date of consolidation or the election of benefit coverage, whichever applies, a spouse or other person who has reached the age of majority who under the benefit plan of the relief association would be entitled to receive a survivor benefit upon the death of the person making the election, the election made as provided in this section shall not be considered valid without a statement signed by the potential survivor and accompanying the election form which indicates that the potential survivor has been informed of the election and understands the consequences of the election.

(b) The election form, if validly executed and accompanied by any required statement or statements, shall be effective on the first day of the month next following its filing with the executive director of the public employees retirement association or the date of retirement, whichever is earlier. If the person making the election becomes disabled or dies before the effective date of the election, any disability or survivor benefits which are payable shall be governed by the existing benefit plan of the relief association.

(c) If the person entitled to make the election elects to retain coverage by the benefit plan of the relief association or fails to make the election in a timely fashion, the person shall have future pension or benefit payments governed by the provisions of the existing benefit plan of the relief association in effect on the effective date of consolidation.

Subd. 5. **Returning disabilitants; reemployed annuitants.** (a) A person who is receiving a disability benefit from a consolidating local relief association as of the effective date of the consolidation and who recovers sufficiently from that disability following the effective date of the consolidation to allow for a return to active employment as a police officer or firefighter, whichever applies, with the municipality in which the consolidating relief association was located retains eligibility to the local relief association benefit plan only and is not entitled to elect the public employees police and fire fund benefit plan as an active member, even if the public employees police and fire fund benefit plan was elected as a benefit recipient.

(b) A person who becomes disabled following the effective date of the consolidation is entitled to make a benefit plan coverage election as an active member upon the termination of active employment and commencement of the disability benefit and, upon any return to active service, retains benefit plan coverage by the previously selected benefit plan coverage election.

(c) A person who retired from a consolidating local relief association after the effective date of the consolidation, who has elected coverage by the public employees police and fire fund benefit plan and who returns to active employment with an employing unit covered by the public employees retirement association following the effective date of consolidation is subject to the provisions of section 353.37.

Subd. 6. **Special benefit coverage.** (a) A person who would have otherwise been entitled to special benefit coverage under section 353A.02, subdivision 28, retains entitlement upon consolidation to that special benefit coverage notwithstanding the election which the person makes regarding other aspects of the benefit coverage under subdivision 1, 2, or 3. The special

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benefit coverage continues to be provided by the municipality and, if not provided through a contract with an insurance carrier authorized to do business in this state, must be funded on an actuarial basis using the relevant provisions of section 69.77, with the establishment by the municipality of a special account within the general fund of the municipality for this special benefit coverage. The chief administrative officer of the municipality shall manage the special benefit coverage. Disbursements must be limited to payments of the special benefit or benefits based on the relevant portion of the benefit plan of the relief association that existed as of the date on which consolidation is initiated.

(b) A special account in the general fund of a municipality established to provide special preexisting benefit plan coverage under this subdivision is not a supplemental pension plan under section 356.24 or a local governmental pension plan or fund under section 356.25.

Subd. 6a. **Military service contribution and refund.** A person who was an active member of a local police or firefighters relief association upon its consolidation with the public employees retirement association, and who was otherwise eligible for automatic service credit for military service under Minnesota Statutes 2000, section 423.57, and who has not elected the type of benefit coverage provided by the public employees police and fire fund at the time of consolidation, must make employee contributions under section 353.01, subdivision 16, paragraph (a), clause (8), to receive allowable service credit from the association for a military service leave after the effective date of the consolidation. A person who later elects, under subdivision 3, to retain benefit coverage under the bylaws of the local relief association is eligible for a refund from the association at the time of retirement. The association shall refund the employee contributions plus interest at the rate of six percent, compounded quarterly, from the date on which contributions were made until the first day of the month in which the refund is paid. The employer shall receive a refund of the employer contributions. The association shall not pay a refund to a person who later elects, under subdivision 3, the type of benefit coverage provided by the public employees police and fire fund or to the person's employer.

Subd. 7. **Effect of coverage by local plan.** A person who, under this section, elects benefit coverage under the relief association benefit plan, or who fails to make a timely election of coverage under the public employees retirement association police and fire fund benefit plan, is a member of the relief association as administered by the Public Employees Retirement Association and has a right to benefits under the relief association benefit plan in effect on the effective date of the consolidation.

Subd. 8. **Counseling.** The executive director of the Public Employees Retirement Association shall undertake all reasonable efforts to provide any necessary benefit counseling to persons who are entitled to make or who are affected by an election, if benefit counseling is requested by the person.

353A.081 PUBLIC EMPLOYEES RETIREMENT ASSOCIATION POLICE AND FIRE CONSOLIDATION ACCOUNT COVERAGE ELECTION AUTHORITY.

Subdivision 1. **Entitlement.** In addition to coverage selection periods in section 353A.08, subdivisions 3 and 4, the surviving spouse of a member of a public employee retirement association consolidation account who is killed in the line of duty is eligible to make an election of coverage indicated in subdivision 2. If there is no surviving spouse, the legal guardian of the oldest dependent child under the age of 18 is eligible to make an election of coverage under subdivision 2. If there are no surviving dependent children under age 18, then the oldest dependent child who is age 18 to 23 and who is enrolled full time in an accredited postsecondary educational institution is eligible to make the election. A refund may be paid to a designated beneficiary only if:

- (1) there are no survivors entitled to benefits under this subdivision; or
- (2) the surviving spouse and dependent children, who are between age 18 to 23, permanently waive their rights to benefits in writing and the benefits of dependent children under 18 are waived under a district court order.

Subd. 2. **Election of coverage.** (a) Individuals eligible under subdivision 1 may elect, on a form prescribed by the executive director of the Public Employees Retirement Association, to have survivor benefits calculated under the relevant provisions of the public employees police and fire fund benefit plan or to have survivor benefits calculated under the relief association benefit plan. The relevant provisions of the public employee police and fire fund benefit plan for the person electing that benefit coverage are the relevant provisions of the public employee police and fire fund benefit plan applicable to survivor benefits, including postretirement adjustments under section 356.415.

(b) If the election results in an increased benefit amount to the surviving spouse eligible under subdivision 1, or to eligible children if there is no surviving spouse, the increased

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benefit accrues as of the date on which the survivor benefits payable to the survivors from the consolidation account were first paid. The back payment of any increase in prior benefit amounts, plus any postretirement adjustments payable under section 356.415, or any increase payable under the local relief association bylaws is payable as soon as practicable after the effective date of the election.

353A.083 PERA-POLICE AND FIRE BENEFIT PLAN APPLICABLE TO CERTAIN CONSOLIDATIONS.

Subdivision 1. **Pre-1993 consolidations.** For any consolidation account in effect on May 24, 1993, the public employee police and fire fund benefit plan applicable to consolidation account members who have elected or will elect that benefit plan coverage under section 353A.08 is the pre-July 1, 1993, public employees police and fire fund benefit plan unless the applicable municipality approves the extension of the post-June 30, 1993, public employees police and fire fund benefit plan to the consolidation account.

Subd. 2. **Pre-1995 consolidations.** For any consolidation account in effect on July 1, 1995, the public employee police and fire fund benefit plan applicable to consolidation account members who have elected or will elect that benefit plan coverage under section 353A.08 is the pre-July 1, 1995, public employees police and fire fund benefit plan unless the applicable municipality approves the extension of the post-June 30, 1995, public employees police and fire fund benefit plan to the consolidation account.

Subd. 3. **Pre-1997 consolidation.** (a) For any consolidation plan account in effect on July 1, 1997, the applicable benefit plan coverage defined in paragraph (b) or (c) applies unless the consolidation account's city approves the extension of the post-June 30, 1997, public employees police and fire fund benefit plan to the consolidation account members.

(b) If the applicable municipality has approved the July 1, 1993, public employees police and fire fund benefit provisions, but has not approved the extension of the post-June 30, 1997, public employees police and fire fund benefit provisions:

(1) the benefit accrual rate for calculating retirement annuities that apply to consolidation account members who have elected or elect coverage under the provisions of the public employees police and fire fund benefit plan is 2.9 percent of average salary under section 353.651, subdivision 2, per year of allowable service;

(2) the optional survivor annuities payable to the survivors of these consolidated members who elected coverage under the provisions of the public employees police and fire fund benefit plan must be determined using a benefit accrual rate of 2.9 percent of average salary under section 353.651, subdivision 2, per year of the member's allowable service;

(3) the disability benefit payable for these consolidated members who elected or elect coverage under the provisions of the public employees police and fire fund benefit plan and:

(i) who become disabled in the line of duty, as defined under section 353.656, subdivision 1, is an amount equal to 58 percent of average salary under section 353.651, subdivision 2, plus an additional 2.9 percent of that average salary for each year of service in excess of 20 years; or

(ii) who become disabled because of sickness or injury occurring while not on duty, as defined under section 353.656, subdivision 3, is an amount equal to 43.50 percent of average salary under section 353.651, subdivision 2, plus an additional 2.9 percent of that average salary for each year of service in excess of 15 years.

(c) If the applicable municipality has not approved the July 1, 1993, public employees police and fire fund benefit provisions, and has not approved the extension of the post-June 30, 1997, public employees police and fire fund benefit provisions:

(1) the benefit accrual rate for calculating retirement annuities that apply to consolidation account members who have elected or elect coverage under the provisions of the public employees police and fire fund benefit plan is 2.74 percent of average salary under section 353.651, subdivision 2, per year of allowable service;

(2) the optional survivor annuities payable to the survivors of these consolidated members who elected coverage under the provisions of the public employees police and fire fund benefit plan must be determined using a benefit accrual rate of 2.74 percent of average salary under section 353.651, subdivision 2, per year of the member's allowable service;

(3) the disability benefit payable for consolidated members who elected or elect the coverage under the provisions of the public employees police and fire fund benefit plan and:

(i) who become disabled in the line of duty, as defined under section 353.656, subdivision 1, is an amount equal to 54.80 percent of the average salary under section 353.651, subdivision 2, plus an additional 2.74 percent of that average salary for each year of service in excess of 20 years; or

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(ii) who become disabled because of sickness or injury occurring while not on duty, as defined under section 353.656, subdivision 3, is an amount equal to 41.10 percent of the average salary under section 353.651, subdivision 2, plus an additional 2.74 percent of that average salary for each year of service in excess of 15 years.

Subd. 4. **Pre-1999 consolidations.** For any consolidation account in effect on July 1, 1999, the public employees police and fire fund benefit plan applicable to consolidation account members who have elected or will elect that benefit plan coverage under section 353A.08 is the most recent change adopted by the applicable municipality under subdivision 1, 2, or 3, unless the applicable municipality approves the extension of the post-June 30, 1999, public employees police and fire fund benefit plan to the consolidation account.

353A.09 EFFECT ON CONTRIBUTIONS AND FUNDING.

Subdivision 1. **Establishment of consolidation accounts.** (a) The board of trustees of the Public Employees Retirement Association shall establish a separate consolidation account for each local relief association of a municipality that consolidates with the Public Employees Retirement Association. The association shall credit to the consolidation account the assets of the individual consolidating local relief association upon transfer, member contributions received after consolidation under subdivision 4, municipal contributions received after consolidation under subdivision 5, and a proportionate share of any investment income earned after consolidation. From the consolidation account, the association shall pay the pension and benefit amounts on account of persons electing coverage by the relief association benefit plan under section 353A.08, the benefit amounts payable on account of persons electing the type of benefit coverage provided by the public employees police and fire fund under section 353A.08, and any direct administrative expenses related to the consolidation account, and the proportional share of the general administrative expenses of the association.

(b) Except as otherwise provided for in this section, the liabilities and the assets of a consolidation account must be considered for all purposes to be separate from the balance of the public employees police and fire fund. The consolidation account must be subject to separate accounting, a separate actuarial valuation, and must be reported as a separate exhibit in any annual financial report or actuarial valuation report of the public employees police and fire consolidation fund, whichever applies. The executive director of the public employees retirement association shall maintain separate accounting records and balances for each consolidation account.

Subd. 4. **Member contributions.** (a) Following the effective date of consolidation, the applicable member contribution rate and applicable salary rate to which the member contribution rate applies for persons who were formerly members of the relief association shall be determined as follows:

(1) if the person has elected coverage by the public employees police and fire fund benefit plan under section 353A.08, the applicable member contribution rate shall be that rate specified in Minnesota Statutes 1998, section 353.65, subdivision 2, and the applicable salary rate to which the member contribution rate applies shall be the actual salary of the person, as defined in section 353.01, subdivision 10; and

(2) if the person has not elected coverage by the public employees police and fire fund benefit plan under section 353A.08, the applicable member contribution rate shall be the rate specified in section 69.77, subdivision 3, or the rate specified in the applicable general law, special law, or bylaw provision governing the relief association as of the date of the initiation of consolidation, whichever is greater, and the applicable salary rate to which the member contribution rate applies shall be the salary rate specified in the applicable general law, special law, or bylaw provision governing the relief association as of the date of the initiation of consolidation or the actual salary of the person, including overtime pay and any regularly occurring special payments but excluding lump-sum annual leave payments, worker's compensation payments, and severance payments, whichever salary rate is greater.

(b) The member contribution rate and applicable salary rate to which the member contribution rate applies shall be effective as of the first day of the first pay period occurring after the effective date of consolidation.

(c) The chief administrative officer of the municipal police department or municipal fire department, whichever applies, shall cause the member contributions required under this subdivision to be deducted in the manner and subject to the terms provided in section 353.27, subdivision 4.

Subd. 5. **Regular and additional municipal contributions.** (a) Following the effective date of consolidation, the applicable regular municipal contribution rate and applicable salary rate to

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which the regular municipal contribution rate applies on behalf of persons who were formerly members of the relief association shall be as follows:

(1) on behalf of persons who have elected coverage by the public employees police and fire fund benefit plan under section 353A.08, the applicable regular municipal contribution rate shall be that specified in Minnesota Statutes 1998, section 353.65, subdivision 3, and the applicable salary rate to which the regular municipal contribution rate applies shall be that specified in subdivision 4, paragraph (a), clause (1); and

(2) on behalf of persons who have not elected coverage by the public employees police and fire fund benefit plan under section 353A.08, the applicable regular municipal contribution rate shall be 12 percent and the applicable salary rate to which the regular municipal contribution rate applies shall be that specified in subdivision 4, paragraph (a), clause (2).

(b) Following the effective date of consolidation, the applicable additional municipal contribution amount shall be the sum of the following:

(1) the annual level dollar contribution as calculated by the actuary retained under section 356.214 as of the effective date of consolidation which is required to amortize by December 31, 2010, that portion of the present value of future benefits computed on the basis of the benefit plan producing the largest present value of future benefits for each individual which remains after subtracting the present value of future member contributions as provided in subdivision 4, the present value of future regular municipal contributions as provided in paragraph (a), and the market value of the assets of the relief association transferred to the fund; and

(2) the amount of the annual contribution as calculated by the actuary retained under section 356.214 as of the most recent actuarial valuation date which is required to amortize on a level annual dollar basis the amount of any net actuarial experience loss incurred during the year which ended as of the day immediately before the most recent actuarial valuation date by December 31 of the year occurring 15 years later.

(c) Regular municipal contributions shall be made in the manner provided in section 353.28. Additional municipal contributions shall be paid during the calendar year following the annual certification of the amount of the annual additional municipal contribution by the executive director of the Public Employees Retirement Association and, if made during the month of January, shall be payable without any interest, or if made after January 31, but before the next following December 31, shall be payable with interest for the period since January 1 at a rate which is equal to the preretirement interest rate assumption specified in section 356.215, subdivision 8, applicable to the fund expressed as a monthly rate and compounded on a monthly basis or if made after December 31 of the year in which the additional municipal contribution is due shall be payable with interest at a rate which is four percent greater than the highest interest rate assumption specified in section 356.215, subdivision 8, expressed as a monthly rate and compounded monthly from January 1 of the year in which the additional municipal contribution is due until the date on which payment is made.

Subd. 5a. **Authority to modify contribution rates.** (a) Notwithstanding subdivisions 4 and 5, a municipality associated with a consolidation account, with municipal governing body approval, may implement the contribution rates specified in section 353.65, subdivisions 2 and 3, rather than the rates specified in subdivisions 4 and 5.

(b) If the contribution rates specified in section 353.65, subdivisions 2 and 3, are subsequently modified, the applicable municipal governing body must approve that subsequent modification.

(c) The municipal governing body approval must be in the form of a municipal resolution. The municipal resolution must specify the effective date for the contribution rate modification. The municipal resolution must be filed with the executive director of the Public Employees Retirement Association, the state auditor, the secretary of state, and the executive director of the Legislative Commission on Pensions and Retirement.

Subd. 6. **Certification of municipal contributions.** The governing body of the municipality shall include the amount of any regular municipal contribution and additional municipal contribution in the budget approved for the municipality and to the extent not paid from other revenue sources of the municipality, in the tax levy certified by the municipality to the county auditor.

353A.10 MISCELLANEOUS PROVISIONS.

Subdivision 1. **Prohibition on service credit purchases and repayment of refunds.** (a) No member of the Public Employees Retirement Association or of the fund who has credit for service rendered before the consolidation as a member of a local police or firefighters relief association which has consolidated with the fund shall be entitled to purchase credit for that prior local relief

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association service, make payments in lieu of member contribution deductions for that prior local relief association service, or repay any refund of member contributions previously taken.

(b) A person who has credit for service in more than one local police or firefighters relief association which have consolidated with the fund for service before the consolidation shall not be entitled to purchase credit for any of that local relief association service, but shall be entitled to receive allowable service credit for service previously credited by the most recent local relief association under section 353.01, subdivisions 11, 16, and 18, if the person elects coverage by the public employee police and fire fund benefit plan.

(c) No person who was a member of a local police or firefighters relief association which has consolidated with the fund shall be entitled to purchase credit in the fund for any prior service which at the time it was rendered was covered by the public employees retirement association, although a refund under section 353.34 may be repaid in accordance with section 353.35, 353.71, or 356.30.

(d) No person who was a member of a local police or firefighters relief association which has consolidated with the fund shall be entitled to make any payments in lieu of salary deductions, voluntary assessments, or purchases of credit for prior service to the fund in connection with any service for which the person has already received credit by the local relief association or by any other Minnesota public pension plan or for establishing a higher average salary rate than otherwise to the credit of the person.

Subd. 2. Collection of late contributions. In the event of a refusal by a municipality in which was located a local police or firefighters relief association which has consolidated with the fund to pay to the fund any amount or amounts due under section 353A.09, subdivisions 4 to 6, the executive director of the public employees retirement association may notify the Department of Revenue, the Department of Management and Budget, and the state auditor of the refusal and commence the necessary procedure to collect the amount or amounts due from the amount of any state aid under sections 69.011 to 69.051, amortization state aid under section 423A.02, or supplemental amortization state aid under Laws 1984, chapter 564, section 48, as amended by Laws 1986, chapter 359, section 20, which is payable to the municipality or to certify the amount or amounts due to the county auditor for inclusion in the next tax levy of the municipality or for collection from other revenue available to the municipality, or both.

Subd. 3. Levy and bonding authority. A municipality in which was located a local police or firefighters relief association that has consolidated with the fund may issue general obligation bonds of the municipality to defray all or a portion of the principal amounts specified in section 353A.09, subdivisions 4 to 6, or certify to the county auditor a levy in the amount necessary to defray all or a portion of the principal amount specified in section 353A.09, subdivisions 4 to 6, or the annual amount specified in section 353A.09, subdivisions 4 to 6. The municipality may pledge the full faith, credit, and taxing power of the municipality for the payment of the principal of and interest on the general obligation bonds. Any municipal bond may be issued without an election under section 475.58 and may not be included in the net debt of the municipality for purposes of any charter or statutory debt limitation, nor may any tax levy for the payment of bond principal or interest be subject to any limitation concerning rate or amount established by charter or law.

Subd. 4. Refund of certain member contribution amounts. (a) The following persons are entitled to receive a refund of certain member contribution amounts under paragraph (b):

(1) A person who was an active member of a local police or firefighters relief association upon its consolidation with the Public Employees Retirement Association, who does not elect the type of benefit coverage provided by the public employees police and fire benefit plan and who begins receipt of a service pension or a disability benefit from the consolidation account, or who defers receipt of a service pension under the local relief association plan upon application for the refund of excess contributions; or

(2) A person who is the surviving spouse, or if none, the surviving minor child, or if none, the designated beneficiary of a person who was an active member of a local police or firefighters relief association upon its consolidation with the fund, who did not elect the type of benefit coverage provided by the public employees police and fire benefit plan and who dies prior to receiving a service pension or a disability benefit from the consolidation account.

(b) The refund of certain member contribution amounts is the amount by which any member contributions made to the consolidation account under section 353A.09, subdivision 4, exceeds the amount of employee or member contributions which would have been payable to the local relief association as provided in the benefit plan in effect on the effective date of consolidation, plus interest at the rate of six percent, compounded quarterly, from the date on which the contribution was made until the first of the month in which the refund is paid.

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(c) A refund of certain contribution amounts must occur as soon as practicable following receipt of a valid application from the appropriate person or the commencement of receipt of the service pension or disability benefit or official notification of death, whichever applies.

Subd. 5. **Savings clause.** Notwithstanding any law to the contrary, any person who has commenced receipt of a service pension, disability benefit, or survivor benefit, or who has become entitled to a deferred service pension from a local police or firefighters relief association before the effective date of consolidation with the fund, and who is or becomes a state employee as defined in section 352.01, subdivisions 2 and 2a, or a public employee as defined in section 353.01, subdivisions 2 and 2a, on or after the effective date of the consolidation shall be entitled to retain any amounts previously received and to receive that pension or benefit provided by the applicable local relief association benefit plan as of the effective date of the consolidation despite that status as an active state or public employee.

Subd. 6. **Allocation of state aid.** Any municipality in which was located a local police or firefighters relief association which has consolidated with the fund shall allocate to meet the municipal contribution and additional municipal contribution requirements as provided in section 353A.09, subdivision 6, an appropriate portion of any fire or police state aid under sections 69.011 to 69.051, any fire insurance premium tax surcharge, any amortization state aid under section 423A.02, or any supplemental amortization state aid under Laws 1984, chapter 564, section 48, as amended by Laws 1986, chapter 359, section 20. State aids for pension purposes referred to in this subdivision that were exclusively for payment to pension funds must continue to be dedicated to that purpose.

Subd. 6a. **Dissolution of consolidation account.** If a consolidation account no longer has current or potential future liabilities for the payment of annuities, benefits, refunds, or administrative expenses, the association shall transfer the remaining net assets, if any, for police and fire purposes only, to the municipality that made contributions to the account.

Subd. 7. **Applicability of chapter 353.** The provisions of chapter 353 shall govern in all instances where not inconsistent with the provisions of sections 353A.01 to 353A.10 for the administration of each local relief association consolidation account.

353B.01 LOCAL RELIEF ASSOCIATION BENEFIT PLANS; APPLICATION.

The provisions of this chapter shall govern the benefit coverage and payment of benefits of any person who was a member of a local relief association consolidating with the public employees police and fire fund as provided in sections 353A.01 to 353A.10 and who elects to retain benefit coverage in the local relief association benefit plan as provided in section 353A.08.

353B.02 DEFINITIONS.

Subdivision 1. **Terms.** Unless the language or content clearly indicates otherwise, each of the following terms shall have the meaning ascribed to it in this section.

Subd. 2. **Accumulated contributions.** "Accumulated contributions" means the amount of member contributions to the credit of a covered employee made before the effective date of the consolidation as indicated in the records of the consolidating local relief association transferred to the public employees police and fire fund and the amount of member contributions made by the covered employee after the effective date of the consolidation.

Subd. 3. **Allowable service.** "Allowable service" means any service rendered by a covered employee before the effective date of the consolidation as indicated in the records of the consolidating local relief association transferred to the public employees police and fire fund and any service rendered by a covered employee as a police officer or a firefighter, whichever applies, in the municipality in which the local relief association is located.

Subd. 4. **Covered employee.** "Covered employee" means a person who elects to retain benefit coverage in the local relief association benefit plan under section 353A.08 and who remains employed in the position of a police officer or firefighter, whichever applies, after the effective date of the consolidation.

Subd. 5. **Disability.** "Disability" means the inability by virtue of any medically determinable injury or illness to perform the employment duties of a police officer or firefighter, whichever applies, in the municipality in which the consolidating relief association was located.

Subd. 6. **Fund.** "Fund" means the public employees police and fire fund established by and operating under chapter 353.

Subd. 7. **Prior service.** "Prior service" means any period of military service rendered in between periods of service as a police officer or firefighter, whichever applies, in the municipality in which the consolidating relief association was located.

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Subd. 8. **Retired member.** "Retired member" means any person who is receiving a service pension or disability benefit following termination of active employment as a police officer or firefighter, whichever applies, in the municipality in which the consolidating relief association was located.

Subd. 9. **Retirement.** "Retirement" means the period following the termination of active employment as a police officer or firefighter, whichever applies, in the municipality in which the consolidating relief association was located and commencement of the payment of a service pension or disability benefit to the person.

Subd. 10. **Salary.** (a) "Salary" under this chapter is subject to the limitations of section 356.611.

(b) "Salary" for benefit computation and contribution purposes means the salary of a first class or first grade firefighter or patrol officer, whichever applies, for the former members of the following consolidating relief associations:

- (1) Anoka Police Relief Association;
- (2) Austin Firefighters Relief Association;
- (3) Austin Police Relief Association;
- (4) Columbia Heights Fire Department Relief Association, Paid Division;
- (5) Fairmont Police Benefit Association;
- (6) Faribault Fire Department Relief Association;
- (7) Mankato Fire Department Relief Association;
- (8) Minneapolis Fire Department Relief Association;
- (9) Minneapolis Police Relief Association;
- (10) Richfield Fire Department Relief Association;
- (11) Rochester Fire Department Relief Association;
- (12) Rochester Police Relief Association;
- (13) St. Cloud Fire Department Relief Association;
- (14) St. Cloud Police Relief Association;
- (15) St. Paul Fire Department Relief Association;
- (16) South St. Paul Firefighters Relief Association;
- (17) West St. Paul Firefighters Relief Association;
- (18) West St. Paul Police Relief Association; and
- (19) Winona Fire Department Relief Association.

(c) "Salary" for benefit computation purposes means the salary of a first grade patrol officer for the second month of the previous fiscal year and for contribution purposes means the current salary of a first grade patrol officer, for the former members of the following consolidating relief associations:

- (1) Bloomington Police Relief Association;
- (2) Crystal Police Relief Association;
- (3) Fridley Police Pension Association;
- (4) Richfield Police Relief Association;
- (5) St. Louis Park Police Relief Association; and
- (6) Winona Police Relief Association.

(d) "Salary" for benefit computation purposes means the final salary and for contribution purposes means the current salary for the former members of the following consolidating relief associations:

- (1) Albert Lea Firefighters Relief Association;
- (2) Albert Lea Police Relief Association;
- (3) Buhl Police Relief Association;
- (4) Chisholm Firefighters Relief Association;
- (5) Crookston Fire Department Relief Association;
- (6) Crookston Police Relief Association;
- (7) Faribault Police Benefit Association;
- (8) Red Wing Police Relief Association; and
- (9) Virginia Fire Department Relief Association.

(e) "Salary" for benefit computation purposes means the average earnings or salary for the final six months of employment before retirement and for contribution purposes means the current salary for the former members of the following consolidating relief associations:

- (1) Chisholm Police Relief Association;
- (2) Hibbing Firefighters Relief Association; and
- (3) Hibbing Police Relief Association.

(f) "Salary" for benefit computation purposes means the greater of the final salary at retirement or the highest salary of a patrol officer and for contribution purposes means the greater

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of the current salary or the current highest salary of a patrol officer for the former members of the following consolidating relief associations:

- (1) Brainerd Police Benefit Association; and
- (2) New Ulm Police Relief Association.

(g) "Salary" for benefit computation and contribution purposes means the following for the former members of the consolidating relief associations as indicated:

- (1) salary of a top grade patrol officer, including longevity pay and education incentive pay in an amount not to exceed \$235 per month, Columbia Heights Police Relief Association;
- (2) maximum pay of a firefighter, including overtime payments for a regular workweek of a firefighter mandated by the federal Fair Labor Standards Act of 1938, as amended, Duluth Firefighters Relief Association;
- (3) salary of a first class patrol officer with 16 years of service, Duluth Police Pension Association;
- (4) base salary for the rank currently held, plus longevity pay, pay for eligibility for next higher rank and pay for first aid care, Mankato Police Benefit Association;
- (5) average annual salary for highest three paid years for benefit computation purposes and current salary for contribution purposes, Red Wing Fire Department Relief Association;
- (6) pay of the highest grade full-time firefighter, St. Louis Park Fire Department Relief Association;
- (7) maximum monthly pay of a patrol officer, St. Paul Police Relief Association;
- (8) prevailing base pay of rank held at retirement for benefit computation purposes and current salary for contribution purposes, South St. Paul Police Relief Association; and
- (9) prevailing pay for rank held for at least six months before retirement for benefit computation purposes and current salary for contribution purposes, Virginia Police Relief Association.

Subd. 11. **Salary base.** "Salary base" means the salary amount as defined in subdivision 10 to which a specified percentage rate or rates shall be applied in determining a service pension, disability benefit, or survivor benefit.

Subd. 12. **Year of allowable service.** "Year of allowable service" means any 12 calendar months, not necessarily consecutive, in which a member of a consolidating relief association received compensation for being a police officer or firefighter, whichever applies, from the municipality in which the consolidating relief association was located and was eligible to credit for service.

353B.03 COVERAGE AND TERMINATION OF COVERAGE.

(a) Any person who was a member of a consolidating relief association and who is a police officer or firefighter, whichever applies, in the municipality in which the consolidating relief association was located on or after the effective date of consolidation shall be eligible for the applicable benefit coverage provided for in this chapter.

(b) Upon termination of active employment in the position which gave rise to the eligibility of the person for coverage by this chapter, that eligibility for benefit coverage shall terminate.

353B.04 ADMINISTRATION.

The benefit coverage under this chapter shall be administered by the Public Employees Retirement Association. Unless otherwise specified and where not inconsistent with a provision of this chapter, the provisions of chapter 353 shall govern in the administration of this chapter.

353B.05 LOCAL RELIEF ASSOCIATION ACCOUNTS WITHIN FUND.

Subdivision 1. **Accounts.** The local relief association consolidation accounts are governed by section 353A.09.

Subd. 2. **Member contribution rates.** (a) Except as provided in paragraph (b), the member contribution rate for all consolidating local relief association members shall be eight percent of salary.

(b) The member contribution rate shall be the following for the former members of the consolidating relief associations as indicated:

- (1) The Federal Insurance Contribution Act percentage amount plus four percent applied to salary equal to or less than the federal Social Security Act taxable wage base and four percent applied to salary in excess of the federal Social Security Act taxable wage base, Mankato Fire Department Relief Association, and Mankato Police Benefit Associations;
- (2) 8.75 percent of salary, New Ulm Police Relief Association; and

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(3) 8.25 percent of salary, St. Cloud Police Relief Association.

Subd. 3. **Account disbursement restricted.** A local relief association consolidation account shall be disbursed only for the purposes provided in sections 353A.01 to 353A.10 and this chapter. The amounts necessary to make authorized disbursements from a local relief association consolidation account are annually appropriated.

353B.06 TREASURER OF ACCOUNTS; INVESTMENT.

Subdivision 1. **Commissioner of management and budget.** The commissioner of management and budget is the ex officio treasurer of the accounts as provided in section 353.05.

Subd. 2. **Investment.** The assets of the account shall be invested by the State Board of Investment as provided in section 353.06.

353B.07 SERVICE PENSIONS.

Subdivision 1. **Age and service eligibility requirements.** (a) Except as provided in paragraph (b), upon termination of active employment as a police officer or firefighter, whichever applies, in the city in which the consolidating local relief association was located, a person who was a member of a consolidating local relief association who has attained the age of at least 50 years and who has credit for at least 20 years of allowable service shall be entitled upon application to receive a service pension.

(b) The age and service eligibility requirements upon termination of active employment as a police officer or firefighter, whichever applies, in the city in which the consolidating local relief association was located for entitlement upon application for the receipt of a service pension shall be the following for the former members of the consolidating relief associations as indicated:

(1) attainment of the age of 55 years and the acquisition of credit for at least 20 years of allowable service, Chisholm Firefighters Relief Association and Chisholm Police Relief Association;

(2) attainment of the age of 60 years and the acquisition of credit for at least 20 years of allowable service, Crookston Fire Department Relief Association;

(3) attainment of the age of 50 years and the acquisition of credit for at least ten years of allowable service, Crookston Police Relief Association;

(4) attainment of the age of 50 years and the acquisition of credit for at least ten years of allowable service, Fridley Police Pension Association;

(5) attainment of the age of 55 years and the acquisition of credit for at least 20 years of allowable service, Hibbing Firefighters Relief Association and Hibbing Police Relief Association;

(6) attainment of the age of 50 years if first employed before January 1, 1968, or of the age of 55 years if first employed after December 31, 1967, and the acquisition of credit for at least 20 years of allowable service, Richfield Fire Department Relief Association;

(7) attainment of the age of 55 years and the acquisition of credit for at least 20 years of allowable service credit, Richfield Police Relief Association;

(8) attainment of the age of 50 years if first employed prior to July 1, 1969, or of the age of 55 years if first employed after June 30, 1969, and the acquisition of credit for at least 20 years of allowable service, Rochester Fire Department Relief Association and Rochester Police Relief Association; and

(9) attainment of the age of 55 years and the acquisition of credit for at least 20 years of allowable service, West St. Paul Firefighters Relief Association.

Subd. 2. **Service pension.** The service pension shall be the formula percentage rate or rates specified in subdivision 4 applied to the salary base cited in section 353B.02, subdivision 11.

Subd. 3. **Formula percentage rate.** (a) The formula percentage rate shall be 2.333 percent per year of allowable service for each of the first 20 years of allowable service, 1.333 percent per year of allowable service for each year of allowable service in excess of 20 years but not in excess of 27 years, and .5 percent for each year of allowable service in excess of 25 years for the former members of the following consolidating relief associations:

(1) Rochester Fire Department Relief Association;

(2) Rochester Police Relief Association;

(3) St. Cloud Fire Department Relief Association;

(4) St. Cloud Police Relief Association;

(5) St. Louis Park Police Relief Association; and

(6) Winona Police Relief Association.

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(b) The formula percentage rate shall be 2.5 percent per year of allowable service for each of the first 20 years of allowable service for the former members of the following consolidating relief associations:

- (1) Albert Lea Police Relief Association;
- (2) Anoka Police Relief Association;
- (3) Faribault Fire Department Relief Association;
- (4) Faribault Police Benefit Association;
- (5) Mankato Police Benefit Association;
- (6) Red Wing Police Relief Association; and
- (7) West St. Paul Police Relief Association.

(c) The formula percentage rate shall be 2.5 percent per year of allowable service for each of the first 20 years of allowable service and .5 percent per year of allowable service for each year of service in excess of 25 years of allowable service for the former members of the following consolidating relief associations:

- (1) Austin Firefighters Relief Association;
- (2) Austin Police Relief Association;
- (3) South St. Paul Firefighters Relief Association;
- (4) South St. Paul Police Relief Association; and
- (5) Virginia Police Relief Association.

(d) The formula percentage rate shall be 2.1875 percent per year of allowable service for each of the first 20 years of allowable service and 1.25 percent per year of allowable service for each year of allowable service in excess of 20 years of allowable service but not in excess of 27 years of allowable service for the former members of the Columbia Heights Police Relief Association.

(e) The formula percentage rate shall be 2.65 percent per year of allowable service for each of the first 20 years of allowable service and an additional annual benefit of \$120 per year of allowable service in excess of 20 years of allowable service but not in excess of 25 years of allowable service for the former members of the following consolidating relief associations:

- (1) Hibbing Firefighters Relief Association; and
- (2) Hibbing Police Relief Association.

(f) The formula percentage rate or rates shall be the following for the former members of the consolidating relief associations as indicated:

(1) 2.5 percent per year of allowable service for each of the first 20 years of allowable service, one percent per year of allowable service in excess of 20 years of allowable service but not more than 25 years of allowable service, and 1.5 percent per year of allowable service in excess of 25 years of allowable service, Albert Lea Firefighters Relief Association;

(2) 2.5333 percent per year of allowable service for each of the first 20 years of allowable service and 1.3333 percent per year of allowable service in excess of 20 years of allowable service, but not in excess of 27 years of allowable service, if service as an active member terminated before January 31, 1994, and 2.3333 percent per year of allowable service for each of the first 20 years of allowable service and 1.3333 percent per year of allowable service for each year of allowable service in excess of 20 years of allowable service, but not in excess of 27 years of allowable service if service as an active member terminated on or after January 31, 1994, Bloomington Police Relief Association;

(3) the greater of 2.5 percent per year of allowable service for each of the first 20 years of allowable service applied to the final salary base, or two percent per year of allowable service for each of the first 20 years of allowable service applied to top grade patrol officer's salary base, Brainerd Police Relief Association;

(4) 4.25 percent per year of allowable service for each of the first 20 years of allowable service and an additional benefit of \$10 per month per year of allowable service in excess of 20 years of allowable service but not more than 25 years of allowable service, Buhl Police Relief Association;

(5) 2.5 percent per year of allowable service for each of the first 20 years of allowable service and an additional benefit of \$5 per month per year of allowable service in excess of 20 years of allowable service but not more than 25 years of allowable service, Chisholm Firefighters Relief Association;

(6) 2.5 percent per year of allowable service for each of the first 20 years of allowable service and an additional benefit of \$5 per month per year of allowable service in excess of 20 years of allowable service but not more than 25 years of allowable service and .5 percent per year of allowable service in excess of 25 years of allowable service, Chisholm Police Relief Association;

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(7) 2.1875 percent per year of allowable service for each year of the first 20 years of allowable service, 1.25 percent per year of allowable service in excess of 20 years of allowable service but not more than 25 years of allowable service and 1.75 percent per year of allowable service in excess of 25 years of allowable service, Columbia Heights Fire Department Relief Association, Paid Division;

(8) 2.5 percent per year of allowable service for each year of the first 20 years of allowable service and 1.5 percent per year of allowable service rendered after attaining the age of 60 years, Crookston Fire Department Relief Association;

(9) 2.5 percent per year of allowable service for each year of the first 30 years of allowable service, Crookston Police Relief Association;

(10) 2.25 percent per year of allowable service for each year of the first 20 years of allowable service and 1.25 percent per year of allowable service in excess of 20 years of allowable service, but not more than 27 years of service, Crystal Police Relief Association;

(11) 1.99063 percent per year of allowable service for each year of the first 20 years of allowable service, 1.25 percent for the 21st year of allowable service, and 2.5 percent per year of allowable service in excess of 21 years of allowable service but not more than 25 years of allowable service, Duluth Firefighters Relief Association;

(12) 1.9875 percent per year of allowable service for each year of the first 20 years of allowable service, 1.25 percent for the 21st year of allowable service, and 2.5 percent per year of allowable service in excess of 21 years of allowable service but not more than 25 years of allowable service, Duluth Police Relief Association;

(13) 2.5 percent per year of allowable service for each year of the first 20 years of allowable service, and two percent per year of allowable service in excess of 20 years but not more than 25 years of allowable service and not to include any year of allowable service rendered after attaining the age of 55 years, Fairmont Police Benefit Association;

(14) two percent per year of allowable service for each year of the first ten years of allowable service, 2.67 percent per year of allowable service in excess of ten years of allowable service but not more than 20 years of allowable service and 1.3333 percent per year of allowable service in excess of 20 years of service but not more than 27 years of allowable service, Fridley Police Pension Association;

(15) 2.5 percent per year of allowable service for each year of the first 20 years of allowable service and an additional annual amount of \$30 per year of allowable service in excess of 20 years of allowable service but not more than 30 years of allowable service, Mankato Fire Department Relief Association;

(16) for members who terminated active service as a Minneapolis firefighter before June 1, 1993, 2.0625 percent per year of allowable service for each year of the first 20 years of allowable service, 1.25 percent per year of allowable service in excess of 20 years of allowable service but not more than 24 years of allowable service and five percent for the 25th year of allowable service, and for members who terminated active service as a Minneapolis firefighter after May 31, 1993, two percent for each year of the first 19 years of allowable service, 3.25 percent for the 20th year of allowable service, and two percent per year of allowable service in excess of 20 years of service, but not more than 25 years of allowable service, Minneapolis Fire Department Relief Association;

(17) two percent per year of allowable service for each year of the first 25 years of allowable service, Minneapolis Police Relief Association;

(18) the greater of 2.5 percent per year of allowable service for each of the first 20 years of allowable service applied to the final salary base, or two percent per year of allowable service for each of the first 20 years of allowable service applied to highest patrol officer's salary base plus .5 percent of the final salary base per year of allowable service for each of the first three years of allowable service in excess of 20 years of allowable service, New Ulm Police Relief Association;

(19) two percent per year of allowable service for each of the first 25 years of allowable service and 1.5 percent per year of allowable service in excess of 25 years of allowable service, Red Wing Fire Department Relief Association;

(20) 2.75 percent per year of allowable service for each of the first 20 years of allowable service, Richfield Fire Department Relief Association;

(21) 2.4 percent per year of allowable service for each of the first 20 years of allowable service and 1.3333 percent per year of allowable service in excess of 20 years of allowable service but not more than 27 years of allowable service, Richfield Police Relief Association;

(22) for a former member with less than 20 years of allowable service on June 16, 1985, 2.6 percent, and for a former member with 20 or more years of allowable service on June 16, 1985, 2.6175 percent for each of the first 20 years of allowable service and, for each former member, one percent for each year of allowable service in excess of 20 years, but no more than 30 years, St. Louis Park Fire Department Relief Association;

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(23) 1.9375 percent per year of allowable service for each of the first 20 years of allowable service, 2.25 percent per year of allowable service in excess of 20 years of allowable service but not more than 25 years of allowable service, and .5 percent per year of allowable service in excess of 25 years of allowable service, St. Paul Fire Department Relief Association;

(24) two percent per year of allowable service for each of the first 25 years of allowable service and .5 percent per year of allowable service in excess of 25 years of allowable service, St. Paul Police Relief Association;

(25) 2.25 percent per year of allowable service for each of the first 20 years of allowable service and one percent per year of allowable service in excess of 20 years but not more than 25 years of allowable service and .5 percent per year of allowable service in excess of 25 years, Virginia Fire Department Relief Association;

(26) two percent per year of allowable service for each of the first 20 years of allowable service, one percent per year of allowable service in excess of 20 years but not more than 24 years of allowable service, three percent for the 25th year of allowable service and one percent per year of allowable service in excess of 25 years of allowable service but not more than 30 years of allowable service, West St. Paul Firefighters Relief Association; and

(27) 2.333 percent for each of the first 20 years of allowable service, 1.333 percent for each year of allowable service in excess of 20 years but no more than 28 years, and .5 percent for each year of allowable service in excess of 25 years, Winona Fire Department Relief Association.

Subd. 4. **Application.** The application for a service pension shall be made in writing on a form prescribed by the executive director of the Public Employees Retirement Association by the person entitled to the service pension, or by a person authorized to act on the behalf of that person, and shall be accompanied by appropriate substantiation in writing of the age of the person entitled to the service pension.

Subd. 5. **Accrual.** A service pension governed by this section shall accrue as provided in section 353.29, subdivision 7.

Subd. 6. **Payment.** Payment of a service pension governed by this section shall be made in accordance with section 353.29, subdivision 8.

Subd. 7. **Reemployment of service pensioner.** The reemployment of a person receiving a service pension governed by this section by the municipality in which the consolidating local relief association was located or any governmental subdivision as that term is defined in section 353.01, subdivision 6, shall not effect the amount of the service pension.

353B.08 DISABILITY BENEFITS.

Subdivision 1. **Duty disability eligibility requirements.** (a) For any former member of a consolidating relief association, upon termination of active employment as a police officer or firefighter, whichever applies, in the municipality in which the consolidating local relief association was located, any person who was a member of a consolidating local relief association who is not entitled to a service pension, who becomes disabled from an injury or illness arising out of or in the course of the line of duty shall be entitled upon application to receive a duty disability benefit.

(b) The additional requirement of the acquisition of credit for at least one month of allowable service credit shall apply for former members of the Winona Fire Department Relief Association.

Subd. 2. **Nonduty disability eligibility requirements.** (a) For any former member of a consolidating relief association, upon termination of active employment as a police officer or firefighter, whichever applies, in the municipality in which the consolidating local relief association was located, any person who was a member of a consolidating local relief association, who is not entitled to a service pension, who becomes disabled from an injury or illness which does not arise out of or does not occur in the course of the line of duty shall be entitled upon application to receive a nonduty disability benefit.

(b) The following additional requirement shall apply for the former members of the consolidating relief associations as indicated:

(1) the acquisition of credit for at least ten years of allowable service credit, Chisholm Firefighters Relief Association; and

(2) the acquisition of credit for at least one month of allowable service credit, Winona Fire Department Relief Association.

Subd. 2a. **Classes of disabilities in certain instances.** (a) Except as specified in paragraph (b), there shall be no classes of disabilities or disability benefits for former members of consolidating relief associations.

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(b) The classes for disabilities and disability benefits shall be the following for the former members of the consolidating relief associations as indicated:

(1) A first class disability shall be a total inability to engage in any gainful employment resulting from any medically determinable injury or illness, a second class disability shall be an inability to engage in any gainful employment resulting from any medically determinable injury or illness which is greater than a 50 percent inability and less than a total inability, and a third class disability shall be an inability to engage in any gainful employment resulting from any medically determinable injury or illness which is less than a 50 percent inability but is an inability to perform the duties of a firefighter in the municipality, Hibbing Firefighters Relief Association; and

(2) A disability shall be an inability to perform the duties of a firefighter in the municipality resulting from any medically determinable injury or illness, with a first class disability additionally requiring an inability to perform any manual labor, a second class disability additionally encompassing a disability less severe than a first class disability allowing for the performance of light manual labor or office work, and a third class disability additionally encompassing a disability less severe than a second class disability allowing for the performance of manual labor which is less strenuous or demanding than light manual labor, Minneapolis Fire Department Relief Association.

Subd. 3. **Application.** Every claim or demand for a disability benefit shall be initiated by a written application on a form prescribed by the executive director of the Public Employees Retirement Association which shall be accompanied by medical evidence to support the claimed disability.

Subd. 4. **Medical evidence; benefit eligibility; determination.** The medical basis for the claimed disability and the eligibility for a disability benefit shall be evaluated by the medical adviser for the Public Employees Retirement Association. If the submitted medical evidence is not conclusive to establish the claimed disability and eligibility for a disability benefit, the medical adviser shall notify the executive director of the Public Employees Retirement Association of that situation and the executive director shall undertake referral of the applicant to the applicable medical consultants for examination and medical recommendation. The recommendation of the medical adviser and that of any medical consultants shall be reviewed by the executive director. If there is sufficient evidence of the claimed disability and eligibility for a disability benefit, the executive director of the Public Employees Retirement Association shall grant the person the disability benefit. An appeal of any adverse determination may be made to the board of the Public Employees Retirement Association.

Subd. 5. **Benefit accrual.** The benefit shall accrue from the first day of the month next following the commencement of the disability or the first day of the month next following the date on which any sick leave, annual leave, or salary continuation payments cease.

Subd. 6. **Duty disability benefit amount.** (a) The duty disability benefit shall be an amount equal to the service pension amount to which the person would have been entitled if the person had credit for the greater of actual years of allowable service or 20 years of allowable service, had attained the minimum age for the receipt of a service pension, and had applied for a service pension rather than a disability benefit for the former members of the following consolidating relief associations:

- (1) Albert Lea Firefighters Relief Association;
- (2) Albert Lea Police Relief Association;
- (3) Anoka Police Relief Association;
- (4) Austin Police Relief Association;
- (5) Buhl Police Relief Association;
- (6) Chisholm Police Relief Association;
- (7) Duluth Police Relief Association;
- (8) Faribault Fire Department Relief Association;
- (9) Mankato Police Benefit Association;
- (10) Minneapolis Police Relief Association;
- (11) New Ulm Police Relief Association;
- (12) Red Wing Police Relief Association;
- (13) St. Paul Police Relief Association;
- (14) South St. Paul Police Relief Association; and
- (15) Virginia Police Relief Association.

(b) The duty disability benefit shall be an amount equal to 48 percent of the salary base for the former members of the following consolidating relief associations:

- (1) Fridley Police Pension Association;
- (2) Richfield Police Relief Association;
- (3) Rochester Fire Department Relief Association;

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- (4) Rochester Police Relief Association;
- (5) St. Cloud Fire Department Relief Association;
- (6) St. Cloud Police Relief Association;
- (7) St. Louis Park Police Relief Association; and
- (8) Winona Police Relief Association.

(c) The duty disability benefit shall be an amount equal to 50 percent of the salary base for the former members of the following consolidating relief associations:

- (1) Austin Firefighters Relief Association;
- (2) Crookston Fire Department Relief Association;
- (3) Fairmont Police Benefit Association;
- (4) Mankato Fire Department Relief Association;
- (5) South St. Paul Firefighters Relief Association; and
- (6) Virginia Fire Department Relief Association.

(d) The duty disability benefit shall be an amount equal to 45 percent of the salary base for the former members of the Crystal Police Relief Association.

(e) The duty disability benefit shall be an amount equal to 40 percent of the salary base for the former members of the following consolidating relief associations:

- (1) West St. Paul Firefighters Relief Association; and
- (2) West St. Paul Police Relief Association.

(f) The duty disability benefit shall be the following for the former members of the consolidating relief associations as indicated:

(1) 52 percent of the salary base for former members who were disabled before January 31, 1994, and 48 percent of the salary base for former members who become disabled after January 31, 1994, Bloomington Police Relief Association;

(2) 40 percent of the top salary for a patrol officer, Brainerd Police Relief Association;

(3) \$100 per month, Chisholm Firefighters Relief Association;

(4) 37.5 percent of the salary base if the person has credit for less than ten years of allowable service, 43.75 percent of the salary base if the person has credit for more than nine years but less than 15 years of allowable service and 50 percent of the salary base if the person has credit for more than 14 years of allowable service credit, Columbia Heights Fire Department Relief Association, Paid Division;

(5) 43.75 percent of the salary base, Columbia Heights Police Relief Association;

(6) 25 percent of the salary base if the person has credit for less than 12 years of allowable service and an additional amount equal to 2.5 percent of the salary base per year if allowable service for each year of allowable service in excess of 11 years of allowable service, not more than 50 percent, Crookston Police Relief Association;

(7) 51.0625 percent of the salary base, Duluth Firefighters Relief Association;

(8) 12.5 percent of the salary base if the person has credit for less than six years of allowable service, 2.5 percent of the salary base per year of allowable service if the person has more than five years of allowable service, but not more than 50 percent of the salary base, Faribault Police Benefit Association;

(9) the dollar amount which equals the benefit which would be payable under chapter 176 for a comparable benefit which qualifies for a workers' compensation benefit for a first class disability, 75 percent of the amount payable in the event of a first class disability for a second class disability and 50 percent of the amount payable in the event of a first class disability for a third class disability, Hibbing Firefighters Relief Association;

(10) \$120 per month, Hibbing Police Relief Association;

(11) 51.25 percent of the salary base for a first class disability, 41.25 percent of the salary base for a second class disability, and 31.25 percent of the salary base for a third class disability, Minneapolis Fire Department Relief Association;

(12) 40 percent of the salary base if the person has credit for less than 20 years of allowable service and two percent of the salary base per year of allowable service if the person has more than 19 years of allowable service, but not more than 50 percent, Red Wing Fire Department Relief Association;

(13) 54 percent of the salary base, Richfield Fire Department Relief Association;

(14) 50 percent of the salary base if the person has credit for less than 20 years of allowable service and an amount equal to the service pension amount to which the person would have been entitled based on the applicable amount of allowable service if the person had attained the minimum age for the receipt of a service pension and had applied for a service pension rather than a disability benefit and if the person has credit for at least 20 years of allowable service, St. Louis Park Fire Department Relief Association;

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(15) 50 percent of the salary base if the person is not able to perform the duties of any other gainful employment, 39.375 percent of the salary base if the person is only able to perform the duties of light manual labor or office employment and 33.75 percent of the salary base if the person is able to perform the duties of other manual labor, St. Paul Fire Department Relief Association; and

(16) 42.667 percent of the salary base, Winona Fire Department Relief Association.

Subd. 7. **Nonduty disability benefit amount.** (a) Except as specified in paragraph (b) or (c), the nonduty disability benefit shall be an amount equal to the amount of the duty disability benefit.

(b) The nonduty disability benefit shall be the following for the former members of the consolidating relief associations as indicated:

(1) of the salary of a top patrol officer, 30 percent if the person has credit for less than ten years of allowable service and 40 percent if the person has credit for ten or more years of allowable service, Brainerd Police Benefit Association;

(2) a percentage of the salary base ranging from 39.8125 percent to 51.0625 percent as determined by the executive director of the Public Employees Retirement Association based on the severity of the circumstances and the extent of disability of the person, applied in a uniform manner and reflective to the extent practicable or determinable to the past administrative practices of the board of the consolidating relief association before the effective date of the consolidation, Duluth Firefighters Relief Association;

(3) two percent of the salary base per year of allowable service but in total not less than ten percent of the salary base and not more than 40 percent of the salary base, Red Wing Fire Department Relief Association;

(4) two percent of the salary base per year of allowable service but in total not more than 40 percent of the salary base, St. Paul Police Relief Association; and

(5) 35 percent of the salary base, Virginia Fire Department Relief Association.

(c) No nonduty benefit shall be payable from the Crookston Fire Department Relief Association.

Subd. 8. **Workers' compensation offset.** (a) Except as specified in paragraph (b) and except to the extent that section 423A.14 applies, there shall be no reduction in the amount of any disability benefit by virtue of the receipt of any workers' compensation benefit or amount under chapter 176.

(b) The amount of any disability benefit payable shall be reduced by the amount of any workers' compensation benefit or amount received or receivable under chapter 176 for the former members of the following consolidating relief associations:

(1) Crookston Fire Department Relief Association;

(2) Red Wing Police Relief Association; and

(3) West St. Paul Police Relief Association.

Subd. 9. **Other benefit offsets.** (a) Except as specified in paragraph (b) and except to the extent that section 423A.14 applies, there shall be no reduction in the amount of any disability benefit by virtue of any gainful compensation engaged in following the commencement of the disability benefit.

(b) The amount of any disability benefit payable shall be reduced by the amount by which the benefit and income from any gainful employment exceeds 120 percent of the salary base for the former members of the West St. Paul Firefighters Relief Association.

Subd. 10. **Other disability benefit coverage.** (a) For former members of the Buhl Police Relief Association, a disabled member shall be entitled to a short-term disability benefit of \$8 per day for a maximum of 26 weeks, during which period no duty or nonduty disability benefit shall be payable.

(b) For former members of the Crookston Police Relief Association, an additional benefit of \$25 per month for each child of the disabled person who has not attained the age of 18 years and who is actually dependent on the disabled person shall be payable, but in combination with the disability benefit payable as provided in subdivision 6 or 7, the total benefit shall not exceed 50 percent of the salary base.

Subd. 11. **Subsequent medical reexaminations.** Periodically, upon the recommendation of the medical adviser appointed as provided in section 353.031, based on the medical nature of the initial qualifying disability and its potential for improvement or recovery, the executive director of the Public Employees Retirement Association shall have a former member of a consolidating relief association who is receiving a disability benefit reexamined and reevaluated for continued entitlement to a disability benefit. If, upon the recommendation of the medical adviser, the executive director determines that the person is no longer entitled to receive a disability benefit, the disability benefit shall be discontinued effective as of the first day of the second month following that determination and the person shall be considered for reemployment as a police

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officer or a firefighter, whichever applies, by the municipality in which the consolidating relief association was located.

Subd. 12. **Return to service.** If a former member of a consolidating relief association who was receiving a disability benefit returns to active employment by a governmental subdivision, the disability benefit shall terminate, the person shall return to the appropriate active member status and shall retain any service credit rendered before the receipt of the disability benefit.

Subd. 13. **Recomputation of disability benefit.** (a) Except as additionally provided in paragraph (b), a disability benefit shall be recomputed as a service pension as provided in section 423A.11.

(b) A disability benefit shall be subject to the following recomputation as a service pension for the former members of the consolidating relief associations as indicated:

(1) for a person with 15 or more years of allowable service, the disability benefit shall be recomputed as a service pension upon the person attaining the age of 50 years based on credited allowable service, assuming a minimum of 20 years of service, Columbia Heights Fire Department Relief Association, Paid Division;

(2) for a person with more than 21 years of allowable service, the disability benefit shall be recomputed as a service pension upon the person attaining the age of 50 years based on credited allowable service, Crystal Police Relief Association; and

(3) for a person with sufficient allowable service to result in a service pension amount greater than 40 percent of the salary base, the disability benefit shall be recomputed as a service pension upon the person attaining the age of 50 years based on credited allowable service, St. Paul Police Relief Association.

353B.09 REFUND.

Subdivision 1. **Entitlement.** A former member of a consolidating relief association who terminates active employment as a police officer or firefighter, whichever applies, by the municipality in which the consolidating relief association is located, to whom no other benefit is payable and who is not reemployed by that or another governmental subdivision within a period of 30 days following the termination of employment shall be entitled to receive a refund.

Subd. 2. **Refund amount.** (a) Except as provided in paragraph (b), (c), or (d), the refund payable to a person entitled as provided in subdivision 1 shall be the total amount of accumulated member contributions, without interest.

(b) The refund payable to a person entitled as provided in subdivision 1 shall be 75 percent of the total amount of accumulated member contributions, without interest, for the former members of the following consolidating relief associations:

- (1) Bloomington Police Relief Association;
- (2) Fridley Police Pension Association;
- (3) Richfield Police Relief Association;
- (4) Rochester Fire Department Relief Association;
- (5) Rochester Police Relief Association;
- (6) St. Cloud Police Relief Association;
- (7) St. Louis Park Police Relief Association;
- (8) Winona Fire Department Relief Association; and
- (9) Winona Police Relief Association.

(c) The refund payable to a person entitled as provided in subdivision 1 shall be \$500 plus \$100 per full year of allowable service in excess of five years of allowable service if the member terminates with at least five years of allowable service but less than 20 years of allowable service, for the former members of the Minneapolis Police Relief Association.

(d) No refund shall be payable for the former members of the following consolidating relief associations:

- (1) Duluth Firefighters Relief Association;
- (2) Duluth Police Pension Association;
- (3) Minneapolis Fire Department Relief Association;
- (4) St. Paul Fire Department Relief Association; and
- (5) St. Paul Police Relief Association.

353B.10 DEFERRED SERVICE PENSION.

Subdivision 1. **Entitlement.** (a) Except as specified in paragraph (b), any former member of a consolidating relief association who has terminated active employment, who has acquired sufficient allowable service credit but who has not attained the age applicable to that former

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member specified in section 353B.07, subdivision 1, may, in lieu of any refund to which the person may be entitled, leave the amount of any accumulated member contributions in the local relief association consolidation account and thereby be entitled to a deferred service pension upon or after attaining the specified age.

(b) Any former member who has terminated active employment, may, in lieu of any refund to which the person may be entitled, leave the amount of any accumulated member contributions in the local relief association consolidation account and thereby be entitled to a deferred service pension upon or after attaining the applicable specified age if the person has acquired the amount of allowable service credit as indicated for the former members of the following consolidating relief associations:

(1) at least 20 years of allowable service if the member terminated active employment before attaining the age of 50 years, deferred until the attainment of the age of 50 years, or at least ten years of allowable service but less than 20 years of allowable service if the member terminated active employment before attaining the age of 57 years, deferred until the attainment of the age of 57 years, Albert Lea Police Relief Association;

(2) any period of allowable service, deferred until the attainment of the age of 50 years if first employed before January 1, 1968, or until the attainment of the age of 55 years if first employed after December 31, 1967, Richfield Fire Department Relief Association;

(3) any period of allowable service, deferred to the age of 55 years, Richfield Police Relief Association;

(4) at least ten years of allowable service, deferred until the latter of the attainment of the age of 50 years or the first day of the month following the date on which the person would have acquired 20 years of allowable service credit assuming continuous future service, St. Louis Park Fire Department Relief Association and St. Louis Park Police Relief Association; and

(5) at least ten years of allowable service, deferred until the attainment of the age of 50 years, West St. Paul Police Relief Association.

Subd. 2. Deferred service pension amount. (a) Except as specified in paragraph (b), the deferred service pension shall be in the amount calculated as provided in section 353B.07.

(b) The deferred service pension shall be the following for the former members of the consolidating relief associations as indicated:

(1) for a deferred service pension based on at least ten years of allowable service but less than 20 years of allowable service, 2.5 percent of the salary base per year of allowable service, Albert Lea Police Relief Association;

(2) the amount calculated as provided in section 353B.07, but not more than 50 percent of the salary base, Crystal Police Relief Association;

(3) 2.5 percent per year of allowable service of the salary base, but not to exceed 50 percent of the salary base, Richfield Fire Department Relief Association;

(4) the amount calculated as provided in section 353B.07, but not more than 54.6667 percent of the salary base, if the person had at least 20 years of allowable service credit, or 2.3333 percent of the salary base per year of allowable service, but not more than 46.6667 percent of the salary base, if the person had less than 20 years of allowable service credit, and if the person dies before attaining the age of 55 years with less than 20 years of allowable service credit, no survivor benefits shall be payable but a refund as provided in section 353B.09 shall be payable, Richfield Police Relief Association;

(5) the amount calculated as provided in section 353B.07, but not more than 53.3333 percent of the salary base, St. Cloud Fire Department Relief Association and St. Cloud Police Relief Association;

(6) the amount calculated as provided in section 353B.07, but not more than 56 percent of the salary base, if the person had at least 20 years of allowable service credit or 2.3333 percent of the salary base per year of allowable service, but not more than 46.6667 percent of the salary base, if the person has less than 20 years of allowable service credit, St. Louis Park Police Relief Association;

(7) for each of the first 20 years of allowable service credit, .5 percent of the salary base per year of allowable service for each year of allowable service rendered before October 1, 1965, and two percent of the salary base per year of allowable service for each year of allowable service rendered after September 30, 1965, and for each year of allowable service in excess of 20 years, one percent of the salary base per year of allowable service, but not more than 52 percent of the salary base, West St. Paul Firefighters Relief Associations;

(8) the amount calculated as provided in section 353B.07, but not more than 50.6667 percent of the salary base, Winona Fire Department Relief Association; and

(9) the amount calculated as provided in section 353B.07, but not more than 53.3333 percent of the salary base, Winona Police Relief Association.

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Subd. 3. **Augmentation.** The deferred service pension shall not be augmented as provided in section 353.34, subdivision 3.

353B.11 SURVIVOR BENEFITS.

Subdivision 1. **Eligibility; surviving spouse benefit.** (a) Except as specified in paragraph (b), (c), (d), (e), (f), (g), or (h), the person who survives a deceased active, deferred, or retired member, who was legally married to the member at the time of the death of the deceased member, who was legally married to the member for at least one year before the separation from active service if the deceased member was a deceased, deferred, or retired member and who was residing with the member at the time of the death of the deceased member shall be entitled to receive a surviving spouse benefit.

(b) The person who survives a deceased active, deferred, or retired member, who was legally married to the member at the time of the death of the deceased member, who was legally married to the member at the time of separation from active service if the deceased member was a deceased deferred or retired member and who was residing with the member at the time of the death of the member shall be entitled to receive a surviving spouse benefit in the case of former members of the following consolidating relief associations:

- (1) Albert Lea Police Relief Association;
- (2) Anoka Police Relief Association;
- (3) Austin Police Relief Association;
- (4) Brainerd Police Benefit Association;
- (5) Columbia Heights Police Relief Association;
- (6) Crookston Fire Department Relief Association;
- (7) Crookston Police Relief Association;
- (8) Fairmont Police Benefit Association;
- (9) Faribault Police Benefit Association;
- (10) Mankato Fire Department Relief Association;
- (11) Red Wing Police Relief Association;
- (12) South St. Paul Police Relief Association;
- (13) Virginia Fire Department Relief Association;
- (14) Virginia Police Relief Association; and
- (15) West St. Paul Police Relief Association.

(c) The person who survives a deceased active, deferred, or retired member, who was legally married to the member at the time of the death of the deceased member, and who was legally married to the member at the time of separation from active service if the deceased member was a deceased deferred or retired member shall be entitled to receive a surviving spouse benefit in the case of former members of the following consolidating relief associations:

- (1) Chisholm Police Relief Association;
- (2) Hibbing Police Relief Association;
- (3) Mankato Police Benefit Association; and
- (4) New Ulm Police Relief Association.

(d) The person who survives a deceased active, deferred, or retired member, who was legally married to the member at the time of the death of the deceased member, who was either legally married to the member at the time of separation from active service or legally married the member after the time of separation from active service and was married for at least three years before the date of death of the member if the deceased member was a deceased deferred or retired member, and who was residing with the member at the time of the death of the member is entitled to receive a surviving spouse benefit in the case of former members of the Austin Firefighters Relief Association.

(e) The person who survives a deceased active, deferred, or retired member, who was legally married to the member at the time of the death of the deceased member, who was legally married to the member for at least five years before death if the deceased member was the recipient of a service pension or was entitled to a deferred service pension, and who was residing with the member at the time of the death of the deceased member in the case of former members of the Minneapolis Fire Department Relief Association.

(f) The person who survives a deceased active, deferred, or retired member, who was legally married to the member at the time of the death of the deceased member, who was residing with the member at the time of the death of the decedent, and, if the deceased member was the recipient of a service pension or was entitled to a deferred service pension at the time of death, who was legally married to the member for at least five years before the member's death, in the case of former members of the Minneapolis Police Relief Association.

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(g) The person who survives a deceased active, deferred, or retired member, who was legally married to the member at the time of the death of the deceased member, who was legally married to the member for at least three years before the separation from active service if the deceased member was a deceased, retired, or deferred member and who was residing with the member at the time of the death of the member shall be entitled to receive a surviving spouse benefit in the case of former members of the South St. Paul Firefighters Relief Association.

(h) The person who survives a deceased active, deferred, or retired member who was legally married to the member at the time of the death of the deceased member, who was legally married to the member for at least one year before the separation from active service if the deceased member was a deceased, deferred, or retired member and who had not deserted the member at the time of the death of the deceased member shall be entitled to receive a surviving spouse benefit in the case of former members of the St. Paul Police Relief Association.

Subd. 2. Eligibility; surviving child benefit. (a) Except as specified in paragraph (b), (c), (d), (e), (f), or (g), the person who survives a deceased active, deferred, or retired member, who is the child of the deceased member and who is younger than age 18 at the time of the death of the deceased member shall be entitled to receive a surviving child benefit.

(b) The person who survives a deceased active, deferred, or retired member, who is the child of the deceased member, and who is younger than age 18 if the person is not a full-time student or age 22 if the person is a full-time student shall be entitled to receive a surviving child benefit in the case of former members of the following consolidating relief associations:

- (1) Bloomington Police Relief Association;
- (2) Buhl Police Relief Association;
- (3) Columbia Heights Fire Department Relief Association, Paid Division;
- (4) Duluth Firefighters Relief Association;
- (5) Duluth Police Pension Association;
- (6) Minneapolis Fire Department Relief association;
- (7) Minneapolis Police Relief Association; and
- (8) St. Paul Fire Department Relief Association.

(c) The person who survives a deceased active, deferred, or retired member, who is the child of the deceased member and who is younger than age 16 shall be entitled to receive a surviving child benefit in the case of former members of the following consolidating relief associations:

- (1) Chisholm Police Relief Association; and
- (2) Hibbing Police Relief Association.

(d) The person who survives a deceased active, deferred, or retired member, who is the child of the deceased member and who is younger than age 19 shall be entitled to receive a surviving child benefit in the case of former members of the Albert Lea Firefighters Relief Association.

(e) The person who survives a deceased active, deferred, or retired member, who is the child of the deceased member and who is younger than age 18 if the person is not a full-time student or age 21 if the person is a full-time student shall be entitled to receive a surviving child benefit in the case of former members of the Crookston Police Relief Association.

(f) The person who survives a deceased active, deferred, or retired member, who is the child of the deceased member, who was dependent on the deceased member and who is younger than age 18 shall be entitled to receive a surviving child benefit in the case of former members of the Red Wing Police Relief Association.

(g) The person who survives a deceased active, deferred, or retired member, who is the child of the deceased member and who is younger than age 18 if the person is not a full-time student or age 23 if the person is a full-time student shall be entitled to receive a surviving child benefit in the case of former members of the St. Paul Police Relief Association.

Subd. 3. Amount; surviving spouse benefit. (a) The surviving spouse benefit shall be 30 percent of the salary base for the former members of the following consolidating relief associations:

- (1) Albert Lea Firefighters Relief Association;
- (2) Albert Lea Police Relief Association;
- (3) Anoka Police Relief Association;
- (4) Austin Police Relief Association;
- (5) Brainerd Police Benefit Association;
- (6) Crookston Police Relief Association;
- (7) Faribault Fire Department Relief Association; and
- (8) West St. Paul Firefighters Relief Association.

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(b) The surviving spouse benefit shall be 25 percent of the salary base for the former members of the following consolidating relief associations:

- (1) Chisholm Police Relief Association;
- (2) Duluth Firefighters Relief Association;
- (3) Duluth Police Pension Association;
- (4) Fairmont Police Benefit Association;
- (5) Red Wing Fire Department Relief Association;
- (6) South St. Paul Police Relief Association; and
- (7) West St. Paul Police Relief Association.

(c) The surviving spouse benefit shall be 24 percent of the salary base for the former members of the following consolidating relief associations:

- (1) Fridley Police Pension Association;
- (2) Richfield Police Relief Association;
- (3) Rochester Fire Department Relief Association;
- (4) Rochester Police Relief Association;
- (5) Winona Fire Department Relief Association; and
- (6) Winona Police Relief Association.

(d) The surviving spouse benefit shall be 40 percent of the salary base for the former members of the following consolidating relief associations:

- (1) Columbia Heights Fire Department Relief Association, Paid Division; and
- (2) New Ulm Police Relief Association.

(e) The surviving spouse benefit shall be 30 percent of the salary base for the former members of the following consolidating relief associations:

- (1) Hibbing Firefighters Relief Association; and
- (2) Hibbing Police Relief Association.

(f) The surviving spouse benefit shall be 23.75 percent of the salary base for the former members of the following consolidating relief associations:

- (1) Crystal Police Relief Associations; and
- (2) Minneapolis Police Relief Association.

(g) The surviving spouse benefit shall be 32 percent of the salary base for the former members of the following consolidating relief associations:

- (1) St. Cloud Fire Department Relief Association; and
- (2) St. Cloud Police Relief Association.

(h) The surviving spouse benefit shall be one-half of the service pension or disability benefit which the deceased member was receiving as of the date of death, or of the service pension which the deferred member would have been receiving if the service pension had commenced as of the date of death or of the service pension which the active member would have received based on the greater of the allowable service credit of the person as of the date of death or 20 years of allowable service credit if the person would have been eligible as of the date of death, for the former members of the following consolidating relief associations:

- (1) Virginia Fire Department Relief Association; and
- (2) Virginia Police Relief Association.

(i) The surviving spouse benefit shall be the following for the former members of the consolidating relief associations as indicated:

(1) 30 percent of the salary base, reduced by any amount awarded or payable from the service pension or disability benefit of the deceased former firefighter to a former spouse of the member by virtue of the legal dissolution of the member's marriage to the former spouse if the surviving spouse married the member after the time of separation from active service, Austin Firefighters Relief Association;

(2) 27.333 percent of the salary base, or one-half of the service pension payable to or accrued by the deceased former member, whichever is greater, Bloomington Police Relief Association;

(3) 72.25 percent of the salary base, Buhl Police Relief Association;

(4) 50 percent of the service pension which the active member would have received based on allowable service credit to the date of death and prospective service from the date of death until the date on which the person would have attained the normal retirement age, 50 percent of the service pension which the deferred member would have been receiving if the service pension had commenced as of the date of death or \$175 per month if the deceased member was receiving a service pension or disability benefit as of the date of death, Chisholm Firefighters Relief Association;

(5) two-thirds of the service pension or disability benefit which the deceased member was receiving as of the date of death, or of the service pension which the deferred member

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would have been receiving if the service pension had commenced as of the date of death or of the service pension which the active member would have received based on the greater of the allowable service credit of the person as of the date of death or 20 years of allowable service credit if the person would have been eligible as of the date of death, Columbia Heights Police Relief Association;

(6) the greater of \$300 per month or one-half of the service pension or disability benefit which the deceased member was receiving as of the date of death, or of the service pension which the deferred member would have been receiving if the service pension had commenced as of the date of death or of the service pension which the active member would have received based on the allowable service credit of the person as of the date of death if the person would have been eligible as of the date of death, Crookston Fire Department Relief Association;

(7) \$100 per month, Faribault Police Benefit Association;

(8) 60 percent of the service pension or disability benefit which the deceased member was receiving as of the date of death, or of the service pension which the deferred member would have been receiving if the service pension had commenced as of the date of death or of the service pension which the active member would have received based on the allowable service credit of the person as of the date of death if the person would have been eligible as of the date of death, Mankato Fire Department Relief Association;

(9) \$175 per month, Mankato Police Benefit Association;

(10) 26.25 percent of the salary base, Minneapolis Fire Department Relief Association;

(11) equal to the service pension or disability benefit which the deceased member was receiving as of the date of death, or of the service pension which the deferred member would have been receiving if the service pension had commenced as of the date of death or of the service pension which the active member would have received based on the allowable service credit of the person as of the date of death if the person would have been eligible as of the date of death, Red Wing Police Relief Association;

(12) 78.545 percent of the benefit amount payable prior to the death of the deceased active, disabled, deferred, or retired firefighter if that firefighter's benefit was 55 percent of salary or would have been 55 percent of salary if the firefighter had survived to begin benefit receipt; or 80 percent of the benefit amount payable prior to the death of the deceased active, disabled, deferred, or retired firefighter if that firefighter's benefit was 54 percent of salary or would have been 54 percent of salary if the firefighter had survived to begin benefit receipt, Richfield Fire Department Relief Association;

(13) 40 percent of the salary base for a surviving spouse of a deceased active member, disabled member, or retired or deferred member with at least 20 years of allowable service, or the prorated portion of 40 percent of the salary base that bears the same relationship to 40 percent that the deceased member's years of allowable service bear to 20 years of allowable service for the surviving spouse of a deceased retired or deferred member with at least ten but less than 20 years of allowable service, St. Louis Park Fire Department Relief Association;

(14) 26.6667 percent of the salary base, St. Louis Park Police Relief Association;

(15) 27.5 percent of the salary base, St. Paul Fire Department Relief Association;

(16) 27.5 percent of the salary base, St. Paul Police Relief Association; and

(17) 27 percent of the salary base, South St. Paul Firefighters Relief Association.

Subd. 4. **Amount; surviving child benefit.** (a) The surviving child benefit shall be eight percent of the salary base for the former members of the following consolidating relief associations:

(1) Fridley Police Pension Association;

(2) Red Wing Fire Department Relief Association;

(3) Richfield Police Relief Association;

(4) Rochester Fire Department Relief Association;

(5) Rochester Police Relief Association;

(6) St. Cloud Police Relief Association;

(7) St. Louis Park Police Relief Association;

(8) South St. Paul Firefighters Relief Association;

(9) Winona Fire Department Relief Association; and

(10) Winona Police Relief Association.

(b) The surviving child benefit shall be \$25 per month for the former members of the following consolidating relief associations:

(1) Anoka Police Relief Association;

(2) Austin Firefighters Relief Association;

(3) Austin Police Relief Association;

(4) Faribault Police Benefit Association;

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- (5) Hibbing Firefighters Relief Association;
 - (6) Mankato Police Benefit Association;
 - (7) South St. Paul Police Relief Association; and
 - (8) Virginia Fire Department Relief Association.
- (c) The surviving child benefit shall be ten percent of the salary base for the former members of the following consolidating relief associations:
- (1) Albert Lea Police Relief Association;
 - (2) Crookston Police Relief Association;
 - (3) Duluth Firefighters Relief Association;
 - (4) Duluth Police Pension Association;
 - (5) Faribault Fire Department Relief Association; and
 - (6) Minneapolis Fire Department Relief Association.
- (d) The surviving child benefit shall be five percent of the salary base for the former members of the following consolidating relief associations:
- (1) Columbia Heights Fire Department Relief Association, Paid Division;
 - (2) St. Paul Police Relief Association; and
 - (3) West St. Paul Firefighters Relief Associations.
- (e) The surviving child benefit shall be \$15 per month for the former members of the following consolidating relief associations:
- (1) Crookston Fire Department Relief Association;
 - (2) Hibbing Police Relief Association; and
 - (3) West St. Paul Police Relief Association.
- (f) The surviving child benefit shall be 7.5 percent of the salary base for the former members of the following consolidating relief associations:
- (1) Bloomington Police Relief Association; and
 - (2) Crystal Police Relief Association.
- (g) The surviving child benefit shall be the following for the former members of the consolidating relief associations as indicated:
- (1) ten percent of the salary base if a surviving spouse benefit is also payable, that amount between ten percent of the salary base and 50 percent of the salary base as determined by the executive director of the public employees retirement association, based on the financial circumstances and need of the surviving child or surviving children, applied in a uniform manner, reflective to the extent practicable or determinable to the past administrative practices of the board of the consolidating relief association before the effective date of the consolidation if there is a surviving spouse but no surviving spouse benefit is also payable on account of the remarriage of the surviving spouse, or 50 percent of the salary base, payable in equal shares for more than one surviving child, if there is no surviving spouse, Albert Lea Firefighters Relief Association;
 - (2) four percent of the salary base, Brainerd Police Benefit Association;
 - (3) \$125 per month if a surviving spouse benefit is also payable or an amount equal to the surviving spouse benefit, payable in equal shares if there is more than one surviving child, if no surviving spouse benefit is payable, Buhl Police Relief Association;
 - (4) \$15 per month, Chisholm Firefighters Relief Association;
 - (5) \$125 per month, Chisholm Police Relief Association;
 - (6) \$50 per month, Columbia Heights Police Relief Association;
 - (7) 6.25 percent of the salary base, Fairmont Police Benefit Association;
 - (8) 12.5 percent of the service pension or disability benefit which the deceased member was receiving as of the date of death, or of the service pension which the deferred member would have been receiving if the service pension had commenced as of the date of death or of the service pension which the active member would have received based on the allowable service credit of the person as of the date of death if the person would have been eligible as of the date of death, Mankato Fire Department Relief Association;
 - (9) ten percent of the salary base if a surviving spouse benefit is also payable or an amount determined by the executive director of the Public Employees Retirement Association based on the financial circumstances and need of the surviving child or surviving children, applied in a uniform manner, and subject to the largest applicable amount surviving child benefit maximum if no surviving spouse benefit is also payable, Minneapolis Police Relief Association;
 - (10) \$25 per month if a surviving spouse benefit is also payable or an amount equal to the surviving spouse benefit, payable in equal shares if there is more than one surviving child, New Ulm Police Relief Association;
 - (11) in an amount determined by the executive director of the Public Employees Retirement Association based on the financial circumstances and need of the surviving child or surviving children, applied in a uniform manner, reflective to the extent practicable

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or determinable to the past administrative practices of the board of the consolidating relief association before the effective date of the consolidation and not more than the largest surviving child benefit amount prescribed for any other actual or potential consolidating relief association as provided in this section, Red Wing Police Relief Association;

(12) 9.818 percent of the benefit payable to the firefighter or to which the firefighter would have been eligible at the time of death if that firefighter's benefit was or would have been 55 percent of salary and if a surviving spouse benefit is also payable or 29.454 percent if a surviving spouse benefit is not payable; or ten percent of the benefit payable to the firefighter or to which the firefighter would have been eligible at the time of death if that firefighter's benefit was or would have been 54 percent of salary and if a surviving spouse benefit is also payable or 30 percent if a surviving spouse benefit is not payable, Richfield Fire Department Relief Association;

(13) 5.3334 percent of the salary base, St. Cloud Fire Department Relief Association;

(14) five percent of the salary base if a surviving spouse benefit is also payable or 15 percent of the salary base if no surviving spouse benefit is also payable for the surviving child or children of a deceased active member, disabled member, or retired or deferred member with at least 20 years of active service, or the prorated portion of five percent of the salary base if a surviving spouse benefit is also payable or 15 percent of the salary base if no surviving spouse benefit is also payable that bears the same relationship to five or 15 percent that the deceased member's years of allowable service bear to 20 years of allowable service for the surviving child or children of a deceased retired or deferred member with at least ten but less than 20 years of allowable service, St. Louis Park Fire Department Relief Association;

(15) ten percent of the salary base, St. Paul Fire Department Relief Association; and

(16) \$50 per month, Virginia Police Relief Association.

Subd. 5. **Survivor benefit maximum.** (a) No surviving children or surviving family maximum shall be applicable to former members of the following consolidating relief associations:

- (1) Buhl Police Relief Association;
- (2) Chisholm Firefighters Relief Association;
- (3) Chisholm Police Relief Association;
- (4) Hibbing Firefighters Relief Association;
- (5) Mankato Police Benefit Association;
- (6) New Ulm Police Relief Association;
- (7) Red Wing Fire Department Relief Association;
- (8) Red Wing Police Relief Association;
- (9) St. Paul Police Relief Association; and
- (10) South St. Paul Police Relief Association.

(b) The surviving children maximum shall be 24 percent of the salary base, if a surviving spouse benefit is also payable or 48 percent of the salary base, if no surviving spouse benefit is also payable, for the former members of the following consolidating relief associations:

- (1) Fridley Police Pension Association;
- (2) Richfield Police Relief Association;
- (3) Rochester Fire Department Relief Association;
- (4) Rochester Police Relief Association;
- (5) Winona Fire Department Relief Association; and
- (6) Winona Police Relief Association.

(c) The surviving family maximum shall be 50 percent of the salary base for the former members of the following consolidating relief associations:

- (1) Anoka Police Relief Association;
- (2) Austin Firefighters Relief Association;
- (3) Austin Police Relief Association;
- (4) Duluth Firefighters Relief Association; and
- (5) St. Louis Park Fire Department Relief Association.

(d) The surviving family maximum shall be an amount equal to the service pension which a retiring member would have received based on 20 years of allowable service credit if the member had attained the age of at least 50 years in the case of an active member, or of the service pension which the deferred member would have been receiving if the service pension had commenced as of the date of death in the case of a deferred member, or of the service pension or disability benefit which the deceased member was receiving as of the date of death, for the former members of the following consolidating relief associations:

- (1) Columbia Heights Police Relief Association;
- (2) Virginia Fire Department Relief Association; and
- (3) Virginia Police Relief Association.

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(e) The surviving children maximum shall be 25 percent of the salary base, if a surviving spouse benefit is also payable or 50 percent of the salary base, if no surviving spouse benefit is also payable, for the former members of the following consolidating relief associations:

- (1) Duluth Police Pension Association; and
- (2) Fairmont Police Benefit Association.

(f) The surviving children maximum shall be 22.5 percent of the salary base, if a surviving spouse benefit is also payable or 45 percent of the salary base, if no surviving spouse benefit is also payable, for the former members of the Crystal Police Relief Association.

(g) The surviving children maximum shall be 16 percent of the salary base, if a surviving spouse benefit is also payable or 48 percent of the salary base, if no surviving spouse benefit is also payable, for the former members of the following consolidating relief associations:

- (1) St. Cloud Fire Department Relief Association; and
- (2) St. Cloud Police Relief Association.

(h) The surviving children maximum shall be 20 percent of the salary base, if a surviving spouse benefit is also payable or 50 percent of the salary base, if no surviving spouse benefit is also payable, for the former members of the following consolidating relief associations:

- (1) Albert Lea Firefighters Relief Association;
- (2) Albert Lea Police Relief Association; and
- (3) Faribault Fire Department Relief Association.

(i) The surviving family maximum shall be the following for the former members of the consolidating relief associations:

- (1) 60 percent of the salary base, Bloomington Police Relief Association;
- (2) \$450 per month, Crookston Police Relief Association;
- (3) 80 percent of the service pension or disability benefit which the deceased member was receiving as of the date of death, or of the service pension which the deferred member would have been receiving if the service pension had commenced as of the date of death or of the service pension which the active member would have received based on the greater of the allowable service credit of the person as of the date of death or 20 years of allowable service credit if the person would have been eligible as of the date of death, Mankato Fire Department Relief Association;

(4) 98.182 percent of the benefit amount payable or to which the firefighter was eligible prior to the death of the firefighter if that firefighter's benefit was or would have been 55 percent of salary, or 100 percent of the benefit amount payable or to which the firefighter was eligible prior to the death of the firefighter if that firefighter's benefit was or would have been 54 percent of salary, Richfield Fire Department Relief Association; and

- (5) 57.5 percent of the salary base, St. Paul Fire Department Relief Association.

(j) The surviving child maximum shall be the following for the former members of the consolidating relief associations:

- (1) 20 percent of the top salary payable to a patrol officer, Brainerd Police Benefit Association;
- (2) ten percent of the salary base, if a surviving spouse benefit is also payable or 15 percent of the salary base, if no surviving spouse benefit is also payable, Columbia Heights Fire Department Relief Association, paid division;
- (3) \$105 per month if a surviving spouse benefit is also payable or \$90 per month if no surviving spouse benefit is also payable, Crookston Fire Department Relief Association;
- (4) \$125 per month, Faribault Police Benefit Association;
- (5) \$30 per month if a surviving spouse benefit is also payable or \$180 per month if no surviving spouse benefit is also payable, Hibbing Police Relief Association;
- (6) 25 percent of the salary base, if a surviving spouse benefit is also payable or 51.25 percent of the salary base, if no surviving spouse benefit is also payable, Minneapolis Fire Department Relief Association;
- (7) 17.5 percent of the salary base, if a surviving spouse benefit is also payable or 50 percent of the salary base, if no surviving spouse benefit is also payable, Minneapolis Police Relief Association;
- (8) 24 percent of the salary base, St. Louis Park Police Relief Association;
- (9) 23 percent of the salary base, if a surviving spouse benefit is also payable or 50 percent of the salary base, if no surviving spouse benefit is also payable, South St. Paul Firefighters Relief Association;
- (10) ten percent of the salary base, West St. Paul Firefighters Relief Association; and
- (11) \$30 per month if a surviving spouse benefit is also payable or \$75 per month if no surviving spouse benefit is also payable, West St. Paul Police Relief Association.

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Subd. 6. **Discontinuation; surviving spouse benefit.** For all consolidating relief associations, a surviving spouse benefit terminates only upon the death of the person entitled to receive or receiving a surviving spouse benefit.

Subd. 7. **Discontinuation; surviving child benefit.** A surviving child benefit shall terminate upon the loss of eligible surviving child status by the person previously entitled to receive or receiving a surviving child benefit.

Subd. 8. **Other death benefit coverage.** Any lump-sum death benefit or funeral benefit provided for in the governing benefit plan documents shall be considered to be special benefit coverage governed by section 353A.08, subdivision 6, for the former members of the following consolidating relief associations:

- (1) Crookston Fire Department Relief Association;
- (2) Hibbing Firefighters Relief Association;
- (3) Mankato Fire Department Relief Association;
- (4) Red Wing Fire Department Relief Association; and
- (5) Richfield Fire Department Relief Association.

353B.12 POSTRETIREMENT BENEFIT ADJUSTMENTS.

Subdivision 1. **Service pension.** (a) Except as specified in paragraph (b), (c), (d), or (e), any service pension payable to a former member of a consolidating relief association shall be increased annually by the same percentage that the salary base has increased.

(b) The amount of any service pension other than any additional benefit on one-half of one percent of the salary base per year of allowable service for allowable service in excess of 25 years of service shall be increased annually by the same percentage that the salary base has increased for former members of the following consolidating relief associations:

- (1) Austin Firefighters Relief Association;
- (2) Austin Police Relief Association;
- (3) Columbia Heights Fire Department Relief Association, Paid Division;
- (4) Columbia Heights Police Relief Association;
- (5) St. Paul Fire Department Relief Association;
- (6) St. Paul Police Relief Association;
- (7) South St. Paul Firefighters Relief Association;
- (8) South St. Paul Police Relief Association;
- (9) Virginia Police Relief Association;
- (10) Winona Fire Department Relief Association; and
- (11) Winona Police Relief Association.

(c) The amount of any service pension other than any additional benefit on one-half of one percent of the salary base per year of allowable service for allowable service in excess of 25 years of service shall be increased annually by the same percentage that the salary base has increased for former members employed before July 1, 1969, and by one-half of the dollar amount of the increase payable to former members employed before July 1, 1969, for former members employed after June 30, 1969, of the following consolidating relief associations:

- (1) Rochester Fire Department Relief Association; and
- (2) Rochester Police Relief Association.

(d) The amount of any service pension shall not be subject to any annual postretirement adjustment for former members of the following consolidating relief associations:

- (1) Crookston Fire Department Relief Association; and
- (2) Crookston Police Relief Association.

(e) The amount of the annual postretirement adjustment shall be the following for the former members of the consolidating relief associations as indicated:

(1) the amount of any service pension other than any additional benefit of one-half of one percent of the salary base per year of allowable service for allowable service in excess of 25 years of service shall be increased annually by the same percentage that the salary of a top grade firefighter has increased, Albert Lea Firefighters Relief Association;

(2) the amount of any service pension shall be increased by the amount of any positive difference between the service pension payable for the month before the effective date of a postretirement increase and the amount equal to 50 percent of the salary of a first class patrol officer on the effective date of a postretirement increase, Albert Lea Police Relief Association;

(3) for a service pension calculated using the top salary of a patrol officer, the service pension shall be increased by an amount equal to the percentage that the top salary of a patrol officer has increased, Brainerd Police Benefit Association;

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(4) the amount of any service pension shall be increased by 3.5 percent annually if there is any increase in the salary base, Buhl Police Relief Association;

(5) the amount of any service pension shall be increased by three percent annually if there is any increase in the salary base, Chisholm Firefighters Relief Association;

(6) the amount of any service pension other than any additional benefit of one-half of one percent of the salary base per year of allowable service for allowable service in excess of 25 years of service shall be increased by three percent annually, Chisholm Police Relief Association;

(7) the amount of any service pension shall be increased by an amount equal to one-half of the percentage that the salary base has increased, Faribault Police Benefit Association;

(8) the amount of any service pension based on at least 20 years of allowable service shall be increased by the same percentage that the salary base has increased and the amount of any service pension based on less than 20 years of allowable service shall be increased by the percentage that the salary base has increased or by three percent, whichever is less, annually, Fridley Police Pension Association;

(9) the amount of any service pension shall be increased by one-half of the dollar amount of any increase in the salary base, Hibbing Police Relief Association;

(10) for a service pension calculated using the salary of the highest salaried patrol officer, the service pension other than any additional benefit of one-half of one percent of final salary for the first three years of allowable service in excess of 20 years of allowable service shall be increased by the same percentage that the salary of the highest salaried patrol officer has increased, New Ulm Police Relief Association;

(11) the amount of any service pension other than any additional benefit of one-half of one percent of the salary base per year of allowable service for allowable service in excess of 25 years of allowable service shall be increased by the same percentage that the consumer price index for all items for urban wage earners published by the federal Department of Labor, Bureau of Labor Statistics, has increased over the previous 12-month period, Red Wing Fire Department Relief Association;

(12) the amount of any service pension shall be increased by the same percentage that the consumer price index for all items for urban wage earners published by the federal Department of Labor, Bureau of Labor Statistics, has increased over the previous 12-month period, Red Wing Police Relief Association;

(13) the amount of any service pension other than any additional benefit of one-half of one percent of the salary base per year of allowable service for allowable service in excess of 25 years of allowable service shall be increased by the same percentage that the salary base has increased or by 3.5 percent, whichever is less, annually, Virginia Fire Department Relief Association; and

(14) the amount of any service pension payable to a person who has attained the age of at least 55 years shall be increased by the same percentage that the salary base has increased or by 3.5 percent, whichever is less, annually, West St. Paul Police Relief Association.

Subd. 2. Deferred service pension. (a) Except as specified in paragraph (b), any deferred service pension payable to a former member of a consolidating relief association shall be credited annually with an increase of the same percentage or amount that a service pension is to be increased as provided in subdivision 1. The amount of any postretirement increases credited during the period of deferral shall be added to the amount of the service pension payable as of the date of the termination of employment as a police officer or firefighter, whichever applies, and payable as of the date of the initial service pension payment as provided in section 353B.10.

(b) Any deferred service pension shall not be subject to any postretirement adjustment for former members of the following consolidating relief associations:

(1) Crookston Fire Department Relief Association; and

(2) Crookston Police Relief Association.

Subd. 3. Disability benefit. (a) Except as specified in paragraph (b), (c), and (d), any disability benefit payable to a former member of a consolidating relief association shall be increased annually by the same percentage or amount that a service pension is to be increased as provided in subdivision 1.

(b) The amount of any disability benefit shall not be subject to any annual postretirement adjustment for former members of the following consolidating relief associations:

(1) Crookston Fire Department Relief Association;

(2) Crookston Police Relief Association; and

(3) Hibbing Firefighters Relief Association.

(c) The amount of any disability benefit shall be increased annually by the same percentage that the salary of the position which the disabled person held at the time of the disability has increased over the previous 12-month period for former members of the Columbia Heights Police Relief Association.

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(d) The amount of any disability benefit shall be increased annually by the amount of any positive difference between the disability benefit payable for the month before the effective date of a postretirement increase and the amount equal to 50 percent of the salary of a first class patrol officer on the effective date of a postretirement increase for former members of the Albert Lea Police Relief Association.

Subd. 4. **Surviving spouse benefit.** (a) Except as specified in paragraphs (b), (c), and (d), any surviving spouse benefit payable on behalf of a deceased former member of a consolidating relief association shall be increased annually by the same percentage or amount that a service pension is to be increased as provided in subdivision 1.

(b) The amount of any surviving spouse benefit shall not be subject to any annual postretirement adjustment for former members of the following consolidating relief associations:

- (1) Buhl Police Relief Association;
- (2) Chisholm Firefighters Relief Association;
- (3) Chisholm Police Relief Association;
- (4) Crookston Fire Department Relief Association;
- (5) Crookston Police Relief Association;
- (6) Faribault Police Benefit Association;
- (7) Hibbing Firefighters Relief Association;
- (8) Hibbing Police Relief Association; and
- (9) Mankato Police Benefit Association.

(c) The amount of any surviving spouse benefit shall be increased annually by the percentage that the salary base has increased over the previous 12-month period for former members of the West St. Paul Police Relief Association.

(d) The amount of any surviving spouse benefit shall be increased annually by the amount of any positive difference between the surviving spouse benefit payable for the month before the effective date of a postretirement increase and the amount equal to 30 percent of the salary of a first class patrol officer on the effective date of a postretirement increase for former members of the Albert Lea Police Relief Association.

Subd. 5. **Surviving child benefit.** (a) Except as specified in paragraphs (b), (c), and (d), any surviving child benefit payable on behalf of a former member of a consolidating relief association shall be increased annually by the same percentage or amount that a service pension is to be increased as provided in subdivision 1.

(b) The amount of any surviving child benefit shall not be subject to any annual postretirement adjustment for former members of the following consolidating relief associations:

- (1) Anoka Police Relief Association;
- (2) Austin Firefighters Relief Association;
- (3) Austin Police Relief Association;
- (4) Buhl Police Relief Association;
- (5) Chisholm Firefighters Relief Association;
- (6) Chisholm Police Relief Association;
- (7) Columbia Heights Police Relief Association;
- (8) Crookston Fire Department Relief Association;
- (9) Crookston Police Relief Association;
- (10) Faribault Police Benefit Association;
- (11) Hibbing Firefighters Relief Association;
- (12) Hibbing Police Relief Association;
- (13) Mankato Police Benefit Association;
- (14) Red Wing Police Relief Association;
- (15) South St. Paul Police Relief Association;
- (16) Virginia Fire Department Relief Association;
- (17) Virginia Police Relief Association; and
- (18) West St. Paul Police Relief Association.

(c) The amount of any surviving child benefit shall be subject to an annual postretirement adjustment only if no surviving spouse benefit is also payable and the annual adjustment shall be the same percentage or amount that a service pension is to be increased as provided in subdivision 1 for former members of the New Ulm Police Relief Association.

(d) The amount of any surviving child benefit shall be increased annually by the amount of any positive difference between the surviving child benefit payable for the month before the effective date of a postretirement increase and the amount equal to ten percent of the salary of a first class patrol officer on the effective date of a postretirement increase for former members of the Albert Lea Police Relief Association.

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Subd. 6. **Family maximum benefit.** (a) Except as specified in paragraph (b), any family maximum benefit payable on behalf of a former member of a consolidating relief association shall be increased as provided for its component surviving spouse or surviving child benefits.

(b) The amount of any family maximum benefit shall be increased annually by the amount of any positive difference between the family maximum benefit payable for the month before the effective date of a postretirement increase and the amount equal to 50 percent of the salary of a first class patrol officer on the effective date of a postretirement increase for former members of the Albert Lea Police Relief Association.

Subd. 7. **Effective date for postretirement increases.** Any postretirement increases as provided in this section shall occur once per calendar year. If the postretirement increase is based on the increase in a base salary amount, the postretirement increase shall be payable as of the first of the month next following the effective date of the triggering salary increase. If more than one salary increase occurs in a calendar year, only one postretirement increase shall take effect in that calendar year and the next succeeding postretirement increase shall take into account any additional salary increases which occurred since the immediately previous postretirement increase and shall occur on the date occurring 12 months after the date of the immediately previous postretirement increase or the first of the month next following the effective date of any triggering salary increase in that calendar year, whichever occurs first. If the increase in the base salary amount upon which the postretirement increase is based includes retroactive payments to an earlier date, the applicable postretirement increase may also be payable retroactive to that date. If the postretirement increase is based on the Consumer Price Index or is a set annual percentage amount, the postretirement increase shall be payable as of the first day of February.

353B.13 OTHER BENEFIT COVERAGE.

(a) A person who is a former member of the Austin Firefighters Relief Association who receives a service pension or a disability pension from the relief association and who is under age 65 or who is not yet eligible for the receipt of federal Medicare benefits, whichever occurs first, and the person's spouse, if the spouse would be eligible for a surviving spouse benefit upon the death of the pension recipient, is entitled to receive a health or medical insurance premium benefit in an amount equal to the amount that the city of Austin would pay under the applicable collective bargaining agreement for medical or health insurance coverage for a firefighter who is employed by the city, who has a spouse and who has no other dependents, payable monthly, in addition to any other pension amount received by the eligible pension recipient, and not subject to any postretirement adjustments applicable to service pensions or disability pensions.

(b) A person who is a former member of the New Ulm Police Relief Association, who retired from the New Ulm police department after October 15, 1985, and who is receiving a service pension after the effective date of consolidation as provided in section 353A.06, shall be entitled to receive a supplemental benefit of \$80 per month for each month following the date of retirement until the last day of the month in which the person attains the age of 65 years.

(c) The payment of the premiums for medical and dental insurance coverage and the payment of a lump-sum amount at retirement for former members of the St. Cloud Fire Department Relief Association and the payment of the premiums for medical insurance coverage and the payment of a lump-sum amount at retirement for former members of the St. Cloud Police Relief Association as provided for in the governing benefit plan documents shall be considered to be special benefit coverage governed by section 353A.08, subdivision 6.

(d) A person who is a former member of the St. Paul Fire Department Relief Association who is unable to perform normally assigned fire department service due to a medically determinable physical or mental illness or injury and who is removed from the fire department payroll, upon application, until recovery, or for a period of 90 days or for a period of 150 days upon a showing of need and a medical report indicating a reasonable prognosis for recovery due to the extended period, whichever occurs first, shall be entitled to a sick relief benefit for each day of that inability, payable monthly, in an amount of 1.5625 percent of the salary base per day.

353B.14 DISPUTE OVER BENEFIT AMOUNTS OR PLAN PROVISIONS.

In the event of any dispute by or on behalf of any former member of a consolidating relief association after the effective date of consolidation over the amount of a benefit to which the person may be entitled, the proper interpretation of a provision of sections 353B.01 to 353B.14, or the conformity of the provisions of sections 353B.01 to 353B.14 to the provisions of the benefit plan of the consolidating relief association in effect immediately before the date on which the consolidation process was initiated, the dispute shall be submitted in writing to the Legislative

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Commission on Pensions and Retirement by the person who is a party to the dispute or by the executive director of the Public Employees Retirement Association. The Legislative Commission on Pensions and Retirement shall review the dispute as part of its deliberations on proposed or pending retirement legislation and shall make its recommendation on the resolution of the dispute, if any, to the appropriate committees of the senate and house of representatives with jurisdiction over public employee pension matters in the form of the necessary legislation amending the provisions of sections 353B.01 to 353B.14, which legislation shall include retroactivity of any increase in a benefit amount or any omitted benefit amount to the date on which the benefit subject to dispute accrued or would have accrued.

353F.02 DEFINITIONS.

Subd. 4. **Medical facility.** "Medical facility" means:

- (1) Bridges Medical Services;
- (2) Cedarview Care Center in Steele County;
- (3) the City of Cannon Falls Hospital;
- (4) the Chris Jenson Health and Rehabilitation Center in St. Louis County;
- (5) Clearwater County Memorial Hospital doing business as Clearwater Health Services in Bagley;
- (6) the Dassel Lakeside Community Home;
- (7) the Douglas County Hospital, with respect to the Mental Health Unit;
- (8) the Fair Oaks Lodge, Wadena;
- (9) the Glencoe Area Health Center;
- (10) Hutchinson Area Health Care;
- (11) the Lakefield Nursing Home;
- (12) the Lakeview Nursing Home in Gaylord;
- (13) the Luverne Public Hospital;
- (14) the Oakland Park Nursing Home;
- (15) the RenVilla Nursing Home;
- (16) the Rice Memorial Hospital in Willmar, with respect to the Department of Radiology and the Department of Radiation/Oncology;
- (17) the St. Peter Community Health Care Center;
- (18) the Traverse Care Center in Traverse County;
- (19) the Waconia-Ridgeview Medical Center;
- (20) the Weiner Memorial Medical Center, Inc.;
- (21) the Wheaton Community Hospital; and
- (22) the Worthington Regional Hospital.

Subd. 5. **Other public employing unit.** "Other public employing unit" means:

- (1) Metro II, a joint powers organization formed under section 471.59; and
- (2) the St. Paul Civic Center authority.

353F.025 CERTIFICATION AND DECERTIFICATION OF MEDICAL FACILITIES AND OTHER PUBLIC EMPLOYING UNITS.

Subd. 3. **Date of application.** For any privatization added to this chapter after May 28, 2008, the first date of coverage is the effective date as defined in section 353F.02, subdivision 3.

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

Subd. 6. **Calculation of postretirement adjustments; transitional provision.** (a) For purposes of computing postretirement adjustments after July 1, 2010, for eligible benefit recipients of the Duluth Teachers Retirement Fund Association, the funding ratio of the plan, as determined by dividing the market value of assets by the actuarial accrued liability as reported in the most recent actuarial valuation prepared under sections 356.214 and 356.215, determines the postretirement increase as follows:

Funding Ratio	Postretirement Increase
less than 80 percent	0 percent
at least 80 percent but less than 90 percent	1 percent
at least 90 percent	2 percent

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(b) If the funding ratio of the plan based on actuarial value, rather than market value, is at least 90 percent as reported in the most recent actuarial valuation prepared under sections 356.214 and 356.215, this subdivision expires and subsequent postretirement increases must be paid as specified under subdivision 7.

356.315 RETIREMENT BENEFIT FORMULA PERCENTAGES.

Subdivision 1. **Coordinated plan members.** The applicable benefit accrual rate is 1.2 percent.

Subd. 1a. **Coordinated plan members.** The applicable benefit accrual rate is 1.4 percent.

Subd. 2. **Coordinated plan members.** The applicable benefit accrual rate is 1.7 percent.

Subd. 2a. **Coordinated members.** The applicable benefit accrual rate is 2.0 percent.

Subd. 2b. **Certain coordinated program members.** The applicable benefit accrual rate is 1.9 percent.

Subd. 3. **Basic plan members.** The applicable benefit accrual rate is 2.2 percent.

Subd. 4. **Basic plan members.** The applicable benefit accrual rate is 2.7 percent.

Subd. 5. **Correctional plan members.** The applicable benefit accrual rate is 2.4 percent if employed as a correctional state employee before July 1, 2010, or 2.2 percent if employed as a correctional state employee after June 30, 2010.

Subd. 5a. **Local government correctional service plan.** The applicable benefit accrual rate is 1.9 percent.

Subd. 6. **State troopers plan and police and fire plan members.** The applicable benefit accrual rate is 3.0 percent.

Subd. 7. **Judges plan.** The applicable benefit accrual rate is 2.7 percent.

Subd. 8. **Judges plan.** The applicable benefit accrual rate is 3.2 percent.

423A.01 POLICE AND SALARIED FIREFIGHTERS RELIEF ASSOCIATIONS.

Subdivision 1. **Membership of new police and salaried firefighters in the public employees police and fire fund.** Notwithstanding any law to the contrary, all persons first employed by any municipality as police officers or police officer trainees, salaried firefighters or firefighter trainees or public safety officers or public safety officer trainees after June 15, 1980 shall be members of the public employees police and fire fund established by sections 353.63 to 353.68, and shall not be members of any local police or paid firefighters' relief association established or maintained by the municipality, unless the municipality elects to retain the local relief association by the adoption of a municipal resolution approved by a majority of the governing body of the municipality following the holding of a public meeting at which the views of the public are considered and a copy of the municipal resolution is filed with the secretary of state, the commissioner of management and budget, the commissioner of commerce and the executive director of the Legislative Commission on Pensions and Retirement on or before August 15, 1980.

Subd. 2. **Operation of local relief association upon modification of retirement coverage for newly hired police officers and firefighters.** (a) The following provisions shall govern the operation of a local relief association upon the modification of retirement coverage for newly hired police officers or firefighters:

(1) The minimum obligation of a municipality in which the retirement coverage for newly hired police officers or salaried firefighters has been modified pursuant to subdivision 1 with respect to the local relief association shall be determined and governed in accordance with the provisions of sections 69.77, 356.215, and 356.216, except that the normal cost calculation for the relief association shall be computed as a percentage of the compensation paid to the active members of the relief association. The compensation paid to persons with retirement coverage modified pursuant to subdivision 1 shall not be included in any of the computations made in determining the obligation of the municipality with respect to the local relief association.

(2) The contribution rate of members of the local relief association shall be governed by section 69.77, unless a special law establishing a greater member contribution rate is applicable whereupon it shall continue to govern. The member contribution rate of persons with retirement coverage modified pursuant to subdivision 1 shall be governed by section 353.65.

(3) Unless otherwise provided for by law, when every active member of the local relief association retires or terminates from active duty, the local relief association shall cease to exist as a legal entity and the assets of the special fund of the relief association shall be transferred to a trust fund to be established by the appropriate municipality for the purpose of paying service pensions and retirement benefits to recipient beneficiaries. Recipient beneficiaries who are competent to act on their own behalf shall be entitled to select the prescribed number of trustees of the trust fund

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as provided in this clause, subject to the approval of the governing body of the municipality. If there are at least five recipient beneficiaries, the trust fund shall be managed by a board of trustees composed of five persons selected by the recipient beneficiaries of the fund. When there are fewer than five recipient beneficiaries, the number of trustees selected by the recipient beneficiaries shall be equal to the number of the remaining recipient beneficiaries. The governing body of the municipality shall select the additional trustees. The term of the elected members of the board of trustees shall be indefinite and shall continue until a vacancy occurs in one of the board of trustee member positions. Board of trustee members shall not be compensated for their services, but shall be reimbursed for any expenses actually and necessarily incurred as a result of the performance of their duties in their capacity as board of trustee members. The municipality shall perform whatever services are necessary to administer the trust fund. When all obligations of the trust fund are paid, the balance of the assets remaining in the trust fund shall revert to the municipality for expenditure for law enforcement or firefighting purposes, whichever is applicable.

(4) The financial requirements of the trust fund and the minimum obligation of the municipality with respect to the trust fund shall be determined in accordance with sections 69.77, 356.215, and 356.216 until the unfunded accrued liability of the trust fund is fully amortized in accordance with section 69.77, subdivision 4. The municipality shall provide in its annual budget for at least the aggregate amount of service pensions, disability benefits, survivorship benefits, and refunds which are projected as payable for the following calendar year, as determined by the board of trustees of the trust fund, less the amount of assets in the trust fund as of the end of the most current calendar year for which figures are available, valued pursuant to section 356.20, subdivision 4, if the difference between those two figures is a positive number.

(5) In calculating the amount of service pensions and other retirement benefits payable from the local relief association and in calculating the amount of any automatic postretirement increases in those service pensions and retirement benefits based on the salary paid or payable to active members or escalated in any fashion, the salary for use as the base for the service pension or retirement benefit calculation and the postretirement increase calculation for the local relief association shall be the salary for the applicable position as specified in the articles of incorporation or bylaws of the relief association as of the date immediately prior to the effective date of the modification of retirement coverage for newly hired personnel pursuant to subdivision 1, as the applicable salary is reset by the municipality periodically, irrespective of whether retirement coverage for persons holding the applicable position used in calculations is provided by the relief association or by the public employees police and fire fund. If for a local salaried firefighters relief association, the specified position no longer exists because of a reorganization of the fire department as a volunteer fire department, the percentage increase in the salary of the position of a top grade patrol officer in the police department of the municipality must be the basis for service pension and retirement benefit postretirement increase calculations.

(6) If the modification of retirement coverage implemented pursuant to subdivision 1 is applicable to a local police relief association, the police state aid received by the municipality shall be disbursed pursuant to section 69.031, subdivision 5, clause (2)(c). If the modification of retirement coverage implemented pursuant to subdivision 1 is applicable to a local firefighters' relief association, the fire state aid received by the applicable municipality other than a city of the first class with a population of more than 300,000 shall be disbursed as the municipality at its option may elect. The municipality may elect: (a) to transmit the total fire state aid to the treasurer of the local relief association for immediate deposit in the special fund of the relief association; or (b) to apply the total fire state aid toward the employer contribution of the municipality to the public employees police and fire fund pursuant to section 353.65, subdivision 3; or (c) to allocate the total fire state aid proportionately between the special fund of the local relief association and employer contribution of the municipality to the public employees police and fire fund on the basis of the respective number of active full-time salaried firefighters receiving retirement coverage from each.

(b) For a city of the first class with a population of more than 300,000, in addition, the city may elect to allot the appropriate portion of the total fire state aid to apply toward the employer contribution of the city to the public employees police and fire fund based on the covered salary of firefighters covered by the fund each payroll period and to transmit the balance to the firefighters relief association.

Subd. 3. Benefit increase for certain relief association members. Notwithstanding any law to the contrary, any member of a local police or salaried firefighters relief association located in a municipality which has not adopted a municipal resolution retaining the local relief association under subdivision 1 shall be entitled to receive, after the effective date for the modification of pension coverage for newly employed personnel, a retirement annuity in addition to the service pension to which the member may be eligible upon retirement. The additional retirement annuity

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is payable for the life of the retired member. The additional retirement annuity is equal to one-half of one percent of the salary upon which the service pension is calculated payable on the date of termination of active service per year of service credit acquired in excess of 25 years of service credit. The retirement annuity under this subdivision is not subject to any postretirement increases granted under increases in the salary payable to a certain employment category or in the salaries payable to active members or be in any other manner escalated or increased after retirement.

Subd. 4. **Automatic postretirement adjustments for certain newly employed, active and retired members.** (a) Notwithstanding any provision of law, municipal charter, municipal ordinance or resolution, or relief association articles of incorporation or bylaws to the contrary, any person who meets one of the following requirements for entitlement shall be entitled to an annual automatic postretirement adjustment in the amount of the service pension calculated pursuant to paragraph (b). A person meets the requirements for entitlement if:

(1) the person is a member of a covered local police or salaried firefighters relief association enumerated in paragraph (c), commences receiving a service pension at an age no earlier than attaining the age of 55 years, and has met all applicable requirements for entitlement to a service pension specified in the applicable laws and relief association articles of incorporation or bylaws governing the local relief association;

(2) the person is a retired member of a covered local police or salaried firefighters relief association enumerated in paragraph (c), retired on a service pension after June 15, 1980, after attaining the age of at least 50 years but prior to attaining the age of 55 years, and attains the age of 55 years subsequent to retirement; or

(3) the person was a retired member on June 15, 1980, of a covered local police or salaried firefighters' relief association or retirement trust fund enumerated in paragraph (c), is receiving a service pension, and has attained the age of at least 55 years.

(b) Any person who meets the requirements specified in paragraph (a), clause (1) or (2), shall be entitled to receive the annual automatic postretirement adjustment on the January 1 next following the date upon which the requirements for entitlement are met but in no event prior to the date upon which the person attains the age of 55 years. Any person who meets the requirements specified in paragraph (a), clause (3), shall be entitled to receive the adjustment on the January 1 next following the date upon which the person attains the age of 55 years. The amount of the adjustment shall be determined by the board of trustees of the local relief association on or before December 1 annually and the adjustment shall accrue each year as of January 1 next following the determination date. The adjustment shall be first payable with the service pension payment made for January. Each adjustment in the amount of the service pension shall be based on the percentage increase in the salary upon which retirement coverage is credited during the prior year subject to the limitation provided for in this paragraph.

The percentage increase in the salary shall be applied to the amount of service pension payable to the person for the month immediately prior to the month in which the determination is made. The maximum percentage increase shall not exceed 3-1/2 percent in any year and any increase in the salary level of the applicable position used to govern the determination of adjustments in excess of 3-1/2 percent in any year shall not carry over to or be used to calculate the rate of salary increase for any succeeding year in which the increase in the salary of the applicable position does not exceed 3-1/2 percent.

(c) The provisions of this subdivision shall apply to the active members and retired members of a local police or salaried firefighters relief association or to the retired members of a retirement trust fund contained in the following enumeration of covered relief associations:

- (1) Buhl Police Relief Association;
- (2) Eveleth joint retired police and firefighters retirement trust fund;
- (3) Moorhead Firefighters Relief Association;
- (4) Moorhead Police Relief Association;
- (5) Thief River Falls police retirement trust fund;
- (6) Virginia Firefighters Relief Association;
- (7) West St. Paul Police Relief Association.

**423A.02 LOCAL POLICE AND FIREFIGHTERS RELIEF ASSOCIATION
AMORTIZATION STATE AID.**

Subd. 1a. **Supplementary amortization state aid.** In addition to the amortization state aid under subdivision 1, there is a distribution of supplementary amortization state aid among those municipalities that receive amortization state aid under subdivision 1. The amount of the distribution is that proportion of the appropriation that the unfunded actuarial accrued liability of each relief association bears to the total unfunded actuarial accrued liabilities of all relief

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associations as reported in the December 31, 1983, actuarial valuations of the relief associations receiving amortization state aid under subdivision 1. Money under this subdivision must be distributed at the same time that fire and police state aid is distributed under section 69.021.

423A.04 ALTERNATIVE BENEFIT INCREASE.

Notwithstanding any provision of law to the contrary, and in lieu of the benefit increase provided for in section 423A.01, subdivision 3, the governing body of a participating municipality, except the city of Minneapolis, is authorized by resolution approved by a majority of the members of the governing body, following consideration of an actuarial analysis of the effect of any change, to increase the service pension or retirement benefits provided by or modify any provision of the benefit plan of either a police relief association or a salaried firefighters' relief association unless the municipality elects to retain the local relief association by the adoption of a municipal resolution pursuant to section 423A.01, subdivision 1. The total cost of any increase or modification, including amortization by December 31, 2010, shall not exceed 1.26 percent of covered payroll.

423A.05 CLARIFICATION OF INTERPRETATION ON AUTHORITY TO APPROVE ALTERNATIVE BENEFIT INCREASE.

No provision of section 645.021, or Laws 1980, chapter 607, article XV, section 7 or 25, shall be construed as authorizing any municipality which approved an alternative benefit increase for a local police or salaried firefighters' relief association located in the municipality and which complied with section 645.021, subdivision 3, to amend, modify, or revoke that approval or substitute a different alternative benefit increase for the alternative benefit increase which was previously approved.

423A.07 ADDITIONS TO BOARD.

(a) Notwithstanding any other law, each local police and salaried firefighters' relief association may amend its bylaws and its articles of incorporation, as necessary, to provide for the inclusion of retirees on its board.

(b) Upon adoption of the amendments, the relief association must file a copy of the amended bylaws with the executive director of the Legislative Commission on Pensions and Retirement. A relief association amending its articles of incorporation must comply with any statutory requirements pertaining to the filing of amended articles of incorporation.

423A.10 POWERS OF CITY OFFICIALS LIMITED.

When the governing board of a firefighters or police relief association in any city shall determine what is necessary to adequately protect, maintain and administer the firefighters or police relief association, neither the governing body of the city nor any official of the city may thereafter deny adequate representation therefor. Any duties performed by any member of the association pursuant to the determination under this section are deemed to be fire or police duties.

423A.11 RECOMPUTATION OF A DISABILITY BENEFIT AS A SERVICE PENSION.

Subdivision 1. **Termination of disability benefit.** The disability benefit of any disabled member of a local police or salaried firefighters relief association, whichever is applicable, shall terminate when the disabled member attains:

(1) the minimum age for the receipt of a service pension specified in the articles of incorporation or the bylaws of the relief association, if the disabled member has credit for at least the number of years of service for active duty which would entitle the disabled member to a service pension in an amount equal to the amount of the disability benefit; or

(2) the age attained by the disabled member when the total number of years of service credited for active duty and of years of receipt of a disability benefit equals the number of years of service credit which would entitle the disabled member to a service pension in an amount equal to the amount of the disability benefit, if the disabled member has credit for less than the number of years of service for active duty which would entitle the disabled member to a service pension in an amount equal to the amount of the disability benefit when the disabled member attains the minimum age for the receipt of a service pension specified in the articles of incorporation or the bylaws of the relief association.

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Subd. 2. **Amount of disability benefit recomputed as a service pension.** After the disability benefit terminates, the disabled member shall be deemed to be a service pensioner and shall be entitled to receive a service pension in an amount equal to the disability benefit without any benefit offset required pursuant to any applicable provision of law, articles of incorporation or bylaws which was payable by the relief association immediately prior to the date when the disability benefit terminated pursuant to this section or the service pension otherwise payable based on the service credit for active duty of the person, whichever amount is greater. The disability benefit recomputed as a service pension shall be subject to any annual automatic postretirement adjustments or escalation applicable to any other service pension payable by the relief association.

Subd. 3. **Limitation on disability benefit coverage.** No relief association member who has attained the age and acquired the service credit for termination of a disability benefit specified in subdivision 1 shall be eligible for a disability benefit after that date. If a relief association member who is ineligible for a disability benefit solely pursuant to the limitation set forth in this subdivision becomes permanently unable to perform the duties of a police officer or a firefighter, whichever is applicable, by virtue of a medically determinable illness or injury, the member shall be eligible to a service pension in an amount equal to the amount of the disability benefit which would have been paid had the person been entitled to a disability benefit, or the amount of the service pension otherwise payable based on the service credit for active duty of the person, whichever is greater.

423A.12 SERVICE CREDIT FOR PERIODS OF DISABILITY.

(a) If the articles of incorporation or bylaws of a local police or salaried firefighters' relief association, whichever is applicable, so provide, any relief association member who received a disability benefit from the relief association on account of a medically determinable illness or injury which was at the time of the determination of the disability expected to be of permanent duration and who returned to active employment as a police officer or firefighter, whichever is applicable, shall be entitled to receive service credit toward the calculation of a service pension for the period or periods of the receipt of a disability benefit.

(b) The maximum service credit which a relief association member may obtain pursuant to this subdivision shall be that amount of service credit which, when added to the service credit of the member for active duty, equals the amount of service credit which would entitle the member to a service pension in an amount equal to the amount of the disability benefit provided by the relief association.

423A.13 LESS HAZARDOUS DUTY EMPLOYMENT FOR marginally DISABLED POLICE OFFICERS OR FIREFIGHTERS.

Every city in which a local police or salaried firefighters' relief association is located shall make every reasonable attempt to provide less hazardous duty employment positions for marginally or less severely disabled police officers or firefighters, which is applicable, in the police department or in the fire department, whichever is applicable, with the same compensation, fringe benefits and other terms and conditions of employment as the person would have otherwise received currently as a regularly employed police officer or firefighter, which is applicable, of the same rank and experience.

423A.14 OFFSETS FROM DISABILITY BENEFITS.

Subdivision 1. **Occurrence of offsets.** If a police officer or firefighter, whichever is applicable, who is a member of a local police or salaried firefighters' relief association becomes disabled and is entitled to receive a disability benefit from the relief association and the disabled person is also entitled to receive benefits pursuant to the workers' compensation law by virtue of that disability, and the total of the disability benefit and the workers' compensation benefits exceeds the salary which the disabled person received as of the date of the disability or the salary currently payable to the same employment position or an employment position which is substantially similar to the employment position which the person held as of the date of the disability, whichever is greater, then the disability benefit of that person which is otherwise payable shall be reduced to that amount which, when added to the workers' compensation benefits, after deducting any amounts payable as attorney fees, medical benefits or rehabilitation benefits, does not exceed the salary which the person received as of the date of the disability or the salary currently payable to the same employment position or an employment position which is substantially similar to the employment position which the person held as of the date of the disability, whichever is greater.

Subd. 2. **Limitation.** In no event shall the reduced disability benefit payable pursuant to the requirements of subdivision 1 exceed the amount of the disability benefit otherwise payable

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by the relief association without reference to subdivision 1 pursuant to the applicable statutes, special laws, articles of incorporation and bylaws.

Subd. 3. **No offset for recomputed disability benefit.** No offset pursuant to this section shall be required after a disability benefit is recomputed as a service pension pursuant to section 423A.11.

Subd. 4. **Reporting requirement.** Monthly, each city in which a local police or salaried firefighters relief association is located shall notify the secretary of the relief association of the amounts payable to disabled police officers or firefighters, whichever is applicable, during the month pursuant to the workers' compensation law.

Subd. 5. **Offset inapplicable in certain instances.** If any reduction of benefits payable pursuant to the workers' compensation law by virtue of the receipt of a disability benefit from a local police or salaried firefighters relief association is required pursuant to legislation enacted by the 1982 regular session or by a subsequent regular or special session, the provisions of this section shall not be applicable to any disability benefit recipient or any local police or salaried firefighters relief association.

423A.15 EFFECT OF PROVISIONS FOR EXISTING DISABILITY BENEFIT RECIPIENTS.

The provisions of section 423A.06 shall apply to any member of any applicable local relief association in active service on or after March 24, 1982. The provisions of section 423A.11 shall apply to any person receiving a disability benefit from a local relief association on or after March 24, 1982. The provisions of section 423A.12 shall apply to any person who returns to active employment as a police officer or firefighter, whichever is applicable, after receipt of a permanent disability benefit. The provisions of section 423A.14 shall apply to any person who first commences receipt of a disability benefit after March 24, 1982.

423A.16 EXEMPTION FROM ASSIGNMENTS; PROCESS.

Notwithstanding any law to the contrary, none of the money, annuities, or other benefits provided by any police or salaried firefighters relief association shall be assignable in law or in equity, nor be subject to execution, levy, attachment, garnishment, or other legal process, except as provided in section 518.58, 518.581, or 518A.53.

423A.17 CONTINUATION OF SURVIVING SPOUSE BENEFITS UPON REMARRIAGE.

(a) Notwithstanding a provision of law, article of incorporation, or bylaw governing a local police or salaried firefighters relief association to the contrary, the governing body of a municipality may mandate the applicable local police or salaried firefighters relief association to provide that a surviving spouse benefit is payable for the life of the surviving spouse and remains payable even in the event of the remarriage of the surviving spouse.

(b) If the surviving spouse benefit change described in paragraph (a) is made, the change applies to a surviving spouse benefit payable on the effective date of the change and to the potential surviving spouses of all active, deferred, or retired members of the relief association who have that status on the effective date of the change.

(c) In addition, if the surviving spouse benefit change described in paragraph (a) is made a person who formerly was receiving surviving spouse benefits from the relief association and who had those benefits discontinued by virtue of the remarriage is entitled, upon application, to a resumption of the surviving spouse benefit, beginning with the last day of the month following receipt of the application by the secretary of the relief association. Nothing in this section authorizes the payment of a benefit amount to an estate.

(d) The change must be made by a municipal resolution adopted by a majority vote of the municipality. The resolution must be filed by the secretary of the relief association with the executive director of the Legislative Commission on Pensions and Retirement, the state auditor, and the secretary of state.

423A.171 BYLAW AMENDMENTS.

(a) Notwithstanding a provision of law governing a local police or salaried firefighters relief association to the contrary, the board of trustees of a local relief association governed by section 69.77 or its successor board under chapter 353A or 353B, with municipal approval as provided in section 69.77, subdivision 11, may amend the bylaws of the relief association to

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provide that a surviving spouse benefit is payable to a surviving spouse who married a deferred or retired member after the member's retirement, provided the marriage occurred at least five years before the death of the member.

(b) If the surviving spouse benefit change described in paragraph (a) is made, the change applies to a surviving spouse benefit payable on the effective date of the change and to the potential surviving spouses of all deferred or retired members of the relief association who have that status on the effective date of the change.

(c) The bylaw amendment is not effective until a certified copy of the amendment and the municipal approval has been filed by the municipal clerk with the executive director of the legislative commission on pensions and retirement, the state auditor, and the secretary of state.

(d) Notwithstanding the provisions of section 353B.11, a surviving spouse benefit change made under this section for a relief association that has consolidated with the Public Employees Retirement Association is effective upon approval by the Public Employees Retirement Association and the municipality under paragraph (c).

423A.18 MEMBER CONTRIBUTION REFUND TO BENEFICIARY UPON DEATH; AUTHORITY TO IMPLEMENT BENEFIT.

(a) Notwithstanding any law to the contrary, for a local police or salaried firefighters relief association that implements the provision with municipal approval as provided in paragraph (c), if an active, deferred, or retired member of the relief association dies and no survivor benefit is payable, the designated beneficiary of the decedent or, if none, the legal representative of the estate of the decedent is entitled, upon application, to a refund.

(b) The refund under paragraph (a) is an amount equal to the member contributions to the credit of the decedent, plus interest on those contributions at an annual compound rate of five percent from the first day of the month following the date of the contribution to the first day of the month following the date of death of the decedent, reduced by the sum of any service pension or disability benefit previously paid by the fund to the decedent.

(c) The benefit under this section must be implemented by an amendment to the bylaws of the relief association, with municipal approval as provided in section 69.77, subdivision 11. The bylaw amendment is not effective until a certified copy of the amendment and the municipal approval has been filed by the municipal clerk with the executive director of the Legislative Commission on Pensions and Retirement, the state auditor, and the secretary of state.

423A.19 REDUCED VESTING REQUIREMENT.

Subdivision 1. **Reduced vesting.** Notwithstanding any law to the contrary, for a police or salaried firefighters relief association that implements the provision with municipal approval as provided in subdivision 4, a person with at least five years of service credited by the relief association is entitled, upon termination of active service and reaching at least the required normal retirement age, to receive a pro rata monthly service pension. The pro rata monthly service pension must be calculated in the amount and manner specified by the board of trustees, but not to exceed that portion of the service pension payable upon meeting the minimum age and years of service requirements that bears the same relationship that the person's actual years and portions of years of service bear to the minimum service requirement.

Subd. 2. **Survivor benefit coverage.** A person entitled to or receiving a reduced vesting service pension as provided in subdivision 1 is entitled to surviving spouse benefit coverage, surviving child benefit coverage, or both, if all other qualification requirements are met. The survivor benefit must be calculated in the amount and manner specified by the board of trustees, but not to exceed that portion of survivor benefit payable to a survivor of a deceased retired member who had met the minimum years of service requirement that bears the same relationship that the actual years and portions of years of service of the person bear to the minimum service requirement for a service pension.

Subd. 3. **Postretirement adjustments.** A reduced vesting service pension as provided in subdivision 1 or a survivor benefit payable on behalf of a deceased person entitled to or receiving a reduced vesting service pension as provided in subdivision 2 is entitled to postretirement adjustments if the comparable pension or benefit payable when the full minimum service requirement has been met is subject to postretirement adjustments. The postretirement adjustment must be the same percentage increase as the postretirement adjustment for the comparable pension or benefit payable when the full minimum service requirement has been met.

Subd. 4. **Implementation.** The reduced vesting requirement must be implemented by a local relief association through an amendment to the bylaws of the relief association with approval

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by the governing body of the municipality as required by section 69.77, subdivision 11. The bylaw amendment may not be effective until a certified copy of it and the municipal approval has been filed by the municipal clerk with the executive director of the Legislative Commission on Pensions and Retirement, the state auditor, and the secretary of state.

423A.20 VESTING UPON LAYOFF.

(a) Notwithstanding any general or special law to the contrary, if a member of a salaried firefighters' relief association with ten or more years of service is laid off and replaced with a volunteer firefighter, the member shall be entitled to receive a pro rata monthly benefit. For purposes of this section, "laid off" means terminated from employment with the fire department because of a shortage of funds or curtailment of service or for any other reason not reflecting discredit on the member beyond the member's control.

(b) The retirement benefit is to commence at the later of either the minimum age for retirement or the date at which the member would have accumulated the minimum number of years of service for retirement if the member had remained on duty.

(c) The pro rata benefit shall be calculated by multiplying the amount of the benefit payable to a member who met the minimum age and years of service requirements for a normal pension by the ratio of the laid off member's actual years of service to the minimum years of service required for retirement. The initial benefit payable shall be subject to the same postretirement adjustments as other benefits payable from the relief association.

423A.21 RECORDS; BOARD REPRESENTATION; FIDUCIARY RESPONSIBILITY.

Subdivision 1. **Records.** A local relief association is subject to the provisions of chapter 6 relating to audits by the state auditor, the provisions of chapter 13, and the provisions of sections 15.17, 138.163, and 138.17 relating to the creation and retention of official and public records. The records of the special fund and the bylaws of the relief association shall be public and shall be open for inspection by any member of the relief association, any officer or employee of the state or the municipality, or any member of the public, at reasonable times and places.

Subd. 2. **Municipal representation.** (a) Notwithstanding any other law, the membership of the board of trustees shall include at least two members appointed by the municipality. The members appointed by the municipality shall have all the rights and privileges of board membership including full voting powers. No relief association shall reduce the number of municipal representatives on its board by reason of this subdivision.

(b) Notwithstanding any law which designates certain officials as ex officio members of a board of trustees, the municipality may appoint the same number of members as it is authorized to have on the board in the laws governing the relief association as of March 20, 1986, but the municipality may appoint to those positions any individuals it so chooses.

(c) Whenever the board of trustees appoints an investment subcommittee at least one of the municipal representatives must be a member of that investment subcommittee.

Subd. 3. **Public officers.** The officers and trustees of a local relief association are public officers for purposes of sections 471.87 and 609.43.

Subd. 4. **Fiduciary responsibility.** (a) In the discharge of their respective duties, the officers and trustees shall be held to the standard of care enumerated in section 11A.09. In addition, the trustees must act in accordance with chapter 356A.

(b) Each member of the board is a fiduciary and shall undertake all fiduciary activities in accordance with the standard of care of section 11A.09, and in a manner consistent with chapter 356A. No fiduciary of a relief association shall cause a relief association to engage in a transaction if the fiduciary knows or should know that a transaction constitutes one of the following direct or indirect transactions:

- (1) sale or exchange or leasing of any real property between the relief association and a board member;
- (2) lending of money or other extension of credit between the relief association and a board member or member of the relief association;
- (3) furnishing of goods, services, or facilities between the relief association and a board member; or

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(4) transfer to a board member, or use by or for the benefit of a board member, of any assets of the relief association. Transfer of assets does not mean the payment of relief association benefits or administrative expenses permitted by law.

423A.22 REPORTS; FINANCIAL TRANSACTIONS.

Subdivision 1. **Reports.** The board shall report to the municipality at least annually regarding each of the following:

(1) the required municipal support for the relief association required pursuant to section 69.77;

(2) the financial condition of the relief association according to the audited financial statements required pursuant to section 69.051;

(3) investment objectives and performance;

(4) surety bond amounts for its secretary and treasurer required pursuant to section 69.051, subdivision 4; and

(5) the annual administrative budget for relief associations.

Subd. 2. **Relief association receipts and disbursements.** An official designated by the municipality shall receive and deposit all money received for the special fund of the relief association and may countersign all disbursements from the accounts of the special fund of the relief association, but must countersign all disbursements of at least \$5,000. If an institution with trustee powers is hired to administer the financial affairs of the relief association, an official designated by the municipality must approve the trustee agreement and shall countersign authorizations for disbursements of at least \$5,000.

424A.10 STATE SUPPLEMENTAL BENEFIT; VOLUNTEER FIREFIGHTERS.

Subd. 5. **Retroactive reimbursement in certain instances.** A supplemental survivor benefit may be paid by a relief association for the death of an active volunteer firefighter or of a deferred volunteer firefighter that occurred on or after August 1, 2005, if the relief association articles of incorporation or bylaws provide for a supplemental survivor benefit and provide for retroactivity.