Subd. 2. **EMPLOYEE.** "Employee" means a person who performs services for hire for an employer from whom a leave is requested under sections 181.940 to 181.944~~,~~ for:

(1) at least 12 consecutive months immediately preceding the request~~,~~; and

(2) for an average ~~of 20 or more~~ number of hours per week equal to one-half the full-time equivalent position in the employee's job classification as defined by the employer's personnel policies or practices or pursuant to the provisions of a collective bargaining agreement, during those 12 months~~,~~ ~~and~~.

Employee includes all individuals employed at any site owned or operated by the employer~~.~~ ~~Employee~~ but does not include an independent contractor.

Sec. 2. Minnesota Statutes 1990, section 181.9413, is amended to read:

181.9413 **SICK OR INJURED CHILD CARE LEAVE.**

(a) An employee may use personal sick leave benefits provided by the employer for absences due to an illness of or injury to the employee's child for such reasonable periods as the employee's attendance with the child may be necessary, on the same terms the employee is able to use sick leave benefits for the employee's own illness or injury. This section applies only to personal sick leave benefits payable to the employee from the employer's general assets.

(b) For purposes of this section, "personal sick leave benefits" means time accrued and available to an employee to be used as a result of absence from work due to personal illness or injury, but does not include short-term or long-term disability or other salary continuation benefits.

Sec. 3. **EFFECTIVE DATE.**

Sections 1 and 2 are effective the day following final enactment.

Presented to the governor May 29, 1991

Signed by the governor June 1, 1991, 3:32 p.m.

CHAPTER 269—H.F.No. 299

An act relating to retirement; exempting certain persons participating in the employee interchange program from membership in the Minnesota state retirement system; authorizing the continuation of surviving spouse benefits in the event of remarriage; revising pension plan actuarial reporting; providing a supplemental retirement plan for state university and community college personnel; allowing a purchase of prior service credit; amending Minnesota Statutes 1990, sections 3.85, subdivision 11; 3A.04, subdivision 1; 15.53, subdivision 2; 352B.11, subdivision 2; 352C.04, subdivisions 1 and 4; 353.01, subdivision 20; 353.31, subdi-

vision 1; 353.657, subdivision 2; 353B.11, subdivision 6; 354.05, subdivision 15; 354.46, subdivision 1; 354A.011, subdivision 26; 354B.01, by adding a subdivision; 356.20, subdivision 4; and 356.215, subdivisions 1, 2, 3, 4, 4a, 4b, 4d, 4e, 4f, 4g, 4h, 4i, 4j, 4k, 5, 6, and 7; proposing coding for new law in Minnesota Statutes, chapters 354B; and 423A; repealing Minnesota Statutes 1990, sections 136.80; 136.81; 136.82; 136.83; 136.84; 136.85; 136.87; 352.85, subdivision 6; 352.86, subdivision 4; and 353A.09, subdivision 7.

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

ARTICLE 1

Section 1. Minnesota Statutes 1990, section 15.53, subdivision 2, is amended to read:

Subd. 2. The period of individual assignment or detail under an interchange program shall not exceed 24 months, nor shall any person be assigned or detailed for more than 24 months during any 36-month period, except when the assignment or detail is made to coincide with an unclassified appointment under section 15.06. Details relating to any matter covered in sections 15.51 to 15.57 may be the subject of an agreement between the sending and receiving agencies. Elected officials shall not be assigned from a sending agency nor detailed to a receiving agency.

Sec. 2. [423A.17] AUTHORITY TO IMPLEMENT THE CONTINUATION OF SURVIVING SPOUSE BENEFITS UPON REMARRIAGE.

(a) Notwithstanding a provision of section 69.48; 423.387, subdivision 1; 423.58, subdivision 1; 423.810, subdivision 1; or 424.24, subdivision 1, or other 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, with municipal approval as provided in section 69.77, subdivision 2i, may amend the bylaws of the 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 and the bylaws so provide, 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 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.

Sec. 3. **SERVICE EXCLUSION.**

Notwithstanding any law to the contrary, a person serving in the state unclassified service under an employee interchange program according to Minnesota Statutes, section 15.53, who remains a member of another public pension plan during the state unclassified service is not a member of the Minnesota state retirement system for the service under the employee interchange program.

Sec. 4. **EFFECTIVE DATE.**

Section 2 is effective on the day following final enactment.

ARTICLE 2

SURVIVING SPOUSE BENEFIT MODIFICATIONS

Section 1. Minnesota Statutes 1990, section 3A.04, subdivision 1, is amended to read:

Subdivision 1. **SURVIVING SPOUSE.** Upon the death of a member of the legislature while serving as a member, or upon the death of a former legislator who has rendered at least the number of years of service as required by section 3A.02, subdivision 1, clause (1) and who was not receiving a retirement allowance, the surviving spouse shall be entitled to receive a survivor benefit in the amount of one-half of the retirement allowance of the member of the legislature or former legislator computed as though the member or former legislator had attained at least the normal retirement age on the date of death and based upon the average monthly salary as of the date of death or as of the date of termination, whichever is applicable, and the allowable service of the member or the former legislator or eight years, whichever is greater. The augmentation provided in section 3A.02, subdivision 4, if applicable, shall be applied from the first day of the month next following the date of termination of service as a member of the legislature to the month of death. Upon the death of a former legislator who was receiving a retirement allowance, the surviving spouse shall be entitled to one-half of the amount of the allowance being paid to the former legislator. The surviving spouse benefit shall be paid during the lifetime of the surviving spouse~~, but shall cease and terminate upon the remarriage of the surviving spouse~~.

Sec. 2. Minnesota Statutes 1990, section 352B.11, subdivision 2, is amended to read:

Subd. 2. **DEATH; PAYMENT TO SPOUSE AND CHILDREN.** If a member serving actively as a member, a member receiving the disability benefit provided by section 352B.10, subdivision 1, or a former member receiving a disability benefit as provided by section 352B.10, subdivision 2, dies from any cause, the surviving spouse and dependent children are entitled to benefit payments as follows:

(a) A member with at least three years of allowable service is deemed to have elected a 100 percent joint and survivor annuity payable to a surviving spouse only on or after the date the member or former member became or would have become 55.

(b) The surviving spouse of a member who had credit for less than three years of service shall receive, for life, a monthly annuity equal to 50 percent of that part of the average monthly salary of the member from which deductions were made for retirement. ~~If the surviving spouse remarries, the annuity shall cease as of the date of the remarriage.~~

(c) The surviving spouse of a member who had credit for at least three years service and who died after becoming 55 years old, may elect to receive a 100 percent joint and survivor annuity, for life, notwithstanding a subsequent remarriage, in lieu of the annuity prescribed in paragraph (b).

(d) The surviving spouse of any member who had credit for three years or more and who was not 55 years old at death, shall receive the benefit equal to 50 percent of the average monthly salary as described in clause (b) until the deceased member would have become 55 years old, and beginning the first of the month following that date, may elect to receive the 100 percent joint and survivor annuity. ~~If the surviving spouse remarries before the deceased member's 55th birth date, benefits or annuities shall cease as of the date of remarriage. Remarriage after the deceased member's 55th birthday shall not affect the payment of the benefit.~~

(e) Each dependent child shall receive a monthly annuity equal to ten percent of that part of the average monthly salary of the former member from which deductions were made for retirement. A dependent child over 18 and under 23 years of age also may receive the monthly benefit provided in this section, if the child is continuously attending an accredited school as a full-time student during the normal school year as determined by the director. If the child does not continuously attend school but separates from full-time attendance during any part of a school year, the annuity shall cease at the end of the month of separation. In addition, a payment of $20 per month shall be prorated equally to surviving dependent children when the former member is survived by one or more dependent children. Payments for the benefit of any qualified dependent child must be made to the surviving spouse, or if there is none, to the legal guardian of the child. The maximum monthly benefit for any one family must not be less than 50 nor exceed 70 percent of the average monthly salary for any number of children.

(f) If the member dies under circumstances that entitle the surviving spouse and dependent children to receive benefits under the workers' compensation law, the workers' compensation benefits received by them must not be deducted from the benefits payable under this section.

(g) The surviving spouse of a deceased former member who had credit for three or more years of allowable service, but not the spouse of a former member receiving a disability benefit under section 352B.10, subdivision 2, is entitled to receive the 100 percent joint and survivor annuity at the time the deceased member would have become 55 years old~~, if the surviving spouse has not remarried before that date~~. If a former member dies who does not qualify for other benefits under this chapter, the surviving spouse or, if none, the children or heirs are entitled to a refund of the accumulated deductions left in the fund plus interest at the rate of six percent per year compounded annually.

Sec. 3. Minnesota Statutes 1990, section 352C.04, subdivision 1, is amended to read:

Subdivision 1. **SURVIVING SPOUSE BENEFIT.** Upon the death of a constitutional officer or commissioner while actively serving in office, or a former constitutional officer or commissioner with at least eight years of allowable service, the surviving spouse is entitled to a survivor benefit in the amount of one-half of the retirement allowance of the constitutional officer or commissioner or the former constitutional officer or commissioner computed as though the constitutional officer or commissioner or the former constitutional officer or commissioner were at least age 62 on the date of death and based upon the attained allowable service or eight years, whichever is greater. The augmentation provided in section 352C.033, if applicable, shall be applied to the month of death. Upon the death of a former constitutional officer or commissioner receiving a retirement allowance, the surviving spouse shall be entitled to one-half of the amount of the retirement allowance being paid to the former constitutional officer or commissioner as of the date of death. The benefit shall be paid to a surviving spouse eligible therefor during the remainder of the spouse's natural life ~~or until remarriage. Upon remarriage, the spouse shall no longer be eligible for the benefit except as provided in section 356.31.~~

Sec. 4. Minnesota Statutes 1990, section 352C.04, subdivision 4, is amended to read:

Subd. 4. **APPLICATION FOR SURVIVOR BENEFITS.** A surviving spouse or a guardian of the estate of the dependent child or children entitled to the payment of benefits under this section shall file an application for the benefit with the director, and payment shall commence as of the first day of the month next following the filing of the application and shall be retroactive to the first of the month following the death of the constitutional officer or commissioner or the former constitutional officer or commissioner; provided, however, that no payment shall be retroactive for more than 12 months prior to the month in which the application is filed with the director. Such benefits shall be paid on the first day of each calendar month for that month. The surviving spouse benefit shall cease with the payment for the month in which the surviving spouse dies ~~or remarries as the case may be~~. The dependent child's benefit shall cease with the payment for the month in which the child no longer qualifies for payment as a dependent child.

Sec. 5. Minnesota Statutes 1990, section 353.01, subdivision 20, is amended to read:

Subd. 20. **SURVIVING SPOUSE.** "Surviving spouse" means the ~~unremarried~~ spouse of a deceased member who was legally married to the member at the time of death, or at the time the member became totally and permanently disabled.

Sec. 6. Minnesota Statutes 1990, section 353.31, subdivision 1, is amended to read:

Subdivision 1. **BENEFITS FOR SURVIVING SPOUSE AND DEPENDENT CHILDREN; BEFORE RETIREMENT.** Upon the death of a basic member before retirement or upon the death of a basic member who was disabled and receiving disability benefits pursuant to section 353.33 at the time of death who has had at least 18 months of credited allowable service, the surviving spouse and dependent children of the member, as defined in section 353.01, subdivisions 15 and 20, shall be entitled to receive the monthly benefit provided below:

(a) Surviving spouse	50 percent of the member's monthly average salary in effect over the last full six months of allowable service preceding the month in which death occurred
(b) Each dependent child	10 percent of the member's monthly average salary in effect over the last full six months of allowable service preceding the month in which death occurred

Payments for the benefit of any dependent child, as defined in section 353.01, subdivision 15, shall be made to the surviving parent, or if there be none, to the legal guardian of the child. The maximum monthly benefit for a family shall not exceed $1,000, and the minimum benefit per family shall not be less than 50 percent of the basic member's specified average monthly salary, subject to the aforementioned maximum. ~~The surviving spouse benefit shall terminate upon the remarriage of the spouse, and~~ The dependent children's benefit shall be reduced pro tanto when any child is no longer dependent.

Any survivor of a basic member whose average salary was less than $75 per month shall not be entitled to the benefits provided in this subdivision. Prior to payment of any survivor benefit pursuant to this subdivision, in lieu of that benefit, the surviving dependent spouse may elect to receive the joint and survivor annuity provided pursuant to section 353.32, subdivision 1a.

Except for any benefits provided pursuant to section 353.32, subdivisions 1 and 1a, there are no survivor benefits payable to the surviving spouse or dependent children of a deceased coordinated member.

Sec. 7. Minnesota Statutes 1990, section 353.657, subdivision 2, is amended to read:

Subd. 2. The spouse, for life ~~or until remarriage~~, shall receive a monthly benefit equal to 50 percent of the member's average full-time monthly salary rate as a police officer or firefighter in effect over the last six months of allowable service preceding the month in which death occurred.

Sec. 8. Minnesota Statutes 1990, section 353B.11, subdivision 6, is amended to read:

Subd. 6. **DISCONTINUATION; SURVIVING SPOUSE BENEFIT.** (a) Except as specified in paragraph (b) or (c), a surviving spouse benefit shall terminate upon the death or the subsequent marriage of the person entitled to receive or receiving a surviving spouse benefit.

(b) A surviving spouse benefit shall terminate upon the subsequent marriage of the person entitled to receive or receiving a surviving spouse benefit but shall recommence at the appropriate amount without any retroactive payments in the event of the termination of the subsequent marriage for any reason for the former members of the following consolidating relief associations:

(1) Albert Lea firefighters relief association;

(2) Albert Lea police relief association;

(3) Duluth firefighters relief association;

(4) ~~Duluth police pension association;~~

~~(5)~~ Minneapolis fire department relief association;

~~(6)~~ <u>(5)</u> St. Paul fire department relief association; and

~~(7)~~ <u>(6)</u> St. Paul police relief association.

(c) A surviving spouse benefit shall terminate only upon the death of the person entitled to receive or receiving a surviving spouse benefit for the former members of the following consolidating relief associations:

(1) <u>Anoka police relief association;</u>

New language is indicated by <u>underline</u>, deletions by ~~strikeout~~.

(2) Buhl police relief association;

(3) Chisholm fire department relief association;

(4) Chisholm police relief association;

(5) Crookston fire department relief association;

(6) Duluth police relief association;

(7) Faribault fire department relief association;

(8) Hibbing firefighters relief association;

(9) Hibbing police relief association;

(10) Mankato fire department relief association;

~~(2)~~ (11) Red Wing fire department relief association;

(12) Red Wing police relief association;

(13) Rochester fire department relief association;

(14) Rochester police relief association;

(15) St. Cloud fire department relief association;

(16) St. Louis Park fire department relief association;

(17) St. Louis Park police relief association;

(18) South St. Paul firefighters relief association;

~~(3)~~ (19) South St. Paul police relief association;

~~(4)~~ (20) West St. Paul firefighters relief association; ~~and~~

~~(5)~~ (21) Winona fire department relief association; and

(22) Winona police relief association.

Sec. 9. Minnesota Statutes 1990, section 354.05, subdivision 15, is amended to read:

Subd. 15. **DEPENDENT SPOUSE.** "Dependent spouse" means the spouse of a deceased member who ~~has not remarried and~~ was living with and dependent upon the member at the time of death.

Sec. 10. Minnesota Statutes 1990, section 354.46, subdivision 1, is amended to read:

Subdivision 1. **BASIC PROGRAM; BENEFITS FOR SPOUSE AND**

CHILDREN OF TEACHER. If a basic member who has at least 18 months of allowable service credit and who has an average salary as defined in section 354.44, subdivision 6, equal to or greater than $75 dies prior to retirement or if a former basic member who, at the time of death, was totally and permanently disabled and receiving disability benefits pursuant to section 354.48 dies prior to attaining the age of 65 years, the surviving dependent spouse and dependent children of the basic member or former basic member shall be entitled to receive a monthly benefit as follows:

(a) Surviving dependent spouse	50 percent of the basic member's monthly average salary paid in the last full fiscal year preceding death
(b) Each dependent child	ten percent of the basic member's monthly average salary paid in the last full fiscal year preceding death

Payments for the benefit of any dependent child under the age of 22 years shall be made to the surviving parent, or if there be none, to the legal guardian of the child. The maximum monthly benefit shall not exceed $1,000 for any one family, and the minimum benefit per family shall not be less than 50 percent of the basic member's average salary, subject to the foregoing maximum. The ~~surviving dependent spouse benefit shall terminate upon remarriage, and the~~ surviving dependent children's benefit shall be reduced pro tanto when any surviving child is no longer dependent.

If the basic member and the surviving dependent spouse are killed in a common disaster and if the total of all survivors benefits payable pursuant to this subdivision is less than the accumulated deductions plus interest payable, the surviving dependent children shall receive the difference in a lump sum payment.

If the survivor benefits provided in this subdivision exceed in total the monthly average salary of the deceased basic member, these benefits shall be reduced to an amount equal to the deceased basic member's monthly average salary.

Prior to payment of any survivor benefit pursuant to this subdivision, in lieu of that benefit, the surviving dependent spouse may elect to receive the joint and survivor annuity provided pursuant to subdivision 2, or may elect to receive a refund of accumulated deductions with interest in a lump sum as provided pursuant to section 354.47, subdivision 1. If there are any surviving dependent children, the surviving dependent spouse may elect to receive the refund of accumulated deductions only with the consent of the district court of the district in which the surviving dependent child or children reside.

Sec. 11. Minnesota Statutes 1990, section 354A.011, subdivision 26, is amended to read:

Subd. 26. **SPOUSE.** "Spouse" means the person who was legally married to and living with the member immediately prior to the member's death ~~and who has not remarried subsequent to the member's death~~.

Sec. 12. **SURVIVING SPOUSE BENEFITS.**

Subdivision 1. Notwithstanding any laws to the contrary, the benefit payable to the surviving spouse of a deceased deferred or deceased retired former member of the following consolidated relief associations is as specified in subdivision 2:

(a) Chisholm fire relief association;

(b) Chisholm police relief association;

(c) Hibbing fire relief association; and

(d) Hibbing police relief association.

The benefit specified in subdivision 2 is payable to current and prospective surviving spouses eligible to receive a benefit under the benefit provisions of the applicable local relief association benefit plan.

Subd. 2. The benefit provided for individuals identified in subdivision 1 is 50 percent of the annuity amount being received by the former member immediately prior to death, unless the survivor benefit computed under prior law is greater.

Sec. 13. **EFFECTIVE DATE.**

(a) Sections 1 to 11 are effective the day following final enactment.

Section 12 is effective for the former relief associations of the city of Chisholm the day following approval by the Chisholm city council and upon compliance with Minnesota Statutes, section 645.021. Section 12 is effective for the former relief associations of the city of Hibbing the day following approval by the Hibbing city council and upon compliance with Minnesota Statutes, section 645.021.

(b) The elimination of the surviving spouse benefit discontinuation requirement provided for in sections 1 to 11 also applies to any surviving spouse receiving a surviving spouse benefit on the date of final enactment of the act and the potential surviving spouses of active, deferred or retired plan members who have that status on the effective date of the change. Sections 1 to 11 do not apply to persons who formerly were receiving surviving spouse benefits and had those benefits discontinued by virtue of a remarriage and may not be considered to authorize the payment of any retroactive survivor benefit amounts to any person or to an estate.

ARTICLE 3

PUBLIC PENSION PLAN ACTUARIAL REPORTING REVISIONS

Section 1. Minnesota Statutes 1990, section 3.85, subdivision 11, is amended to read:

Subd. 11. **VALUATIONS AND REPORTS TO LEGISLATURE.** (a) The commission shall contract with an established actuarial consulting firm to conduct annual actuarial valuations ~~and financial adequacy studies~~ for the retirement plans named in paragraph (b). The contract ~~shall~~ must include provisions for performing cost analyses of proposals for changes in benefit and funding policies.

(b) The contract for actuarial valuation ~~and analysis shall~~ must include the following retirement plans:

(1) the ~~statewide~~ teachers retirement plan, teachers retirement association;

(2) the general state employees retirement plan, Minnesota state retirement system;

(3) the correctional employees retirement plan, Minnesota state retirement system;

(4) the state patrol retirement plan, Minnesota state retirement system;

(5) the judges retirement plan, Minnesota state retirement system;

(6) the Minneapolis employees retirement plan, Minneapolis employees retirement fund;

(7) the ~~general~~ public employees retirement plan, public employees retirement association;

(8) the public employees police and fire plan, public employees retirement association;

(9) the Duluth teachers retirement plan, Duluth teachers retirement fund association;

(10) the Minneapolis teachers retirement plan, Minneapolis teachers retirement fund association;

(11) the St. Paul teachers retirement plan, St. Paul teachers retirement fund association;

(12) the ~~legislator's~~ legislators retirement plan, Minnesota state retirement system; ~~and~~

(13) the elective state officers retirement plan, Minnesota state retirement system; and

New language is indicated by underline, deletions by ~~strikeout~~.

(14) the public employees local government correctional service retirement plan, public employees retirement association, if there are any participants in that plan.

(c) ~~Every year~~ The contract ~~shall~~ must specify completion of ~~standard~~ annual actuarial ~~valuations for the~~ valuation calculations on a fiscal year basis with their contents as ~~described~~ specified in section 356.215, ~~subdivisions 4 to 4k, and cash flow forecasts through the amortization target date~~ and the standards for actuarial work adopted by the commission.

~~For every plan year~~ The contract ~~shall~~ must specify ~~preparation~~ completion of ~~an exhibit on the experience of the fund for inclusion in the annual actuarial valuation and completion of a periodic experience study~~ annual experience data collection and processing and a quadrennial published experience study for the plans listed in paragraph (b), clauses (1), (2), and (7), as provided for in the standards for actuarial work adopted by the commission. The experience ~~study shall~~ data collection, processing, and analysis must evaluate ~~the appropriateness of continuing to use for future valuations the assumptions relating to~~ the following:

(1) individual salary progression;

(2) rate of return on investments based on current asset value;

(3) payroll growth;

(4) mortality; ~~withdrawal; disability;~~

(5) retirement~~; and any other experience-related factor that could impact the future financial condition of the retirement funds~~ age;

(6) withdrawal; and

(7) disablement.

(d) The actuary retained by the commission shall annually prepare a report to the legislature, including the commentary on the actuarial valuation calculations for the plans named in paragraph (b) and summarizing the results of the ~~valuations and cash flow projections~~ actuarial valuation calculations. ~~It~~ The commission-retained actuary shall include with ~~its~~ the report the actuary's recommendations concerning the appropriateness of the support rates to achieve proper funding of the retirement funds by the required funding dates. ~~It~~ The commission-retained actuary shall, ~~within two months of the completion~~ as part of the ~~periodic~~ quadrennial published experience ~~studies~~ study, ~~prepare a report~~ include recommendations to the legislature on the appropriateness of the actuarial valuation assumptions required for evaluation in the ~~periodic experience~~ study.

(e) If the actuarial gain and loss analysis in the actuarial valuation calculations indicates a persistent pattern of sizable gains or losses, as directed by the commission, the actuary retained by the commission shall prepare a special experience study for a plan listed in paragraph (b), clause (3), (4), (5), (6), (8), (9), (10), (11), (12), (13), or (14), in the manner provided for in the standards for actuarial work adopted by the commission.

(f) The term of the contract between the commission and the actuary retained by the commission is two years, plus not to exceed two one-year extensions before competitive bidding. The contract is subject to competitive bidding procedures as specified by the commission.

Subd. 12. **ALLOCATION OF ACTUARIAL COST.** (a) The commission shall assess each retirement plan specified in subdivision 11, paragraph (b), ~~other than clauses (12) and (13),~~ for a portion of the compensation paid to the actuary retained by the commission for the ~~cost of its~~ actuarial ~~valuations~~ valuation calculations and quadrennial experience studies. The assessment ~~shall be that part~~ is 72 percent of the amount of contract compensation for the actuarial consulting firm retained by the commission for ~~those functions that bears the same relationship that the total active, deferred, inactive, and benefit recipient membership of the retirement plan bears to the total action, deferred, inactive, and benefit recipient membership of all retirement plans specified in paragraph (b)~~ actuarial valuation calculations, including the public employees police and fire plan consolidation accounts of the public employees retirement association, annual experience data collection and processing, and quadrennial experience studies.

The portion of the total assessment payable by each retirement system or pension plan must be determined as follows:

(1) Each pension plan specified in subdivision 11, paragraph (b), clauses (1) to (14), must pay the following indexed amount based on its total active, deferred, inactive, and benefit recipient membership:

up to 2,000 members, inclusive	$2.55 per member
2,001 through 10,000 members	$1.13 per member
over 10,000 members	$0.11 per member

The amount specified is applicable for the assessment of the July 1, 1991, to June 30, 1992, fiscal year actuarial compensation amounts. For the July 1, 1992, to June 30, 1993, fiscal year and subsequent fiscal year actuarial compensation amounts, the amount specified must be increased at the same percentage increase rate as the implicit price deflator for state and local government purchases of goods and services for the 12-month period ending with the first quarter of the calendar year following the completion date for the actuarial valuation calculations, as published by the federal Department of Commerce, and rounded upward to the nearest full cent.

(2) The total per-member portion of the allocation must be determined, and that total per-member amount must be subtracted from the total amount for allocation. Of the remainder dollar amount, the following per-retirement system and per-pension plan charges must be determined and the charges must be paid by the system or plan:

(i) 37.87 percent is the total additional per-retirement system charge, of which one-seventh must be paid by each retirement system specified in subdivision 11, paragraph (b), clauses (1), (2), (6), (7), (9), (10), and (11).

(ii) 62.13 percent is the total additional per-pension plan charge, of which one-thirteenth must be paid by each pension plan specified in subdivision 11, paragraph (b), clauses (1) to (13), if there are not any participants in the plan specified in subdivision 11, paragraph (b), clause (14), or of which one-fourteenth must be paid by each pension plan specified in subdivision 11, paragraph (b), clauses (1) to (14), if there are participants in the plan specified in subdivision 11, paragraph (b), clause (14).

(b) The assessment ~~shall~~ must be made ~~upon~~ following the completion of the actuarial ~~valuations~~ valuation calculations and the experience ~~studies~~ analysis. The amount of the assessment is appropriated from the retirement fund applicable to the retirement plan. Receipts from assessments ~~shall~~ must be deposited in the state treasury and credited to the general fund.

Sec. 2. Minnesota Statutes 1990, section 356.20, subdivision 4, is amended to read:

Subd. 4. **CONTENTS OF FINANCIAL REPORT.** The financial report required by this section ~~shall~~ ~~include:~~

~~(1)~~ must contain financial statements and disclosures that indicate the financial operations and position of the retirement plan and fund. The report must conform with generally accepted governmental accounting principles, applied on a consistent basis. The report must be audited. The report must include, as part of its exhibits or footnotes, an ~~exhibit~~ actuarial disclosure item based on the actuarial valuation calculations prepared by the commission-retained actuary or by the actuary retained by the retirement fund or plan, if applicable, according to applicable actuarial requirements enumerated in section 356.215, and specified in the most recent standards for actuarial work adopted by the legislative commission on pensions and retirement. The ~~exhibit~~ ~~shall~~ ~~show~~ ~~the~~ accrued assets ~~of~~ ~~the~~ ~~fund~~, the accrued liabilities, including accrued reserves, and the unfunded actuarial accrued liability of the fund or plan must be disclosed. The ~~exhibit~~ ~~shall~~ disclosure item must contain ~~the~~ ~~certificate~~ ~~of~~ a declaration by the actuary retained by the legislative commission on pensions and retirement or the actuary retained by the fund or plan, whichever applies, specifying that the required reserves for any retirement, disability, or survivor benefits provided under a benefit formula are computed in accordance with the entry age actuarial cost method and ~~any~~ with the most recent applicable standards for actuarial work adopted by the legislative commission on pensions and retirement.

(a) Assets ~~shown~~ ~~in~~ ~~the~~ ~~exhibit~~ ~~shall~~ of the fund or plan contained in the disclosure item must include the following ~~items~~ ~~of~~ ~~actual~~ ~~assets:~~

~~Cash in office~~

~~Deposits in banks~~

New language is indicated by underline, deletions by ~~strikeout~~.

~~Accounts receivable:~~

~~Accrued members' contributions~~

~~Accrued employer contributions~~

~~Other~~

~~Accrued interest on investments~~

~~Dividends on stocks, declared but not yet received~~

~~Investment in bonds at cost~~

~~Investment in stocks at cost~~

~~Investment in real estate~~

~~Equipment at cost, less depreciation~~

~~Other~~

~~Total assets ....~~

~~(b) The exhibit shall include a~~ statement of the actuarial value of current assets as ~~specified~~ defined in section 356.215, subdivision ~~4,~~ ~~including:~~

~~Cash, cash equivalents, and short-term securities~~

~~Fixed income investments~~

~~Equity investments~~

~~Real estate investments~~

~~Equity in the Minnesota postretirement investment fund~~

~~Other~~ 1:

	Value at cost	Value at market
Cash, cash equivalents, and short-term securities	....	....
Accounts receivable	....	....
Accrued investment income	....	....
Fixed income investments	....	....
Equity investments other than real estate	....	....
Real estate investments	....	....
Equipment	....	....
Equity in the Minnesota postretirement investment fund	....	....
Other	....	....

New language is indicated by underline, deletions by ~~strikeout~~.

Total assets		
Value at cost	....	.....
Value at market	....	.....
Value of current assets	....	.....

~~(c)~~ (b) The ~~exhibit shall include a statement of the~~ unfunded actuarial accrued liability of the fund ~~which shall~~ or plan contained in the disclosure item must include the following measures of unfunded actuarial accrued liability, using the ~~actuarial~~ value of current assets ~~as specified in section 356.215, subdivision 1~~:

~~(i)~~ (1) unfunded actuarial accrued liability, ~~which shall be~~ determined by subtracting the current assets and the present value of future normal costs from the total current and expected future benefit obligations; and

~~(ii) current~~ (2) unfunded ~~actuarial liability~~ pension benefit obligation, ~~which is the total current benefit obligations less~~ determined by subtracting the ~~total~~ current assets~~; and~~

~~(iii) current and future unfunded actuarial liability, which is the total current and expected future benefit obligations less the total current and expected future assets~~ from the actuarial present value of credited projected benefits.

If the current assets of the fund or plan exceed the actuarial accrued liabilities, the excess ~~shall~~ must be ~~listed~~ disclosed and indicated as a surplus ~~and indicated in the exhibit following the itemization of benefit obligations.~~

~~(d) The exhibit shall include a footnote showing accumulated member contributions without interest.~~

~~(e) Current liabilities shown in the exhibit shall include the following items:~~

~~Current:~~

~~Accounts payable~~

~~Retirement annuity payments~~

~~Disability benefit payments~~

~~Survivor benefit payments~~

~~Refund to members~~

~~Accrued expenses~~

~~Suspense items~~

~~Total current liabilities~~ ....

New language is indicated by underline, deletions by ~~strikeout~~.

~~(f)~~ (c) The ~~exhibit shall include a schedule which shall be listed as the "current and expected future~~ pension benefit obligations~~."~~ ~~The~~ schedule ~~shall~~ included in the disclosure must contain the following information on the benefit obligations:

~~1. Current~~ (1) The pension benefit ~~obligations~~ obligation, ~~which shall be~~ determined as the actuarial present value of ~~benefit obligations~~ credited projected benefits on account of service rendered to date, separately identified as follows:

~~(a)~~ (i) For annuitants
Retirement annuities
Disability benefits
Surviving spouse and child benefits
~~(b)~~ (ii) For former members without vested rights
~~(c)~~ (iii) For deferred annuitants' benefits, including any augmentation
~~(d)~~ (iv) For active employees
~~Retirement annuities~~
~~Disability benefits~~
~~Refund liability due to death or withdrawal~~
~~Survivors' benefits~~
Accumulated employee contributions, including allocated investment income
Employer-financed benefits vested
Employer-financed benefits nonvested
Total ~~current benefits obligations~~ pension benefit obligation;

~~2. Expected future benefit obligations which shall be the actuarial value of benefit obligations on account of future service for active employees~~

~~3. Total current and expected future benefit obligations~~

~~4. In addition to the foregoing,~~ (2) If there are additional benefits not appropriately covered by the foregoing ~~three~~ items of benefit obligations, ~~they shall be listed separately~~ a separate identification of the obligation.

~~(2) An income statement prepared on an accrual basis showing all income and all deductions from income for the fiscal year. The statement shall show separate items for employee contributions, employer regular contributions, employer additional contributions if provided by law, investment income, profit on the sale of investments, and other income, if any.~~

~~(3) A statement of deductions from income, which shall include separate items for the payment of retirement annuities, disability benefits, surviving spouse benefits, surviving children's benefits, refunds to members terminating employment, refunds due to death of members and due to death of annuitants, the increase in total reserves required, general administrative expense incurred, loss on sale of investments, and any other deductions.~~

New language is indicated by underline, deletions by ~~strikeout~~.

~~(4) A statement showing appropriate statistics concerning the membership and beneficiaries of the fund, with indications of changes in the statistical data which may result from the current year's operation.~~

~~(5)~~ (d) Any additional statements or exhibits ~~which~~ or more detailed or subdivided itemization of a disclosure item that will enable the management of the fund to portray a true interpretation of the fund's financial condition~~, except that the term "surplus" or the term "excess of assets" shall not be used except as otherwise specifically provided for in this section, nor shall any representation of assets and liabilities other than as provided for in this section~~ must be included in the additional statements or exhibits.

~~(6) A more detailed or subdivided itemization of any of the items required by this section, if the management of the fund so desires.~~

Sec. 3. Minnesota Statutes 1990, section 356.215, subdivision 1, is amended to read:

Subdivision 1. **DEFINITIONS.** For the purposes of sections 3.85 and 356.20 to 356.23, each of the following terms ~~shall~~ have the meaning given:

(1) "Actuarial valuation" means a set of calculations prepared by the actuary retained by the legislative commission on pensions and retirement if so required under section 3.85, or otherwise, by an approved actuary, to determine the normal cost and the accrued actuarial liabilities of a benefit plan, according to ~~a stated~~ the entry age actuarial cost method and based upon stated assumptions including, but not limited to rates of interest, mortality, salary increase, disability, withdrawal, and retirement and to determine the payment necessary to amortize over a stated period any unfunded accrued actuarial liability disclosed as a result of the actuarial valuation ~~and the resulting actuarial balance sheet~~ of the benefit plan.

(2) "Approved actuary" means a person who is regularly engaged in the business of providing actuarial services and who has at least 15 years of service to major public employee pension or retirement funds or who is a fellow in the society of actuaries.

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

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

(4) "Experience study" means a report ~~which~~ ~~provides~~ providing experience data and an actuarial analysis ~~which~~ ~~substantiate~~ of the adequacy of the actuarial assumptions on which actuarial valuations are based.

(5) ~~"Expected future statutory supplemental contributions" means the sum of future employee and employer contributions at the rates specified in statute when the valuation is completed, reduced by the present value of future normal costs.~~

~~(6)~~ "Current assets" means the value of all assets at cost, ~~which~~ ~~includes~~ including realized capital gains or losses, plus one-third of any unrealized capital gains or losses.

~~(7)~~ (6) "Unfunded actuarial accrued liability" means the total current and expected future benefit obligations ~~less~~, reduced by the sum of current assets and the present value of future normal costs.

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

Sec. 4. Minnesota Statutes 1990, section 356.215, subdivision 2, is amended to read:

Subd. 2. **REQUIREMENTS.** It is the policy of the legislature that it is necessary and appropriate to determine annually the financial status of tax supported retirement and pension plans for public employees. To achieve this goal, the legislative commission on pensions and retirement shall have prepared by the actuary retained by the commission annual actuarial valuations ~~and~~ ~~periodic~~ ~~experience~~ ~~studies~~ of the ~~public~~ ~~pension~~ ~~and~~ retirement plans enumerated in section 3.85, subdivision ~~12~~ 11, ~~clause~~ paragraph (b), and quadrennial experience studies of the retirement plans enumerated in section 3.85, subdivision 11, paragraph (b), clauses (1), (2), and (7). The governing or managing board or administrative officials of each public pension and retirement fund or plan enumerated in section 356.20, subdivision 2, clauses (9), (10), and (12), shall have prepared by an approved actuary annual actuarial valuations ~~and~~ ~~periodic~~ ~~experience~~ ~~studies~~ of their respective funds as provided in this section. This requirement ~~shall~~ also ~~apply~~ applies to any fund ~~which~~ ~~may~~ ~~be~~ ~~a~~ that is the successor to any organization enumerated in section 356.20, subdivision 2, or to the governing or managing board or administrative officials of any newly formed retirement fund or association operating under the control or supervision of any public employee group, governmental unit, or institution receiving a portion of its support through legislative appropriations, and any local police or fire fund coming within the provisions of section 356.216.

Sec. 5. Minnesota Statutes 1990, section 356.215, subdivision 3, is amended to read:

Subd. 3. **REPORTS.** The actuarial valuations required annually ~~shall~~ must be made as of the beginning of each fiscal year. Two copies of the valuation ~~shall~~ must be delivered to the executive director of the legislative commission on pensions and retirement, to the commissioner of finance and to the legislative reference library, not later than the first day of the sixth month occurring after the end of the previous fiscal year. Two copies of ~~any~~ a quadrennial experience study ~~prepared periodically as provided for in the standards adopted by the commission shall~~ must be filed with the executive director of the legislative commission on pensions and retirement, with the commissioner of finance, and with the legislative reference library, not later than the first day of the 11th month occurring after the end of the last fiscal year of the four-year period which the experience study covers. For actuarial valuations and experience studies prepared at the direction of the legislative commission on pensions and retirement, two copies of the document ~~shall~~ must be delivered to the governing or managing board or administrative officials of the applicable public pension and retirement fund or plan.

Sec. 6. Minnesota Statutes 1990, section 356.215, subdivision 4, is amended to read:

Subd. 4. **ACTUARIAL VALUATION; CONTENTS.** The actuarial valuation ~~shall~~ must be made in conformity with the requirements of the definition contained in subdivision 1 and the most recent standards for actuarial work adopted by the legislative commission on pensions and retirement. The actuarial valuation ~~shall~~ must measure all aspects of the benefit plan of the fund in accordance with changes in benefit plans, if any, and salaries ~~as will or can~~ reasonably ~~be~~ anticipated to be in force during the ensuing fiscal year. The actuarial valuation ~~shall~~ must be prepared in accordance with the entry age actuarial cost method.

The actuarial valuation required under this section ~~shall~~ must include the information required in subdivisions 4a to 4k.

Sec. 7. Minnesota Statutes 1990, section 356.215, subdivision 4a, is amended to read:

Subd. 4a. **NORMAL COST.** For ~~each~~ a fund providing ~~any~~ benefits in whole or in part under a defined benefit plan, the actuarial valuation ~~shall contain an exhibit indicating~~ must indicate the level normal cost of the benefits provided by the laws governing the fund as of the date of the valuation, calculated in accordance with the entry age actuarial cost method. The normal cost ~~shall~~ must be expressed as a level percentage of the present value of future ~~payroll~~ payrolls of the active participants of the fund as of the date of the valuation.

New language is indicated by underline, deletions by ~~strikeout~~.

Sec. 8. Minnesota Statutes 1990, section 356.215, subdivision 4b, is amended to read:

Subd. 4b. **ACCRUED LIABILITY.** For ~~each~~ a fund providing ~~any~~ benefits under a defined benefit plan, the actuarial valuation ~~shall~~ must contain an exhibit indicating the actuarial accrued liabilities of the fund~~, which shall be equal to~~. This figure is the present value of ~~all~~ future benefits ~~minus~~, reduced by the present value of future normal costs, calculated in accordance with the entry age actuarial cost method.

Sec. 9. Minnesota Statutes 1990, section 356.215, subdivision 4d, is amended to read:

Subd. 4d. **INTEREST AND SALARY ASSUMPTIONS.** (a) For funds governed by chapters ~~3A,~~ 352, 352B, ~~352C,~~ 353, 353C, and 354 ~~other than the variable annuity fund governed by section 354.62, and 490~~, the actuarial valuation ~~shall~~ must use a preretirement interest assumption of 8.5 percent, a postretirement interest assumption of five percent, and ~~an~~ a future salary increase assumption ~~that in each future year the salary on which a retirement or other benefit is based is 1.065 multiplied by the salary for the preceding year~~ of 6.5 percent.

(b) For funds governed by chapter 354A, the actuarial valuation ~~shall~~ must use preretirement and postretirement assumptions of 8.5 percent and ~~an~~ a future salary increase assumption ~~that in each future year the salary on which a retirement or other benefit is based is 1.065 multiplied by the salary for the preceding year~~ of 6.5 percent, but the actuarial valuation ~~shall~~ must reflect the payment of postretirement adjustments to retirees ~~shall be~~, based on the methods specified in the bylaws of the fund as approved by the legislature.

(c) For all other funds not specified in paragraph (a), (b), or (d), the actuarial valuation ~~shall~~ must use a preretirement interest assumption of five percent, a postretirement interest assumption of five percent, and ~~an~~ a future salary increase assumption ~~that in each future year the salary on which a retirement or other benefit is based is 1.035 multiplied by the salary for the preceding year~~ of 3.5 percent.

(d) For funds governed by chapters 3A, 352C, and 490, the actuarial valuation ~~shall~~ must use a preretirement interest assumption of 8.5 percent, a postretirement interest assumption of five percent, and ~~an~~ a future salary increase assumption ~~that~~ of 6.5 percent in each future year in which the salary amount payable is not determinable from section 3.099, 15A.081, subdivision 6, or 15A.083, subdivision 1, whichever ~~is applicable~~ applies, or from applicable compensation council recommendations under section 15A.082~~, the salary on which a retirement or other benefit is based is 1.065 multiplied by the known or computed salary for the preceding year, whichever is applicable~~.

Sec. 10. Minnesota Statutes 1990, section 356.215, subdivision 4e, is amended to read:

New language is indicated by underline, deletions by ~~strikeout~~.

Subd. 4e. **OTHER ASSUMPTIONS.** The actuarial valuation ~~shall~~ must use assumptions concerning mortality, disability, retirement, withdrawal, retirement age, and any other relevant demographic or economic factor~~,~~ ~~which shall~~. These must be set at levels consistent with those determined in the most recent quadrennial experience study completed ~~pursuant to~~ under subdivision 5, if required, or representative of the best estimate of future experience, if a quadrennial experience study is not required. The actuarial valuation ~~shall~~ must contain an exhibit indicating any actuarial assumptions used in preparing the valuation report.

Sec. 11. Minnesota Statutes 1990, section 356.215, subdivision 4f, is amended to read:

Subd. 4f. ~~ACTUARIAL BALANCE SHEET~~ **PUBLIC SECTOR ACCOUNTING DISCLOSURE INFORMATION.** The actuarial valuation ~~shall~~ must contain ~~an actuarial balance sheet, which shall indicate current and expected future benefit obligations, current and expected future assets, unfunded actuarial accrued liability, current unfunded actuarial liability, and current and future unfunded actuarial liability. Specifically, the balance sheet for all funds, except local police, salaried firefighter, and specified volunteer firefighter funds, shall include the following:~~

~~CURRENT AND EXPECTED FUTURE ASSETS~~

~~Current assets~~	
~~Cash, cash equivalents, and short-term securities~~	~~$...~~
~~Fixed income investments~~	~~...~~
~~Equity investments~~	~~...~~
~~Real estate investments~~	~~...~~
~~Equity in the Minnesota postretirement investment fund~~	~~...~~
~~Other~~	~~...~~
~~Total current assets~~	~~$...~~
~~Expected future assets~~	
~~Present value of expected future statutory supplemental contributions~~	~~...~~
~~Present value of future normal costs...~~	
~~Total expected future assets~~	~~$...~~
~~Total current and expected future assets~~	~~$...~~

~~CURRENT AND EXPECTED FUTURE BENEFIT OBLIGATIONS~~

~~Current benefit obligations~~	
~~Actuarial present value of credited projected benefit obligations on account of service rendered to date:~~	
~~For annuitants~~	
~~Retirement annuities~~	~~$...~~

New language is indicated by underline, deletions by ~~strikeout~~.

~~Disability benefits~~	~~...~~
~~Surviving spouse and child benefits~~	~~...~~
~~For former members without vested rights~~	~~...~~
~~For deferred annuitants' benefits, including any augmentation~~	~~...~~
~~For active employees~~	
~~Retirement benefits~~	~~...~~
~~Disability benefits~~	~~...~~
~~Refund liability due to death or withdrawal~~	~~...~~
~~Survivors' benefits~~	~~...~~
~~Total current benefit obligations~~	~~$...~~
~~Expected future benefit obligations~~	
~~Actuarial value of benefit obligations on account of future service for active employees~~	~~$...~~
~~Total current and expected future benefit obligations~~	~~$...~~
~~Current unfunded actuarial liability (Total current benefit obligations less total current assets):~~	~~$...~~
~~Current and future unfunded actuarial liability (Total current and expected future benefit obligations less total current and expected future assets):~~	~~$...~~

~~In addition to that itemization of benefit obligations, separate items shall be shown for additional benefits, if any, which may not be appropriately included in that itemization~~ those actuarial calculations necessary to allow the retirement plan administration or participating employing units to prepare the pension-related portions of annual financial reporting that meet generally accepted accounting principles for the public sector.

Sec. 12. Minnesota Statutes 1990, section 356.215, subdivision 4g, is amended to read:

Subd. 4g. **AMORTIZATION CONTRIBUTIONS.** (a) In addition to the exhibit indicating the level normal cost, the actuarial valuation ~~shall~~ must contain an exhibit indicating the additional annual contribution ~~which would be required~~ sufficient to amortize the unfunded actuarial accrued liability. For funds governed by chapters 3A, 352, 352B, 352C, 353, 353C, 354, 354A, and 490, the additional contribution ~~shall~~ must be calculated on a level percentage of covered payroll basis by the established date for full funding ~~which is~~ in effect when the valuation is prepared. The level percent additional contribution ~~shall~~

must be calculated assuming annual payroll growth of 6.5 percent. For all other funds, the additional annual contribution ~~shall~~ must be calculated on a level annual dollar amount basis.

~~If,~~ (b) For any fund other than the Minneapolis employees retirement fund, after the first actuarial valuation date occurring after June 1, 1989, if there has not been a change in the actuarial assumptions used for calculating the actuarial accrued liability of the fund, a change in the benefit plan governing annuities and benefits payable from the fund, a change in the actuarial cost method used in calculating the actuarial accrued liability of all or a portion of the fund, or a combination of the three, which change or changes by themselves without inclusion of any other items of increase or decrease produce a net increase in the unfunded actuarial accrued liability of the fund, the established date for full funding for the first actuarial valuation made after June 1, 1989, and each successive actuarial valuation ~~shall be~~ is the first actuarial valuation date ~~which occurs~~ occurring after June 1, 2020.

~~If,~~ (c) For any fund or plan other than the Minneapolis employees retirement fund, after the first actuarial valuation date occurring after June 1, 1989, if there has been a change in any or all of the actuarial assumptions used for calculating the actuarial accrued liability of the fund, a change in the benefit plan governing annuities and benefits payable from the fund, a change in the actuarial cost method used in calculating the actuarial accrued liability of all or a portion of the fund, or a combination of the three, and the change or changes, by themselves and without inclusion of any other items of increase or decrease, produce a net increase in the unfunded actuarial accrued liability in the fund, the established date for full funding ~~shall~~ must be determined using the following procedure:

(i) the unfunded actuarial accrued liability of the fund ~~shall~~ must be determined in accordance with the plan provisions governing annuities and retirement benefits and the actuarial assumptions in effect before an applicable change;

(ii) the level annual dollar contribution or level percentage, whichever is applicable, ~~which is~~ needed to amortize the unfunded actuarial accrued liability amount determined ~~pursuant to subclause~~ under item (i) by the established date for full funding in effect ~~prior to~~ before the change ~~shall~~ must be calculated using the interest assumption specified in subdivision 4d in effect before the change;

(iii) the unfunded actuarial accrued liability of the fund ~~shall~~ must be determined in accordance with any new plan provisions governing annuities and benefits payable from the fund and any new actuarial assumptions and the remaining plan provisions governing annuities and benefits payable from the fund and actuarial assumptions in effect before the change;

(iv) the level annual dollar contribution or level percentage, whichever is applicable, ~~which is~~ needed to amortize the difference between the unfunded actuarial accrued liability amount calculated ~~pursuant to subclause~~ under item (i) and the unfunded actuarial accrued liability amount calculated ~~pursuant to~~

~~subclause~~ under item (iii) over a period of 30 years from the end of the plan year in which the applicable change is effective ~~shall~~ must be calculated using the applicable interest assumption specified in subdivision 4d in effect after any applicable change;

(v) the level annual dollar or level percentage amortization contribution ~~pursuant to subclause~~ under item (iv) ~~shall~~ must be added to the level annual dollar amortization contribution or level percentage calculated ~~pursuant to subclause~~ under item (ii);

(vi) the period in which the unfunded actuarial accrued liability amount determined in ~~subclause~~ item (iii) ~~will be~~ is amortized by the total level annual dollar or level percentage amortization contribution computed ~~pursuant to subclause~~ under item (v) ~~shall~~ must be calculated using the interest assumption specified in subdivision 4d in effect after any applicable change, rounded to the nearest integral number of years, but ~~which shall~~ not to exceed ~~a period of~~ 30 years from the end of the plan year in which the determination of the established date for full funding using the procedure set forth in this clause is made and ~~which shall~~ not to be less than the period of years beginning in the plan year in which the determination of the established date for full funding using the procedure set forth in this clause is made and ending by the date for full funding in effect before the change; and

(vii) the period determined ~~pursuant to subclause~~ under item (vi) ~~shall~~ must be added to the date as of which the actuarial valuation was prepared and the date obtained ~~shall be~~ is the new established date for full funding.

(d) For the Minneapolis employees retirement fund, the established date for full funding ~~shall be~~ is June 30, 2017.

Sec. 13. Minnesota Statutes 1990, section 356.215, subdivision 4h, is amended to read:

Subd. 4h. **ACTUARIAL GAINS AND LOSSES.** The actuarial valuation ~~shall~~ must contain an exhibit consisting of an analysis by the actuary explaining the net increase or decrease in the unfunded actuarial accrued liability since the last valuation ~~must be provided~~. The explanation ~~shall~~ must subdivide the net increase or decrease in the unfunded actuarial accrued liability into at least the following parts:

(a) increases or decreases in the unfunded actuarial accrued liability because of changes in benefits;

(b) increases and decreases in the unfunded actuarial accrued liability because of ~~each change, if any,~~ changes in actuarial assumptions;

(c) increases or decreases in the unfunded actuarial accrued liability ~~separately by source~~ attributable to actuarial gains or losses resulting from any experience deviations ~~of~~ from the assumptions on which the valuation is based, as follows:

New language is indicated by underline, deletions by ~~strikeout~~.

(i) actual investment earnings~~,~~;

(ii) actual postretirement mortality rates~~,~~ ~~and~~;

(iii) actual salary increase rates ~~from the assumptions on which the valuations are based~~; and

(iv) the remainder of the increase or decrease not attributable to any separate source;

(d) increases or decreases in unfunded actuarial accrued liability because of other reasons, including the effect of any amortization contribution paid or additional amortization contribution previously calculated but unpaid; and

(e) increases or decreases in unfunded actuarial accrued liability because of changes in eligibility requirements or groups included in the membership of the fund.

Sec. 14. Minnesota Statutes 1990, section 356.215, subdivision 4i, is amended to read:

Subd. 4i. **MEMBERSHIP TABULATION.** The actuarial valuation ~~shall~~ must contain ~~an exhibit consisting of~~ a tabulation of active membership and annuitants in the fund. If the membership of a fund is under more than one general benefit program, a separate tabulation ~~shall~~ must be made for each general benefit program. The tabulations ~~shall~~ must be prepared by the administration of the pension fund and must contain the following information:

~~(a)~~ (1) Active members	Number
As of last valuation date	
New entrants	
Total	
Separations from active service	
Refund of contributions	
Separation with deferred annuity	
Separation with neither refund nor deferred annuity	
Disability	
Death	
Retirement with service annuity	
Total separations	
As of current valuation date	
~~(b)~~ (2) Annuitants	Number
As of last valuation date	
New entrants	
Total	
Terminations	
Deaths	
Other	
Total terminations	
As of current valuation date	

New language is indicated by underline, deletions by ~~strikeout~~.

The tabulation required under ~~subclause (b) shall~~ clause (2) must be made separately for each of the following classes of ~~annuitants~~ benefit recipients:

~~(a)~~ (1) service retirement annuitants;

~~(b)~~ (2) disability benefit recipients;

~~(c)~~ (3) ~~Surviving spouse~~ survivor benefit recipients

~~(d) Surviving child benefit recipients~~; and

~~(e)~~ (4) deferred annuitants.

Sec. 15. Minnesota Statutes 1990, section 356.215, subdivision 4j, is amended to read:

Subd. 4j. **ADMINISTRATIVE EXPENSES.** The actuarial valuation ~~shall contain an exhibit indicating a statement of~~ must indicate the administrative expenses of the fund, expressed both in dollars and ~~also~~ as a percentage of covered payroll.

Sec. 16. Minnesota Statutes 1990, section 356.215, subdivision 4k, is amended to read:

Subd. 4k. **PLAN SUMMARY.** The actuarial valuation ~~shall~~ must contain ~~an exhibit indicating~~ a summary of the principal provisions of the plan upon which the valuation is based.

Sec. 17. Minnesota Statutes 1990, section 356.215, subdivision 5, is amended to read:

Subd. 5. **QUADRENNIAL EXPERIENCE STUDY; CONTENTS.** ~~Each~~ A quadrennial experience study ~~shall~~, if required, must contain an actuarial analysis of the experience of the fund ~~or association~~ and a comparison of the experience with the actuarial assumptions on which the most recent actuarial valuation of the retirement fund ~~or relief association~~ was based~~, and shall also contain a statement of the average ages at which service retirements have taken place~~.

Sec. 18. Minnesota Statutes 1990, section 356.215, subdivision 6, is amended to read:

Subd. 6. **ACTUARIAL SERVICES BY APPROVED ACTUARIES.** ~~Each~~ (a) The actuarial valuation or quadrennial experience study ~~shall~~ must be made and any actuarial consulting services for a retirement fund or plan ~~shall~~ must be provided by an approved actuary. The actuarial valuation or quadrennial experience study ~~shall~~ must include a ~~certification~~ declaration that it has been prepared ~~in accordance with the provisions of~~ according to sections 356.20 to 356.23 and the most recent standards for actuarial work adopted by the legislative commission on pensions and retirement.

(b) Actuarial valuations, or experience studies prepared by an actuary retained by a retirement fund or plan must be submitted to the legislative commission on pensions and retirement within ten days of the submission of the document to the retirement fund or plan.

Sec. 19. Minnesota Statutes 1990, section 356.215, subdivision 7, is amended to read:

Subd. 7. **ESTABLISHMENT OF ACTUARIAL ASSUMPTIONS.** Actuarial assumptions used for actuarial valuations under this section that are other than those set forth in this section may be changed only with the approval of the legislative commission on pensions and retirement. A change in the applicable actuarial assumptions may be proposed by the governing board of the applicable pension fund or relief association, by the actuary retained by the legislative commission on pensions and retirement, by the actuarial advisor ~~retained by~~ to a pension fund governed by chapter 352, 353, 354, or 354A, or by the actuary retained by a local police or firefighters relief association governed by sections 69.77 or 69.771 to 69.776, if one is retained.

Sec. 20. **[356.217] MODIFICATIONS IN ACTUARIAL SERVICES.**

(a) The actuary retained by the legislative commission on pensions and retirement is not required to prepare actuarial valuations of the public employees local government correctional employees retirement plan unless the plan is implemented by a county under Minnesota Statutes, section 353C.04.

(b) The cost of any requested benefit projections by the commission-retained actuary relating to the Minnesota postretirement investment fund for the state board of investment is payable by the state board of investment.

(c) Actuarial valuations under Minnesota Statutes, section 356.215, for July 1, 1991, and thereafter, are not required to have an individual commentary section. The commentary section, if omitted from the individual plan actuarial valuation, must be included in an appropriate generalized format as part of the report to the legislature under Minnesota Statutes, section 3.85, subdivision 11.

(d) Actuarial valuations under Minnesota Statutes, section 356.215, for July 1, 1991, and thereafter, are not required to contain separate actuarial valuation results for basic and coordinated programs unless each program has a membership of at least ten percent of the total membership of the fund. Actuarial valuations under Minnesota Statutes, section 356.215, for July 1, 1991, and thereafter, are not required to contain cash flow forecasts.

(e) Actuarial valuations of the public employees police and fire fund local consolidation accounts for July 1, 1991, and thereafter, are not required to contain separate tabulations or summaries of active member, service retirement, disability retirement, and survivor data for each local consolidation account.

(f) The commission-retained actuary is:

(1) required to publish experience findings for plans for which experience findings are required only on a quadrennial basis for the four-year period ending June 30, 1992, and every four years thereafter;

(2) not required to prepare a separate experience analysis or publish sepa-

rate experience findings for basic and coordinated programs if separate actuarial valuation results for the programs are not required; and

(3) not required to calculate investment rate of return experience results on any basis other than current asset value as defined in Minnesota Statutes, section 356.215, subdivision 1, clause (6).

Sec. 21. **REPEALER.**

Minnesota Statutes 1990, sections 352.85, subdivision 6; 352.86, subdivision 4; and 353A.09, subdivision 7, are repealed.

Sec. 22. **EFFECTIVE DATE.**

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

ARTICLE 4

MISCELLANEOUS RETIREMENT PROVISIONS

Section 1. Minnesota Statutes 1990, section 354B.01, is amended by adding a subdivision to read:

Subd. 1a. **SUPPLEMENTAL PLAN.** "Supplemental plan" means the supplemental retirement plan established in sections 354B.07 to 354B.09.

Sec. 2. **[354B.06] RULES.**

The state university system and the community college system may adopt rules to administer the provisions of sections 354B.07 to 354B.09. The systems may deposit member contributions in a nontreasury account established under chapter 136, an account or accounts established under section 11A.17, or other appropriate accounts of the state board of investment for investment under procedures established by the state board of investment.

Sec. 3. **[354B.07] SUPPLEMENTAL RETIREMENT PLAN.**

Subdivision 1. **ESTABLISHMENT.** The supplemental retirement plan for personnel employed by the state university board and the state board for community colleges who are in the unclassified service of the state commencing July 1 following the completion of the second year of their full-time contract is governed by this section. An unclassified employee employed by the state university board or the state board for community colleges in subsidized on-the-job training, work experience, or public service employment as an enrollee under the federal Comprehensive Employment and Training Act is not included in the supplemental retirement plan provided for in this section after March 30, 1978, unless the unclassified employee has as of the later of March 30, 1978, or the date of employment sufficient service credit in the retirement fund providing primary retirement coverage to meet the minimum vesting requirements for a deferred retirement annuity, or the board agrees in writing to make the employer contribution required by this section on account of that unclassified employee from revenue sources other than funds provided under the federal Comprehensive Employment and Training Act, or the unclassified employee agrees in writing to make the employer contribution required by this section in addition to the member contribution.

Subd. 2. **REDEMPTIONS.** The chancellor of the state university system and the chancellor of the state community college system shall redeem all shares in the accounts of the Minnesota supplemental investment fund held on behalf of personnel in the supplemental plan who elect an investment option other than the supplemental investment fund, except that shares in the guaranteed return account may not be redeemed until the expiration dates for the guaranteed investment contracts. The chancellors shall transfer the cash realized to the financial institutions selected by the state university board and the community college board under section 354B.05.

Sec. 4. **[354B.08] SALARY DEDUCTIONS, MATCHING FUNDS.**

Subdivision 1. **DEDUCTIONS.** The state university board and the state board for community colleges shall deduct from the salary of each person described in section 354B.07 a sum equal to five percent of the person's annual salary paid between $6,000 and $15,000. The deduction must be made in the same manner as other retirement deductions are made from the salary of the person. The employer shall make a contribution to the plan on behalf of every covered person in an amount equal to the deductions made from the salary of the person. If an agreement is made under section 356.24 for additional employer contributions, an amount equal to the additional employer contribution must be deducted from the person's annual salary above $15,000 as specified in this subdivision. Two percent of the amount of the salary deductions and employer contributions may be used by the state university board and the state board for community colleges for payment of necessary and reasonable administrative expenses.

Subd. 2. **ADMINISTRATION.** The chancellor of the state university system and the chancellor of the state community college system shall administer the supplemental retirement plan for their employees. The chancellors shall invest contributions made under this section, less amounts used for administrative expenses, as authorized by law. The retirement contributions and death benefits provided by annuity contracts or custodial accounts purchased by the chancellors are owned by the plan and must be paid in accordance with the annuity contracts or custodial accounts.

Sec. 5. **[354B.09] TAX SHELTER PROVISIONS.**

Subdivision 1. **AGREEMENTS; ADJUSTMENTS.** For the purpose of, and to permit the participation in a tax shelter under provisions of sections 501(c) and 403(b) and related provisions of the Internal Revenue Code, the state university board and the board for community colleges may enter into agreements to reduce or adjust salaries downward for persons defined in section 354B.07, subdivision 1, and to pay as employer an amount equivalent to the salary reduction in the same manner as deductions would have been paid by the person under section 354B.08, subdivision 1.

Subd. 2. **RULES.** Subject to the approval of their governing boards, the chancellors of the state university system and community college system may adopt rules and procedures consistent with sections 354B.07 to 354B.09 which permit, if possible, participation in a tax shelter under provisions of the Internal Revenue Code.

Sec. 6. **TRANSFER.**

The executive director of the teachers retirement association shall transfer the administrative records of the supplemental retirement plan to the chancellor of the state university system and the chancellor of the state community college system on July 1, 1991.

Sec. 7. **PURCHASE OF PRIOR SERVICE CREDIT.**

Subdivision 1. **ELIGIBILITY.** Notwithstanding the limitations in Minnesota Statutes, section 353.27, subdivision 12, a member of the public employees retirement association born on August 22, 1956, who was employed by the city of Minneapolis as a construction equipment operator beginning on June 24, 1983, on a temporary or seasonal basis, and who first became eligible for public employees retirement association membership during 1985, but for whom no employee or employer contributions were made until September 1986, may purchase allowable service credit from the public employees retirement association for the period of eligible service between January 1985 and September 1986 upon receipt by the association of the amount specified in subdivision 2.

Subd. 2. **PURCHASE PAYMENT AMOUNT.** To purchase credit for prior eligible service under subdivision 1, there must be paid to the public employees retirement association an amount equal to the present value, on the date of payment, of the amount of the additional retirement annuity obtained by purchase of the additional service credit. Calculation of this amount must be made using the applicable preretirement interest rate specified in Minnesota Statutes, section 356.215, subdivision 4d, and the mortality table adopted for the fund. The calculation must assume continuous future service in the association until, and retirement at, the age at which the minimum requirements of the retirement association for normal retirement or retirement with an annuity unreduced for retirement at an early age, including Minnesota Statutes, section 356.30, are met with the additional service credit purchased. The calculation must also assume a future salary history that includes annual salary increases at the salary increase rate specified in section 356.215, subdivision 4d. The member must establish in the records of the association proof of the service for which the purchase of prior service is requested. The manner of the proof of service must be in accordance with procedures prescribed by the executive director of the association. The portion of the total cost of the purchase to be paid by the member is specified in subdivision 3. The remaining portion of total cost is to be paid by the employer, as specified in subdivision 4.

Subd. 3. **MEMBER PAYMENT.** To receive credit for the eligible service between January 1985 and September 1986, the member must pay an amount equal to the employee contribution rate or rates in effect during the period or periods of prior eligible non-credited service, applied to the actual salary rate in effect during the period or periods of prior service, plus six percent interest compounded annually from the date on which the contributions would otherwise have been made to the date on which the payment is made. Payment must be made in one lump sum before July 1, 1992.

Subd. 4. **EMPLOYER PAYMENT; SERVICE CREDIT.** Within 60 days of receipt by the association of the member contribution specified in subdivision 3, the city of Minneapolis shall pay an amount equal to the difference between the amount specified in subdivision 2 and the member payment specified in subdivision 3. This amount must be paid in one lump sum. The period of allowable service may be credited to the account of the person only after the receipt of full payment by the executive director.

Sec. 8. **REPEALER.**

Minnesota Statutes 1990, sections 136.80; 136.81; 136.82; 136.83; 136.84; 136.85; and 136.87, are repealed.

Sec. 9. **EFFECTIVE DATE.**

Sections 1 to 6 and 8 are effective July 1, 1991. Section 7 is effective the day following final enactment.

Presented to the governor May 29, 1991

Signed by the governor June 1, 1991, 3:34 p.m.

CHAPTER 270—H.F.No. 551

An act relating to public safety; increasing the chemical dependency assessment charge for repeat violators of the driving while intoxicated laws; extending waiting period for person to receive limited driver's license who has been convicted of certain crimes; establishing a pilot program for the use of ignition interlock devices; providing immunity from liability arising out of the use of breath alcohol testing devices in liquor establishments; prohibiting the use of the breath alcohol test as evidence; authorizing counties to create pilot programs to provide intensive probation for repeat violators of the driving while intoxicated laws; imposing penalties; appropriating money; amending Minnesota Statutes 1990, sections 169.121, subdivision 5a; 171.17; and 171.30, subdivisions 2, 4, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 171 and 604.

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