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State of Minnesota  
**HOUSE OF REPRESENTATIVES**

EIGHTY-EIGHTH SESSION

**H. F. No. 1951**

02/25/2014 Authored by Murphy, M., and Simonson

The bill was read for the first time and referred to the Committee on Government Operations

03/31/2014 Adoption of Report: Amended and re-referred to the Committee on State Government Finance and Veterans Affairs

04/02/2014 Adoption of Report: Amended and re-referred to the Committee on Rules and Legislative Administration

04/03/2014 Adoption of Report: Re-referred to the Committee on Ways and Means

1.1 A bill for an act  
1.2 relating to retirement; various Minnesota public employee retirement plans;  
1.3 allowing MSRS-General deferred members to vote in board elections;  
1.4 continuing Stevens County Housing and Redevelopment Authority employees  
1.5 in PERA-General; excluding fixed-route bus drivers employed by the St.  
1.6 Cloud Metropolitan Transit Commission from PERA-General coverage;  
1.7 increasing member and employer contribution rates for certain retirement  
1.8 plans; providing for the consolidation of the Duluth Teachers Retirement Fund  
1.9 Association retirement plan and fund into the statewide Teachers Retirement  
1.10 Association; revising an amortization target date, creating new state aid  
1.11 programs; appropriating money; extending a MnSCU early retirement incentive  
1.12 program; increasing the limit for certain reemployed MnSCU retirees; extending  
1.13 the applicability of a second chance at tenure retirement coverage election  
1.14 opportunity for MnSCU faculty members; revising investment authority for  
1.15 various defined contribution plans or programs; authorizing the State Board of  
1.16 Investment to revise, remove, or create investment options for the Minnesota  
1.17 supplemental investment fund; expanding permissible investments under the  
1.18 unclassified state employees retirement program, the public employees defined  
1.19 contribution plan, the deferred compensation program, and the health care savings  
1.20 plan; revising salary reporting requirements; clarifying retirement provision  
1.21 applications to sheriffs; revising local government postretirement option program  
1.22 requirements and extending expiration date; clarifying future postretirement  
1.23 adjustment rates for former members of the former Minneapolis Firefighters  
1.24 Relief Association and the former Minneapolis Police Relief Association; making  
1.25 technical changes to amortization state aid and supplemental state aid; clarifying  
1.26 the eligibility of independent nonprofit firefighting corporations to receive police  
1.27 and fire supplemental retirement state aid; implementing the recommendations  
1.28 of the 2013-2014 state auditor volunteer fire working group; modifying the  
1.29 disability benefit application deadline for certain former Wadena County sheriff's  
1.30 deputies; authorizing city of Duluth and Duluth Airports Authority employee  
1.31 salary-supplement payments coverage following Court of Appeals decision;  
1.32 specifying interest rate for computing joint and survivor annuities; revising  
1.33 postretirement adjustment triggers; revising reemployed annuitant withholding in  
1.34 certain divorce situations; clarifying medical advisor and resumption of teaching  
1.35 provisions; specifying explicit postretirement adjustment assumptions; allowing  
1.36 volunteer firefighter relief associations to pay state fire chiefs association dues  
1.37 from the special fund; authorizing MnSCU employee to elect TRA coverage and  
1.38 transfer past service from IRAP to TRA; clarifying the applicability of 2013  
1.39 postretirement adjustment modifications to certain county sheriffs; ratifying or

2.1 grandparenting MSRS-Correctional plan coverage for Department of Human  
 2.2 Services employees; allowing various service credit purchases; requiring a  
 2.3 PERA report on certain survivor benefit amounts; amending Minnesota Statutes  
 2.4 2012, sections 3A.01, subdivision 1a; 11A.17, subdivisions 1, 9; 13.632,  
 2.5 subdivision 1; 122A.18, subdivision 7a; 136F.481; 352.01, subdivisions 2b,  
 2.6 12; 352.03, subdivision 1, by adding a subdivision; 352.04, subdivisions 2,  
 2.7 3; 352.115, subdivisions 8, 10; 352.1155, subdivisions 1, 4; 352.90; 352.91,  
 2.8 subdivisions 1, 2, 3c, 3d, 3e, 3f, by adding a subdivision; 352.92, subdivisions  
 2.9 1, 2; 352.965, subdivision 4, by adding subdivisions; 352.98, subdivision 2;  
 2.10 352B.08, subdivision 3; 352D.04, by adding subdivisions; 353.01, subdivision  
 2.11 14; 353.27, subdivisions 2, 3, 3b, 4, by adding a subdivision; 353.30, subdivision  
 2.12 3; 353.37, by adding a subdivision; 353.371, by adding a subdivision; 353.6511,  
 2.13 subdivision 7; 353.6512, subdivision 7; 353D.05, subdivision 1, by adding a  
 2.14 subdivision; 354.05, subdivisions 2, 7, 13; 354.42, subdivisions 2, 3; 354.44,  
 2.15 subdivision 5; 354.445; 354.48, subdivision 6a; 354A.011, subdivisions 11, 15a,  
 2.16 27; 354A.021, subdivision 1; 354A.092; 354A.093, subdivision 1; 354A.096;  
 2.17 354A.12, subdivision 2; 354A.29, subdivision 8; 354A.31, subdivisions 1,  
 2.18 3a; 354A.32, subdivision 1; 354A.35, subdivision 1; 354A.37, subdivisions  
 2.19 3, 4; 354A.39; 354A.41; 354B.21, subdivisions 2, 3a; 355.01, subdivision  
 2.20 2c; 356.215, subdivision 11; 356.24, subdivision 1; 356.302, subdivision  
 2.21 7; 356.303, subdivision 4; 356.32, subdivision 2; 356.415, subdivision 1d;  
 2.22 356.42, subdivision 3; 356.465, subdivision 3; 356.47, subdivision 3; 356.635,  
 2.23 subdivision 6; 356.99, subdivision 1; 356A.06, subdivisions 7, 7a; 424A.015,  
 2.24 by adding a subdivision; 424A.016, subdivisions 4, 7; 424A.05, subdivision  
 2.25 3; 424A.08; 424B.12; 490.121, subdivision 2a; Minnesota Statutes 2013  
 2.26 Supplement, sections 69.051, subdivisions 1a, 3; 352.01, subdivision 2a; 352.03,  
 2.27 subdivision 4; 353.01, subdivisions 2a, 2b; 353.651, subdivision 4; 354.436;  
 2.28 354.44, subdivision 6; 354A.12, subdivisions 1, 2a, 3a, 3c; 354A.27, subdivision  
 2.29 6a; 356.20, subdivision 2; 356.214, subdivision 1; 356.215, subdivision  
 2.30 8; 356.219, subdivision 8; 356.30, subdivision 3; 356.401, subdivision 3;  
 2.31 356.415, subdivisions 1a, 1c, 1e, 1f; 356.91; 423A.02, subdivision 3; 423A.022,  
 2.32 subdivisions 2, 3; 424A.016, subdivision 6; 424A.02, subdivisions 3, 7;  
 2.33 424A.092, subdivision 6; 424A.093, subdivisions 2, 6; 424A.094, subdivision  
 2.34 2; 424A.10, subdivision 2; Laws 2009, chapter 169, article 5, section 2, as  
 2.35 amended; article 6, section 1; proposing coding for new law in Minnesota  
 2.36 Statutes, chapters 354; 354A; 356; repealing Minnesota Statutes 2012, sections  
 2.37 11A.17, subdivision 4; 352.965, subdivision 5; 352D.04, subdivision 1;  
 2.38 353D.05, subdivision 2; 354A.021, subdivision 5; 354A.108; 354A.24; 354A.27,  
 2.39 subdivision 5; 356.415, subdivision 3; Minnesota Statutes 2013 Supplement,  
 2.40 sections 354A.27, subdivisions 6a, 7; 354A.31, subdivision 4a.

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

## 2.42 ARTICLE 1

### 2.43 RETIREMENT PLAN MEMBERSHIP INCLUSIONS AND EXCLUSIONS

2.44 Section 1. Minnesota Statutes 2013 Supplement, section 352.01, subdivision 2a,  
 2.45 is amended to read:

2.46 Subd. 2a. **Included employees.** (a) "State employee" includes:

2.47 (1) employees of the Minnesota Historical Society;

2.48 (2) employees of the State Horticultural Society;

2.49 (3) employees of the Minnesota Crop Improvement Association;

3.1 (4) employees of the adjutant general whose salaries are paid from federal funds and  
3.2 who are not covered by any federal civilian employees retirement system;

3.3 (5) employees of the Minnesota State Colleges and Universities who are employed  
3.4 under the university or college activities program;

3.5 (6) currently contributing employees covered by the system who are temporarily  
3.6 employed by the legislature during a legislative session or any currently contributing  
3.7 employee employed for any special service as defined in subdivision 2b, clause (8);

3.8 (7) employees of the legislature who are appointed without a limit on the duration  
3.9 of their employment and persons employed or designated by the legislature or by a  
3.10 legislative committee or commission or other competent authority to conduct a special  
3.11 inquiry, investigation, examination, or installation;

3.12 (8) trainees who are employed on a full-time established training program  
3.13 performing the duties of the classified position for which they will be eligible to receive  
3.14 immediate appointment at the completion of the training period;

3.15 (9) employees of the Minnesota Safety Council;

3.16 (10) any employees who are on authorized leave of absence from the Transit  
3.17 Operating Division of the former Metropolitan Transit Commission and who are employed  
3.18 by the labor organization which is the exclusive bargaining agent representing employees  
3.19 of the Transit Operating Division;

3.20 (11) employees of the Metropolitan Council, Metropolitan Parks and Open Space  
3.21 Commission, Metropolitan Sports Facilities Commission, or Metropolitan Mosquito  
3.22 Control Commission unless excluded under subdivision 2b or are covered by another  
3.23 public pension fund or plan under section 473.415, subdivision 3;

3.24 (12) judges of the Tax Court;

3.25 (13) personnel who were employed on June 30, 1992, by the University of  
3.26 Minnesota in the management, operation, or maintenance of its heating plant facilities,  
3.27 whose employment transfers to an employer assuming operation of the heating plant  
3.28 facilities, so long as the person is employed at the University of Minnesota heating plant  
3.29 by that employer or by its successor organization;

3.30 (14) personnel who are employed as seasonal employees in the classified or  
3.31 unclassified service;

3.32 (15) persons who are employed by the Department of Commerce as a peace officer  
3.33 in the Commerce Fraud Bureau under section 45.0135 who have attained the mandatory  
3.34 retirement age specified in section 43A.34, subdivision 4;

3.35 (16) employees of the University of Minnesota unless excluded under subdivision  
3.36 2b, clause (3);

4.1 (17) employees of the Middle Management Association whose employment began  
4.2 after July 1, 2007, and to whom section 352.029 does not apply;

4.3 (18) employees of the Minnesota Government Engineers Council to whom section  
4.4 352.029 does not apply;

4.5 (19) employees of the Minnesota Sports Facilities Authority; ~~and~~

4.6 (20) employees of the Minnesota Association of Professional Employees;

4.7 (21) employees of the Minnesota State Retirement System;

4.8 (22) employees of the State Agricultural Society;

4.9 (23) employees of the Gillette Children's Hospital Board who were employed in the  
4.10 state unclassified service at the former Gillette Children's Hospital on March 28, 1974; and

4.11 (24) if approved for coverage by the Board of Directors of Conservation Corps  
4.12 Minnesota, employees of Conservation Corps Minnesota so employed on June 30, 2003.

4.13 (b) Employees specified in paragraph (a), clause (13), are included employees under  
4.14 paragraph (a) if employer and employee contributions are made in a timely manner in the  
4.15 amounts required by section 352.04. Employee contributions must be deducted from  
4.16 salary. Employer contributions are the sole obligation of the employer assuming operation  
4.17 of the University of Minnesota heating plant facilities or any successor organizations to  
4.18 that employer.

4.19 **EFFECTIVE DATE.** This section is effective July 1, 2014.

4.20 Sec. 2. Minnesota Statutes 2012, section 352.01, subdivision 2b, is amended to read:

4.21 Subd. 2b. **Excluded employees.** "State employee" does not include:

4.22 (1) persons who are:

4.23 (i) students who are employed by the University of Minnesota, or within the

4.24 Minnesota State Colleges and Universities system, unless approved for coverage by

4.25 the Board of Regents of the University of Minnesota or the Board of Trustees of the

4.26 Minnesota State Colleges and Universities, whichever is applicable applies;

4.27 (ii) employed as interns for a period not to exceed six months unless included under

4.28 subdivision 2a, paragraph (a), clause (8);

4.29 (iii) employed as trainee employees unless included under subdivision 2a, paragraph

4.30 (a), clause (8); or

4.31 (iv) employed in the student worker classification as designated by Minnesota

4.32 Management and Budget;

4.33 (2) employees who are:

4.34 (i) eligible for membership in the state Teachers Retirement Association, except

4.35 employees unless the person is an employee of the Department of Education who have

5.1 ~~chosen or may choose~~ elected to be covered by the general state employees retirement plan  
 5.2 of the Minnesota State Retirement System instead of the Teachers Retirement Association;

5.3 (ii) employees of the state who, in any year, were credited with 12 months of  
 5.4 allowable service as a public school teacher and, as such, are members of a retirement plan  
 5.5 governed by chapter 354 or 354A unless the employment is incidental employment as a  
 5.6 state employee that is not covered by a retirement plan governed by chapter 354 or 354A;

5.7 (iii) employees of the state who are employed by the Board of Trustees of the  
 5.8 Minnesota State Colleges and Universities in an unclassified position that is listed in  
 5.9 section 43A.08, subdivision 1, clause (9);

5.10 (iv) persons employed by the Board of Trustees of the Minnesota State Colleges and  
 5.11 Universities who elected retirement coverage other than by the general state employees  
 5.12 retirement plan of the Minnesota State Retirement System under Minnesota Statutes  
 5.13 1994, section 136C.75;

5.14 (v) officers or enlisted personnel in the National Guard or in the naval militia who  
 5.15 are assigned to permanent peacetime duty and who are or are required to be members of a  
 5.16 federal retirement system under federal law;

5.17 (vi) persons employed by the Department of Military Affairs as full-time firefighters  
 5.18 and who, as such, are members of the public employees police and fire retirement plan;

5.19 (vii) members of the State Patrol retirement plan under section 352B.011,  
 5.20 subdivision 10;

5.21 (viii) off-duty police officers while employed by the Metropolitan Council and  
 5.22 persons employed as full-time police officers by the Metropolitan Council and who, as  
 5.23 such, are members of the public employees police and fire retirement plan; and

5.24 (ix) employees of the state who have elected to transfer account balances derived  
 5.25 from state service to the unclassified state employees retirement program under section  
 5.26 352D.02, subdivision 1d;

5.27 (3) employees of the University of Minnesota who are excluded from coverage by  
 5.28 action of the Board of Regents;

5.29 ~~(4) officers and enlisted personnel in the National Guard and the naval militia who~~  
 5.30 ~~are assigned to permanent peacetime duty and who under federal law are or are required to~~  
 5.31 ~~be members of a federal retirement system;~~

5.32 ~~(5) (4) election officers judges and persons who are employed solely to administer~~  
 5.33 ~~elections;~~

5.34 ~~(6) (5) persons who are;~~

5.35 (i) engaged in public work for the state but who are employed by contractors when the  
 5.36 performance of the contract is authorized by the legislature or other competent authority;

6.1 ~~(7) officers and employees of the senate, or of the house of representatives, or of a~~  
6.2 ~~legislative committee or commission who are temporarily employed;~~

6.3 (ii) employed to perform professional services where the service is incidental to the  
6.4 person's regular professional duties and where compensation is paid on a per diem basis; or

6.5 (iii) compensated on a fee payment basis or as an independent contractor;

6.6 (6) persons who are employed:

6.7 (i) on a temporary basis by the house of representatives, the senate, or a legislative  
6.8 commission or agency under the jurisdiction of the Legislative Coordinating Commission;

6.9 (ii) as a temporary employee on or after July 1 for a period ending on or before  
6.10 October 15 of that calendar year for the Minnesota State Agricultural Society or the  
6.11 Minnesota State Fair, or as an employee at any time for a special event held on the  
6.12 fairgrounds;

6.13 (iii) by the executive branch as a temporary employee in the classified service or  
6.14 as an executive branch temporary employee in the unclassified service if appointed for a  
6.15 definite period not to exceed six months, and if employment is less than six months, then  
6.16 in any 12-month period;

6.17 (iv) by the adjutant general if employed on an unlimited intermittent or temporary  
6.18 basis in the classified service or in the unclassified service for the support of Army or Air  
6.19 National Guard training facilities;

6.20 (v) by a state or federal program for training or rehabilitation as a temporary  
6.21 employee if employed for a limited period from an area of economic distress and if other  
6.22 than a skilled or supervisory personnel position or other than a position that has civil  
6.23 service status covered by the retirement system; and

6.24 (vi) by the Metropolitan Council or a statutory board of the Metropolitan Council  
6.25 where the members of the board are appointed by the Metropolitan Council as a temporary  
6.26 employee if the appointment does not exceed six months;

6.27 ~~(8) (7) receivers, jurors, notaries public, and court employees who are not in the~~  
6.28 ~~judicial branch as defined in section 43A.02, subdivision 25, except referees and adjusters~~  
6.29 ~~employed by the Department of Labor and Industry;~~

6.30 ~~(9) (8) patient and inmate help who perform services in state charitable, penal, and~~  
6.31 ~~correctional institutions, including the a Minnesota Veterans Home;~~

6.32 ~~(10) persons who are employed for professional services where the service is~~  
6.33 ~~incidental to their regular professional duties and whose compensation is paid on a per~~  
6.34 ~~diem basis;~~

6.35 ~~(11) (9) employees of the Sibley House Association;~~

6.36 (10) persons who are:

- 7.1 ~~(12) the (i) members of any state board or commission who serve the state~~  
7.2 ~~intermittently and are paid on a per diem basis; the secretary, secretary-treasurer, and~~  
7.3 ~~treasurer of those boards if their compensation is \$5,000 or less per year, or, if they are~~  
7.4 ~~legally prohibited from serving more than three years; and the board of managers of the~~  
7.5 ~~State Agricultural Society and its treasurer unless the treasurer is also its full-time secretary;~~
- 7.6 ~~(13) state troopers and persons who are described in section 352B.011, subdivision~~  
7.7 ~~10, clauses (2) to (8);~~
- 7.8 ~~(14) temporary employees of the Minnesota State Fair who are employed on or~~  
7.9 ~~after July 1 for a period not to extend beyond October 15 of that year; and persons who~~  
7.10 ~~are employed at any time by the state fair administration for special events held on the~~  
7.11 ~~fairgrounds;~~
- 7.12 ~~(ii) examination monitors employed by a department, agency, commission, or board~~  
7.13 ~~of the state to conduct examinations that are required by law; or~~
- 7.14 ~~(iii) appointees serving as a member of a fact-finding commission or an adjustment~~  
7.15 ~~panel, an arbitrator, or a labor referee under chapter 179;~~
- 7.16 ~~(15) (11) emergency employees who are in the classified service; except that,~~  
7.17 ~~but if an emergency employee, within the same pay period, becomes a provisional or~~  
7.18 ~~probationary employee on other than a temporary basis, the employee must be considered~~  
7.19 ~~a "state employee" retroactively to the beginning of the pay period;~~
- 7.20 ~~(16) temporary employees in the classified service, and temporary employees in the~~  
7.21 ~~unclassified service who are appointed for a definite period of not more than six months~~  
7.22 ~~and who are employed less than six months in any one-year period;~~
- 7.23 ~~(17) interns who are hired for six months or less and trainee employees, except~~  
7.24 ~~those listed in subdivision 2a, clause (8);~~
- 7.25 ~~(18) persons whose compensation is paid on a fee basis or as an independent~~  
7.26 ~~contractor;~~
- 7.27 ~~(19) state employees who are employed by the Board of Trustees of the Minnesota~~  
7.28 ~~State Colleges and Universities in unclassified positions enumerated in section 43A.08,~~  
7.29 ~~subdivision 1, clause (9);~~
- 7.30 ~~(20) state employees who in any year have credit for 12 months service as teachers~~  
7.31 ~~in the public schools of the state and as teachers are members of the Teachers Retirement~~  
7.32 ~~Association or a retirement system in St. Paul, Minneapolis, or Duluth, except for~~  
7.33 ~~incidental employment as a state employee that is not covered by one of the teacher~~  
7.34 ~~retirement associations or systems;~~

8.1 ~~(21) employees of the adjutant general who are employed on an unlimited~~  
8.2 ~~intermittent or temporary basis in the classified or unclassified service for the support of~~  
8.3 ~~Army and Air National Guard training facilities;~~

8.4 ~~(22) chaplains and nuns~~ (12) persons who are members of a religious order who are  
8.5 ~~excluded from coverage under the federal Old Age, Survivors, Disability, and Health~~  
8.6 ~~Insurance Program for the performance of service as specified in United States Code, title~~  
8.7 ~~42, section 410(a)(8)(A), as amended, if no irrevocable election of coverage has been~~  
8.8 ~~made under section 3121(r) of the Internal Revenue Code of 1986, as amended through~~  
8.9 ~~December 31, 1992;~~

8.10 ~~(23) examination monitors who are employed by departments, agencies,~~  
8.11 ~~commissions, and boards to conduct examinations required by law;~~

8.12 ~~(24) persons who are appointed to serve as members of fact-finding commissions or~~  
8.13 ~~adjustment panels, arbitrators, or labor referees under chapter 179;~~

8.14 ~~(25) temporary employees who are employed for limited periods under any state or~~  
8.15 ~~federal program for training or rehabilitation, including persons who are employed for~~  
8.16 ~~limited periods from areas of economic distress, but not including skilled and supervisory~~  
8.17 ~~personnel and persons having civil service status covered by the system;~~

8.18 ~~(26) full-time students who are employed by the Minnesota Historical Society~~  
8.19 ~~intermittently during part of the year and full-time during the summer months;~~

8.20 ~~(27) temporary employees who are appointed for not more than six months, of~~  
8.21 ~~the Metropolitan Council and of any of its statutory boards, if the board members are~~  
8.22 ~~appointed by the Metropolitan Council;~~

8.23 ~~(28) persons who are employed in positions designated by the Department of~~  
8.24 ~~Management and Budget as student workers;~~

8.25 ~~(29)~~ (13) ~~members of trades who are employed by the successor to the Metropolitan~~  
8.26 ~~Waste Control Commission, who have trade union pension plan coverage under a~~  
8.27 ~~collective bargaining agreement, and who are first employed after June 1, 1977;~~

8.28 ~~(30) off-duty peace officers while employed by the Metropolitan Council;~~

8.29 ~~(31) persons who are employed as full-time police officers by the Metropolitan~~  
8.30 ~~Council and as police officers are members of the public employees police and fire fund;~~

8.31 ~~(32) persons who are employed as full-time firefighters by the Department of Military~~  
8.32 ~~Affairs and as firefighters are members of the public employees police and fire fund;~~

8.33 ~~(33)~~ (14) ~~foreign citizens who are employed under a work permit of less than three~~  
8.34 ~~years; or under an H-1b/JV H-1b visa or a J-1 visa that is initially valid for less than three~~  
8.35 ~~years of employment, unless notice of a visa extension is supplied which allows them to~~  
8.36 ~~work for three or more years as of the date that the extension is granted and is supplied to~~



9.1 the retirement plan, in which case they are the person is eligible for coverage from the date  
 9.2 extended of the extension; and

9.3 ~~(34) persons who are employed by the Board of Trustees of the Minnesota State~~  
 9.4 ~~Colleges and Universities and who elected to remain members of the Public Employees~~  
 9.5 ~~Retirement Association or of the MERF division of the Public Employees Retirement~~  
 9.6 ~~Association as the successor of the Minneapolis Employees Retirement Fund, whichever~~  
 9.7 ~~applies, under Minnesota Statutes 1994, section 136C.75; and~~

9.8 ~~(35) employees who have elected to transfer service to the unclassified program~~  
 9.9 ~~under section 352D.02, subdivision 1d.~~

9.10 (15) reemployed annuitants of the general state employees retirement plan, the  
 9.11 military affairs personnel retirement plan, the transportation department pilots retirement  
 9.12 plan, the state fire marshal employees retirement plan, or the correctional state employees  
 9.13 retirement plan during the course of that reemployment.

9.14 **EFFECTIVE DATE.** This section is effective July 1, 2014.

9.15 Sec. 3. Minnesota Statutes 2013 Supplement, section 353.01, subdivision 2a, is  
 9.16 amended to read:

9.17 Subd. 2a. **Included employees; mandatory membership.** (a) Public employees  
 9.18 whose annual salary exceeds \$425 in any month is stipulated in advance to exceed \$5,100  
 9.19 if the person is not a school district employee or \$3,800 if the person is a school district  
 9.20 employee and who are not specifically excluded under subdivision 2b or who have not  
 9.21 been provided an option to participate under subdivision 2d, whether individually or by  
 9.22 action of the governmental subdivision, must participate as members of the association  
 9.23 with retirement coverage by the general employees retirement plan under this chapter,  
 9.24 the public employees police and fire retirement plan under this chapter, or the local  
 9.25 government correctional employees retirement plan under chapter 353E, whichever  
 9.26 applies. Membership commences as a condition of their employment on the first day of  
 9.27 their employment or on the first day that the eligibility criteria are met, whichever is later.  
 9.28 Public employees include but are not limited to:

9.29 (1) persons whose salary meets the threshold in this paragraph from employment in  
 9.30 one or more positions within one governmental subdivision;

9.31 (2) elected county sheriffs;

9.32 (3) persons who are appointed, employed, or contracted to perform governmental  
 9.33 functions that by law or local ordinance are required of a public officer, including, but  
 9.34 not limited to:

9.35 (i) town and city clerk or treasurer;

- 10.1 (ii) county auditor, treasurer, or recorder;
- 10.2 (iii) city manager as defined in section 353.028 who does not exercise the option  
10.3 provided under subdivision 2d; or
- 10.4 (iv) emergency management director, as provided under section 12.25;
- 10.5 (4) physicians under section 353D.01, subdivision 2, who do not elect public  
10.6 employees defined contribution plan coverage under section 353D.02, subdivision 2;
- 10.7 (5) full-time employees of the Dakota County Agricultural Society;
- 10.8 (6) employees of the Red Wing Port Authority who were first employed by the  
10.9 Red Wing Port Authority before May 1, 2011, and who are not excluded employees  
10.10 under subdivision 2b; ~~and~~
- 10.11 (7) employees of the Seaway Port Authority of Duluth who are not excluded  
10.12 employees under subdivision 2b;
- 10.13 (8) employees of the Stevens County Housing and Redevelopment Authority who  
10.14 were first employed by the Stevens County Housing and Redevelopment Authority before  
10.15 May 1, 2014, and who are not excluded employees under subdivision 2b; and
- 10.16 (9) employees of the Public Employees Retirement Association.
- 10.17 (b) A public employee or elected official who was a member of the association on  
10.18 June 30, 2002, based on employment that qualified for membership coverage by the public  
10.19 employees retirement plan or the public employees police and fire plan under this chapter,  
10.20 or the local government correctional employees retirement plan under chapter 353E as of  
10.21 June 30, 2002, retains that membership for the duration of the person's employment in that  
10.22 position or incumbency in elected office. Except as provided in subdivision 28, the person  
10.23 shall participate as a member until the employee or elected official terminates public  
10.24 employment under subdivision 11a or terminates membership under subdivision 11b.
- 10.25 (c) If in any subsequent year the annual salary of an included public employee is  
10.26 less than \$425 in any subsequent month the minimum salary threshold specified in this  
10.27 subdivision, the member retains membership eligibility.
- 10.28 (d) For the purpose of participation in the MERF division of the general employees  
10.29 retirement plan, public employees include employees who were members of the former  
10.30 Minneapolis Employees Retirement Fund on June 29, 2010, and who participate as  
10.31 members of the MERF division of the association.

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

10.33 Sec. 4. Minnesota Statutes 2013 Supplement, section 353.01, subdivision 2b, is  
10.34 amended to read:

11.1 Subd. 2b. **Excluded employees.** (a) The following public employees are not eligible  
11.2 to participate as members of the association with retirement coverage by the general  
11.3 employees retirement plan, the local government correctional employees retirement plan  
11.4 under chapter 353E, or the public employees police and fire retirement plan:

11.5 (1) persons whose annual salary from one governmental subdivision never exceeds  
11.6 an amount, stipulated in writing in advance, of \$5,100 if the person is not a school district  
11.7 employee or \$3,800 if the person is a school district employee. If annual compensation  
11.8 from one governmental subdivision to an employee exceeds the stipulated amount in a  
11.9 calendar year or a school year, whichever applies, after being stipulated in advance not to  
11.10 exceed the applicable amount, the stipulation is no longer valid and contributions must  
11.11 be made on behalf of the employee under section 353.27, subdivision 12, from the first  
11.12 month in which the employee received salary exceeding \$425 in a month;

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

11.16 (3) ~~election officers or~~ election judges and persons employed solely to administer  
11.17 elections;

11.18 (4) patient and inmate personnel who perform services for a governmental  
11.19 subdivision;

11.20 (5) except as otherwise specified in subdivision 12a, employees who are ~~hired for~~  
11.21 employed solely in a temporary position as defined under subdivision 12a, and employees  
11.22 who resign from a nontemporary position and accept a temporary position within 30 days  
11.23 of that resignation in the same governmental subdivision;

11.24 (6) employees who are employed by reason of work emergency caused by fire,  
11.25 flood, storm, or similar disaster, but if the person becomes a probationary or provisional  
11.26 employee within the same pay period, other than on a temporary basis, the person is a  
11.27 "public employee" retroactively to the beginning of the pay period;

11.28 (7) employees who by virtue of their employment in one governmental subdivision  
11.29 are required by law to be a member of and to contribute to any of the plans or funds  
11.30 administered by the Minnesota State Retirement System, the Teachers Retirement  
11.31 Association, the Duluth Teachers Retirement Fund Association, ~~and or~~ the St. Paul  
11.32 Teachers Retirement Fund Association; but this clause exclusion must not be construed  
11.33 to prevent a person from being a member of and contributing to the Public Employees  
11.34 Retirement Association and also belonging to and contributing to another public pension  
11.35 plan or fund for other service occurring during the same period of time; and a person who  
11.36 meets the definition of "public employee" in subdivision 2 by virtue of other service

12.1 occurring during the same period of time becomes a member of the association unless  
12.2 contributions are made to another public retirement ~~fund~~ plan on the salary based on the  
12.3 other service or to the Teachers Retirement Association by a teacher as defined in section  
12.4 354.05, subdivision 2;

12.5 (8) persons who are members of a religious order and are excluded from coverage  
12.6 under the federal Old Age, Survivors, Disability, and Health Insurance Program for the  
12.7 performance of service as specified in United States Code, title 42, section 410(a)(8)(A),  
12.8 as amended ~~through January 1, 1987~~, if no irrevocable election of coverage has been made  
12.9 under section 3121(r) of the Internal Revenue Code of 1954, as amended;

12.10 (9) ~~employees of~~ persons who are:

12.11 (i) employed by a governmental subdivision who have not reached the age of 23  
12.12 and who are enrolled on a full-time basis to attend or are attending classes on a full-time  
12.13 basis at an accredited school, college, or university in an undergraduate, graduate, or  
12.14 professional-technical program, or at a public or charter high school;

12.15 ~~(10)~~ (ii) employed as resident physicians, medical interns, ~~and~~ pharmacist residents  
12.16 ~~and, or~~ pharmacist interns ~~who~~ and are serving in a degree or residency program in a  
12.17 public ~~hospitals~~ hospital or ~~clinics~~ in a public clinic; or

12.18 ~~(11)~~ (iii) students who are serving for ~~up~~ a period not to exceed five years in an  
12.19 internship or a residency program that is sponsored by a governmental subdivision,  
12.20 including an accredited educational institution;

12.21 ~~(12)~~ (10) persons who hold a part-time adult supplementary technical college license  
12.22 who render part-time teaching service in a technical college;

12.23 ~~(13)~~ (11) except for employees of Hennepin County or employees of Hennepin  
12.24 Healthcare System, Inc., foreign citizens who are employed by a governmental subdivision  
12.25 under a work permit; or under an H-1b visa initially issued or extended for a combined  
12.26 period of less than three years of employment: but upon extension of the employment  
12.27 of the visa beyond the three-year period, the foreign ~~citizens~~ citizen must be reported  
12.28 for membership beginning on the first of the month ~~thereafter~~ provided following the  
12.29 extension if the monthly earnings threshold as provided under subdivision 2a is met;

12.30 ~~(14)~~ (12) public hospital employees who elected not to participate as members  
12.31 of the association before 1972 and who did not elect to participate from July 1, 1988,  
12.32 to October 1, 1988;

12.33 ~~(15)~~ (13) except as provided in section 353.86, volunteer ambulance service  
12.34 personnel, as defined in subdivision 35, but persons who serve as volunteer ambulance  
12.35 service personnel may still qualify as public employees under subdivision 2 and may  
12.36 be members of the Public Employees Retirement Association and participants in the

13.1 general employees retirement plan or the public employees police and fire plan, whichever  
13.2 applies, on the basis of compensation received from public employment service other than  
13.3 service as volunteer ambulance service personnel;

13.4 ~~(16)~~ (14) except as provided in section 353.87, volunteer firefighters, as defined in  
13.5 subdivision 36, engaging in activities undertaken as part of volunteer firefighter duties,  
13.6 but a person who is a volunteer firefighter may still qualify as a public employee under  
13.7 subdivision 2 and may be a member of the Public Employees Retirement Association and  
13.8 a participant in the general employees retirement plan or the public employees police  
13.9 and fire plan, whichever applies, on the basis of compensation received from public  
13.10 employment activities other than those as a volunteer firefighter;

13.11 ~~(17)~~ (15) pipefitters and associated trades personnel employed by Independent  
13.12 School District No. 625, St. Paul, with coverage under a collective bargaining agreement  
13.13 by the pipefitters local 455 pension plan who were either first employed after May 1,  
13.14 1997, or, if first employed before May 2, 1997, elected to be excluded under Laws 1997,  
13.15 chapter 241, article 2, section 12;

13.16 ~~(18)~~ (16) electrical workers, plumbers, carpenters, and associated trades personnel  
13.17 who are employed by Independent School District No. 625, St. Paul, or the city of St.  
13.18 Paul, who have retirement coverage under a collective bargaining agreement by the  
13.19 Electrical Workers Local 110 pension plan, the United Association Plumbers Local 34  
13.20 pension plan, or the pension plan applicable to Carpenters Local 87 322 who were either  
13.21 first employed after May 1, 2000, or, if first employed before May 2, 2000, elected to be  
13.22 excluded under Laws 2000, chapter 461, article 7, section 5;

13.23 ~~(19)~~ (17) bricklayers, allied craftworkers, cement masons, glaziers, glassworkers,  
13.24 painters, allied tradesworkers, and plasterers who are employed by the city of St. Paul  
13.25 or Independent School District No. 625, St. Paul, with coverage under a collective  
13.26 bargaining agreement by the Bricklayers and Allied Craftworkers Local 1 pension plan,  
13.27 the Cement Masons Local 633 pension plan, the Glaziers and Glassworkers Local L-1324  
13.28 pension plan, the Painters and Allied Trades Local 61 pension plan, or the Twin Cities  
13.29 Plasterers Local 265 pension plan who were either first employed after May 1, 2001, or if  
13.30 first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special  
13.31 Session chapter 10, article 10, section 6;

13.32 ~~(20)~~ (18) plumbers who are employed by the Metropolitan Airports Commission,  
13.33 with coverage under a collective bargaining agreement by the Plumbers Local 34 pension  
13.34 plan, who either were first employed after May 1, 2001, or if first employed before May 2,  
13.35 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article  
13.36 10, section 6;

14.1 ~~(21)~~ (19) employees who are hired after June 30, 2002, solely to fill seasonal positions  
 14.2 under subdivision 12b which are limited in duration by the employer to 185 consecutive  
 14.3 calendar days or less in each year of employment with the governmental subdivision;

14.4 ~~(22)~~ (20) persons who are provided supported employment or work-study positions  
 14.5 by a governmental subdivision and who participate in an employment or industries  
 14.6 program maintained for the benefit of these persons where the governmental subdivision  
 14.7 limits the position's duration to up to five years, including persons participating in a  
 14.8 federal or state subsidized on-the-job training, work experience, senior citizen, youth, or  
 14.9 unemployment relief program where the training or work experience is not provided as a  
 14.10 part of, or for, future permanent public employment;

14.11 ~~(23)~~ (21) independent contractors and the employees of independent contractors;

14.12 ~~(24)~~ (22) reemployed annuitants of the association during the course of that  
 14.13 reemployment; ~~and~~

14.14 ~~(25)~~ (23) persons appointed to serve on a board or commission of a governmental  
 14.15 subdivision or an instrumentality thereof; and

14.16 (24) persons employed as full-time fixed-route bus drivers by the St. Cloud  
 14.17 Metropolitan Transit Commission who are members of the International Brotherhood  
 14.18 of Teamsters Local 638 and who are, by virtue of that employment, members of the  
 14.19 International Brotherhood of Teamsters Central States pension plan.

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

14.23 **EFFECTIVE DATE.** This section is effective July 1, 2014, except paragraph (a),  
 14.24 clause (24), is effective retroactively from August 1, 1986.

14.25 Sec. 5. Minnesota Statutes 2012, section 353.27, is amended by adding a subdivision  
 14.26 to read:

14.27 Subd. 10a. **Written disclosure of membership exclusion determination.** If the  
 14.28 determination by the employer under section 353.01, subdivision 2a, paragraph (a), is to  
 14.29 exclude a public employee from membership, the governmental subdivision shall provide  
 14.30 the employee with a written notice of the exclusion on a form prescribed by the executive  
 14.31 director. The notice must include the statutory basis for the exclusion and information  
 14.32 about the employee's right to appeal the determination to the association under section  
 14.33 356.96. The employer must provide the exclusion notice to the employee within two  
 14.34 weeks of the date of the determination and shall retain a copy in the person's personnel file.

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

15.2 Sec. 6. Minnesota Statutes 2012, section 354.05, subdivision 2, is amended to read:

15.3 Subd. 2. **Teacher.** (a) "Teacher" means:

15.4 (1) a person who renders service as a teacher, supervisor, principal, superintendent,  
15.5 librarian, nurse, counselor, social worker, therapist, or psychologist in a public school of  
15.6 the state ~~located outside of the corporate limits of the city of Duluth or the city of St. Paul~~  
15.7 other than in Independent School District No. 625 or in Independent School District No.  
15.8 709, or in any charter school, irrespective of the location of the school, or in any charitable,  
15.9 penal, or correctional institutions of a governmental subdivision, or who is engaged in  
15.10 educational administration in connection with the state public school system, ~~but excluding~~  
15.11 ~~the University of Minnesota~~, whether the position be a public office or an employment, ~~and~~  
15.12 ~~not including the members or officers of any general governing or managing board or body;~~

15.13 (2) an employee of the Teachers Retirement Association;

15.14 (3) a person who renders teaching service on a part-time basis and who also renders  
15.15 other services for a single employing unit. ~~A person whose~~ where the teaching service  
15.16 comprises at least 50 percent of the combined employment salary is a member of the  
15.17 association for all services with the single employing unit. ~~If the person's teaching service~~  
15.18 ~~comprises or, if less than 50 percent of the combined employment salary, the executive~~  
15.19 ~~director must determine whether~~ determines all or none of the combined service is covered  
15.20 by the association; or

15.21 (4) a person who is not covered by the plans established under chapter 352D, 354A,  
15.22 or 354B and who is employed by the Board of Trustees of the Minnesota State Colleges  
15.23 and Universities system in an unclassified position as:

15.24 (i) a president, vice-president, or dean;

15.25 (ii) a manager or a professional in an academic or an academic support program  
15.26 other than specified in item (i);

15.27 (iii) an administrative or a service support faculty position; or

15.28 (iv) a teacher or a research assistant.

15.29 (b) "Teacher" does not mean:

15.30 (1) a person who works for a school or institution as an independent contractor as  
15.31 defined by the Internal Revenue Service;

15.32 (2) a person who renders part-time teaching service or who is a customized trainer  
15.33 as defined by the Minnesota State Colleges and Universities system if (i) the service is  
15.34 incidental to the regular nonteaching occupation of the person; and (ii) the employer  
15.35 stipulates annually in advance that the part-time teaching service or customized training

16.1 service will not exceed 300 hours in a fiscal year and retains the stipulation in its records;  
 16.2 and (iii) the part-time teaching service or customized training service actually does not  
 16.3 exceed 300 hours in a fiscal year; or

16.4 (3) a person exempt from licensure under section 122A.30;

16.5 (4) annuitants of the teachers retirement plan who are employed after retirement by  
 16.6 an employing unit that participates in the teachers retirement plan during the course of  
 16.7 that reemployment;

16.8 (5) a person who is employed by the University of Minnesota;

16.9 (6) a member or an officer of any general governing or managing board or body of  
 16.10 an employing unit that participates in the teachers retirement plan; or

16.11 (7) a person employed by Independent School District No. 625 or Independent  
 16.12 School District No. 709 as a teacher as defined in section 354A.011, subdivision 27.

16.13 **EFFECTIVE DATE.** This section is effective July 1, 2014.

16.14 Sec. 7. Minnesota Statutes 2012, section 354A.011, subdivision 27, is amended to read:

16.15 Subd. 27. **Teacher.** (a) "Teacher" means any person who renders service for a public  
 16.16 school district, other than a charter school, located in the corporate limits of Duluth or  
 16.17 St. Paul, as any of the following:

16.18 (1) a full-time employee in a position for which a valid license from the state  
 16.19 Department of Education is required;

16.20 (2) an employee of the teachers retirement fund association located in the city of  
 16.21 the first class;

16.22 (3) a part-time employee in a position for which a valid license from the state  
 16.23 Department of Education is required; or

16.24 (4) a part-time employee in a position for which a valid license from the state  
 16.25 Department of Education is required who also renders other nonteaching services for the  
 16.26 school district, unless the board of trustees of the teachers retirement fund association  
 16.27 determines that the combined employment is on the whole so substantially dissimilar to  
 16.28 teaching service that the service may not be covered by the association.

16.29 (b) The term does not mean any person who renders service in the school district  
 16.30 as any of the following:

16.31 (1) an independent contractor or the employee of an independent contractor;

16.32 (2) an employee who is a full-time teacher covered by the Teachers Retirement  
 16.33 Association or by another teachers retirement fund association established pursuant to this  
 16.34 chapter or chapter 354;

16.35 (3) an employee who is exempt from licensure pursuant to section 122A.30;



17.1 (4) an employee who is a teacher in a technical college located in a city of the first  
17.2 class unless the person elects coverage by the applicable first class city teacher retirement  
17.3 fund association under section 354B.21, subdivision 2;

17.4 (5) a teacher employed by a charter school, irrespective of the location of the  
17.5 school; ~~or~~

17.6 (6) an employee who is a part-time teacher in a technical college in a city of the first  
17.7 class and who has elected coverage by the applicable first class city teacher retirement  
17.8 fund association under section 354B.21, subdivision 2, but (i) the teaching service is  
17.9 incidental to the regular nonteaching occupation of the person; (ii) the applicable technical  
17.10 college stipulates annually in advance that the part-time teaching service will not exceed  
17.11 300 hours in a fiscal year; and (iii) the part-time teaching actually does not exceed 300  
17.12 hours in the fiscal year to which the certification applies; or

17.13 (7) a person who is receiving a retirement annuity from the Teachers Retirement  
17.14 Fund Association and is employed after retirement by the school district associated with  
17.15 the retirement fund association.

17.16 **EFFECTIVE DATE.** This section is effective July 1, 2014.

17.17 Sec. 8. Minnesota Statutes 2012, section 356.24, subdivision 1, is amended to read:

17.18 Subdivision 1. **Restriction; exceptions.** It is unlawful for a school district or other  
17.19 governmental subdivision or state agency to levy taxes for or to contribute public funds to  
17.20 a supplemental pension or deferred compensation plan that is established, maintained,  
17.21 and operated in addition to a primary pension program for the benefit of the governmental  
17.22 subdivision employees other than:

17.23 (1) to a supplemental pension plan that was established, maintained, and operated  
17.24 before May 6, 1971;

17.25 (2) to a plan that provides solely for group health, hospital, disability, or death  
17.26 benefits;

17.27 (3) to the individual retirement account plan established by chapter 354B;

17.28 (4) to a plan that provides solely for severance pay under section 465.72 to a retiring  
17.29 or terminating employee;

17.30 (5) for employees other than personnel employed by the Board of Trustees of the  
17.31 Minnesota State Colleges and Universities and covered under the Higher Education  
17.32 Supplemental Retirement Plan under chapter 354C, but including city managers covered  
17.33 by an alternative retirement arrangement under section 353.028, subdivision 3, paragraph  
17.34 (a), or by the defined contribution plan of the Public Employees Retirement Association  
17.35 under section 353.028, subdivision 3, paragraph (b), if the supplemental plan coverage is

18.1 provided for in a personnel policy of the public employer or in the collective bargaining  
18.2 agreement between the public employer and the exclusive representative of public  
18.3 employees in an appropriate unit or in the individual employment contract between a city  
18.4 and a city manager, and if for each available investment all fees and historic rates of return  
18.5 for the prior one-, three-, five-, and ten-year periods, or since inception, are disclosed in an  
18.6 easily comprehended document not to exceed two pages, in an amount matching employee  
18.7 contributions on a dollar for dollar basis, but not to exceed an employer contribution of  
18.8 one-half of the available elective deferral permitted per year per employee, under the  
18.9 Internal Revenue Code:

18.10 (i) to the state of Minnesota deferred compensation plan under section 352.965;

18.11 (ii) in payment of the applicable portion of the contribution made to any investment  
18.12 eligible under section 403(b) of the Internal Revenue Code, if the employing unit has  
18.13 complied with any applicable pension plan provisions of the Internal Revenue Code with  
18.14 respect to the tax-sheltered annuity program during the preceding calendar year; or

18.15 (iii) any other deferred compensation plan offered by the employer under section  
18.16 457 of the Internal Revenue Code;

18.17 (6) for personnel employed by the Board of Trustees of the Minnesota State Colleges  
18.18 and Universities and not covered by clause (5), to the supplemental retirement plan under  
18.19 chapter 354C, if the supplemental plan coverage is provided for in a personnel policy  
18.20 or in the collective bargaining agreement of the public employer with the exclusive  
18.21 representative of the covered employees in an appropriate unit, in an amount matching  
18.22 employee contributions on a dollar for dollar basis, but not to exceed an employer  
18.23 contribution of \$2,700 a year for each employee;

18.24 (7) to a supplemental plan or to a governmental trust to save for postretirement  
18.25 health care expenses qualified for tax-preferred treatment under the Internal Revenue  
18.26 Code, if the supplemental plan coverage is provided for in a personnel policy or in the  
18.27 collective bargaining agreement of a public employer with the exclusive representative of  
18.28 the covered employees in an appropriate unit;

18.29 (8) to the laborers national industrial pension fund or to a laborers local pension fund  
18.30 for the employees of a governmental subdivision who are covered by a collective bargaining  
18.31 agreement that provides for coverage by that fund and that sets forth a fund contribution  
18.32 rate, but not to exceed an employer contribution of \$5,000 per year per employee;

18.33 (9) to the plumbers and pipefitters national pension fund or to a plumbers and  
18.34 pipefitters local pension fund for the employees of a governmental subdivision who are  
18.35 covered by a collective bargaining agreement that provides for coverage by that fund and

19.1 that sets forth a fund contribution rate, but not to exceed an employer contribution of  
 19.2 \$5,000 per year per employee;

19.3 (10) to the international union of operating engineers pension fund for the employees  
 19.4 of a governmental subdivision who are covered by a collective bargaining agreement that  
 19.5 provides for coverage by that fund and that sets forth a fund contribution rate, but not to  
 19.6 exceed an employer contribution of \$5,000 per year per employee;

19.7 (11) to a supplemental plan organized and operated under the federal Internal  
 19.8 Revenue Code, as amended, that is wholly and solely funded by the employee's  
 19.9 accumulated sick leave, accumulated vacation leave, and accumulated severance pay;

19.10 (12) to the International Association of Machinists national pension fund for the  
 19.11 employees of a governmental subdivision who are covered by a collective bargaining  
 19.12 agreement that provides for coverage by that fund and that sets forth a fund contribution  
 19.13 rate, but not to exceed an employer contribution of \$5,000 per year per employee;

19.14 (13) for employees of United Hospital District, Blue Earth, to the state of Minnesota  
 19.15 deferred compensation program, if the employee makes a contribution, in an amount that  
 19.16 does not exceed the total percentage of covered salary under section 353.27, subdivisions  
 19.17 3 and 3a; or

19.18 (14) to the alternative retirement plans established by the Hennepin County Medical  
 19.19 Center under section 383B.914, subdivision 5; or

19.20 (15) to the International Brotherhood of Teamsters Central States pension plan for  
 19.21 fixed-route bus drivers employed by the St. Cloud Metropolitan Transit Commission who  
 19.22 are members of the International Brotherhood of Teamsters Local 638 by virtue of that  
 19.23 employment.

19.24 **EFFECTIVE DATE.** This section is effective retroactively from August 1, 1986.

19.25 Sec. 9. **VALIDATION OF PAST RETIREMENT COVERAGE**  
 19.26 **AND CONTRIBUTIONS FOR STEVENS COUNTY HOUSING AND**  
 19.27 **REDEVELOPMENT AUTHORITY EMPLOYEES.**

19.28 (a) Retirement coverage by the general employees plan of the Public Employees  
 19.29 Retirement Association, allowable service credit, and salary credit for employees of the  
 19.30 Stevens County Housing and Redevelopment Authority who were so employed after  
 19.31 November 7, 1984, and were first so employed before May 1, 2014, who had monthly  
 19.32 salary in any month of at least \$325 until June 30, 1988, and who had monthly salary in  
 19.33 any month of at least \$425 after June 30, 1988, who were not otherwise excluded under  
 19.34 the applicable edition of Minnesota Statutes, section 353.01, subdivision 2b, and who had

20.1 member deductions taken and transferred in a timely manner to the general employees  
 20.2 retirement fund before the effective date of this section are hereby validated.

20.3 (b) Notwithstanding any provision of Minnesota Statutes, chapter 353, to the  
 20.4 contrary, employee contributions deducted from employees of the Stevens County  
 20.5 Housing and Redevelopment Authority described in paragraph (a) before the effective  
 20.6 date of this section and associated employer contributions are valid assets of the general  
 20.7 employees retirement fund and are not subject to refund or adjustment for erroneous  
 20.8 receipt except as provided in Minnesota Statutes, section 353.32, subdivision 1 or 2;  
 20.9 or 353.34, subdivisions 1 and 2.

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

## 20.11 **ARTICLE 2**

### 20.12 **RETIREMENT GOVERNING BOARD PROVISIONS**

20.13 Section 1. Minnesota Statutes 2012, section 352.03, subdivision 1, is amended to read:

20.14 Subdivision 1. **Membership of board; election; term.** (a) The policy-making  
 20.15 function of the system is vested in a board of 11 members known as the board of directors.  
 20.16 This board shall consist of:

20.17 (1) three members appointed by the governor, one of whom must be a constitutional  
 20.18 officer or appointed state official and two of whom must be public members knowledgeable  
 20.19 in pension matters;

20.20 (2) four state employees elected by ~~state employees covered by the system~~ active  
 20.21 members and former members eligible for a deferred annuity from the general state  
 20.22 employees retirement plan, excluding employees in categories specifically authorized  
 20.23 to designate or elect a member by this subdivision, and deferred annuitants for whom  
 20.24 a board member is designated;

20.25 (3) one employee of the Metropolitan Council's transit operations or its successor  
 20.26 agency designated by the executive committee of the labor organization that is the  
 20.27 exclusive bargaining agent representing employees of the transit division;

20.28 (4) one employee who is a member of the State Patrol retirement fund plan elected  
 20.29 by active members of and former members eligible for a deferred annuity from that fund  
 20.30 at a time and in a manner fixed by the board, plan;

20.31 (5) one employee ~~covered by~~ who is a member of the correctional state employees  
 20.32 retirement plan established under this chapter elected by employees covered by active  
 20.33 members and former members eligible for a deferred annuity from that plan; and

21.1 (6) one retired employee of a plan included in the system, elected by disabled and  
 21.2 retired employees of ~~all~~ the plans administered by the system at a time and in a manner ~~to~~  
 21.3 ~~be fixed~~ determined by the board.

21.4 (b) The terms of the four elected state employees under paragraph (a), clause (2),  
 21.5 must be staggered, with two of the state employee members board positions elected  
 21.6 each biennium, whose terms of office begin on the first Monday in May after their  
 21.7 election, ~~must be elected biennially~~. Elected members and the appointed member of the  
 21.8 Metropolitan Council's transit operations hold office for a term of four years and until their  
 21.9 successors are elected or appointed, and have qualified.

21.10 (c) An employee or former employee of the system is not eligible for membership  
 21.11 on the board of directors. A state employee on leave of absence is not eligible for election  
 21.12 or reelection to membership on the board of directors.

21.13 (d) The term of any board member who is on leave for more than six months  
 21.14 automatically ends on expiration of the term of office.

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

21.16 Sec. 2. Minnesota Statutes 2012, section 352.03, is amended by adding a subdivision  
 21.17 to read:

21.18 **Subd. 1b. Membership voting limitations.** Active members and former members  
 21.19 eligible for a deferred annuity from a plan under this chapter or chapter 352B are eligible  
 21.20 to vote in board elections as further specified and restricted in this section. Retired  
 21.21 members and disabilitants from a plan in the system may vote only for the retired member  
 21.22 position under subdivision 1, paragraph (a), clause (6). If a former member eligible for a  
 21.23 deferred annuity from a plan under this chapter or chapter 352B is a deferred annuitant  
 21.24 from more than one plan covered by the system, that person is eligible to vote only in  
 21.25 elections applicable for deferred annuitants from the plan in the system from which the  
 21.26 person last received allowable service. If a person is an active member of a plan in the  
 21.27 system and is a deferred annuitant or a retiree from another plan or plans in the system,  
 21.28 the person is only eligible to vote in board elections applicable due to the active member  
 21.29 plan membership. If a person is a deferred annuitant from a plan in the system and is also  
 21.30 a retiree from another plan in the system, the person is only eligible to vote in elections  
 21.31 applicable due to the retiree status.

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

**ARTICLE 3**

**RETIREMENT PLAN CONTRIBUTION RATE CHANGES**

22.3 Section 1. Minnesota Statutes 2012, section 352.04, subdivision 2, is amended to read:

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

22.6	<del>before July 1, 2007</del>	<del>4.00</del>
22.7	<del>from July 1, 2007, to June 30, 2008</del>	<del>4.25</del>
22.8	<del>from July 1, 2008, to June 30, 2009</del>	<del>4.50</del>
22.9	<del>from July 1, 2009, to June 30, 2010</del>	<del>4.75</del>
22.10	from July 1, 2010, and thereafter <u>to June 30,</u>	
22.11	<u>2014</u>	<del>5.00.</del>
22.12	<u>from July 1, 2014, and thereafter</u>	<u>5.50.</u>

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

22.15 **EFFECTIVE DATE.** This section is effective on the first day of the first full pay  
 22.16 period beginning after July 1, 2014.

22.17 Sec. 2. Minnesota Statutes 2012, section 352.04, subdivision 3, is amended to read:

22.18 Subd. 3. **Employer contributions.** The employer contribution to the fund must be  
 22.19 equal to the following percent of salary:

22.20	<del>before July 1, 2007</del>	<del>4.00</del>
22.21	<del>from July 1, 2007, to June 30, 2008</del>	<del>4.25</del>
22.22	<del>from July 1, 2008, to June 30, 2009</del>	<del>4.50</del>
22.23	<del>from July 1, 2009, to June 30, 2010</del>	<del>4.75</del>
22.24	from July 1, 2010, and thereafter <u>to June 30,</u>	
22.25	<u>2014</u>	<del>5.00.</del>
22.26	<u>from July 1, 2014, and thereafter</u>	<u>5.50.</u>

22.27 **EFFECTIVE DATE.** This section is effective on the first day of the first full pay  
 22.28 period beginning after July 1, 2014.

22.29 Sec. 3. Minnesota Statutes 2012, section 352.92, subdivision 1, is amended to read:

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

22.32	<del>before July 1, 2007</del>	<del>5.69</del>
22.33	<del>from July 1, 2007, to June 30, 2008</del>	<del>6.40</del>
22.34	<del>from July 1, 2008, to June 30, 2009</del>	<del>7.00</del>

23.1	<del>from July 1, 2009, to June 30, 2010</del>	<del>7.70</del>
23.2	from July 1, 2010, <del>and thereafter</del> <u>to June 30,</u>	
23.3	<u>2014</u>	<del>8.60-</del>
23.4	<u>from July 1, 2014, and thereafter</u>	<u>9.10.</u>

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

23.7 **EFFECTIVE DATE.** This section is effective on the first day of the first full pay  
 23.8 period beginning after July 1, 2014.

23.9 Sec. 4. Minnesota Statutes 2012, section 352.92, subdivision 2, is amended to read:

23.10 Subd. 2. **Employer contributions.** The employer shall contribute for covered  
 23.11 correctional employees an amount equal to the following percent of salary:

23.12	<del>before July 1, 2007</del>	<del>7.98</del>
23.13	<del>from July 1, 2007, to June 30, 2008</del>	<del>9.10</del>
23.14	<del>from July 1, 2008, to June 30, 2009</del>	<del>10.10</del>
23.15	<del>from July 1, 2009, to June 30, 2010</del>	<del>11.10</del>
23.16	from July 1, 2010, <del>and thereafter</del> <u>to June 30,</u>	
23.17	<u>2014</u>	<del>12.10-</del>
23.18	<u>from July 1, 2014, and thereafter</u>	<u>12.85.</u>

23.19 **EFFECTIVE DATE.** This section is effective on the first day of the first full pay  
 23.20 period beginning after July 1, 2014.

23.21 Sec. 5. Minnesota Statutes 2012, section 353.27, subdivision 2, is amended to read:

23.22 Subd. 2. **General employees retirement plan; employee contribution.** (a) For  
 23.23 a basic member of the general employees retirement plan of the Public Employees  
 23.24 Retirement Association, the employee contribution is 9.10 percent of salary. For a  
 23.25 coordinated member of the general employees retirement plan of the Public Employees  
 23.26 Retirement Association, the employee contribution is the following percentage of salary  
 23.27 plus any contribution rate adjustment under subdivision 3b:

23.28	<del>Effective before January 1, 2011</del>	<del>6.00</del>
23.29	Effective after December 31, 2010	6.25
23.30	<u>Effective January 1, 2015</u>	<u>6.50.</u>

23.31 (b) These contributions must be made by deduction from salary as defined in section  
 23.32 353.01, subdivision 10, in the manner provided in subdivision 4. If any portion of a  
 23.33 member's salary is paid from other than public funds, the member's employee contribution  
 23.34 must be based on the total salary received by the member from all sources.

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

24.2 Sec. 6. Minnesota Statutes 2012, section 353.27, subdivision 3, is amended to read:

24.3 Subd. 3. **General employees retirement plan; employer contribution.** (a) For  
 24.4 a basic member of the general employees retirement plan of the Public Employees  
 24.5 Retirement Association, the employer contribution is 9.10 percent of salary. For a  
 24.6 coordinated member of the general employees retirement plan of the Public Employees  
 24.7 Retirement Association, the employer contribution is the following percentage of salary  
 24.8 plus any contribution rate adjustment under subdivision 3b:

24.9	<del>Effective before January 1, 2011</del>	<del>6.00</del>
24.10	Effective after December 31, 2010	6.25
24.11	<u>Effective January 1, 2015</u>	<u>6.50.</u>

24.12 (b) This contribution must be made from funds available to the employing  
 24.13 subdivision by the means and in the manner provided in section 353.28.

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

24.15 Sec. 7. Minnesota Statutes 2012, section 353.27, subdivision 3b, is amended to read:

24.16 Subd. 3b. **Change in employee and employer contributions in certain instances.**

24.17 (a) For purposes of this section:

24.18 (1) a contribution sufficiency exists if the total of the employee contribution under  
 24.19 subdivision 2, the employer contribution under subdivision 3, the additional employer  
 24.20 contribution under subdivision 3a, and any additional contribution previously imposed  
 24.21 under this subdivision exceeds the total of the normal cost, the administrative expenses,  
 24.22 and the amortization contribution of the general employees retirement plan as reported in  
 24.23 the most recent actuarial valuation of the retirement plan prepared by the actuary retained  
 24.24 under section 356.214 and prepared under section 356.215 and the standards for actuarial  
 24.25 work of the Legislative Commission on Pensions and Retirement; and

24.26 (2) a contribution deficiency exists if the total of the employee contributions under  
 24.27 subdivision 2, the employer contributions under subdivision 3, the additional employer  
 24.28 contribution under subdivision 3a, and any additional contribution previously imposed  
 24.29 under this subdivision is less than the total of the normal cost, the administrative expenses,  
 24.30 and the amortization contribution of the general employees retirement plan as reported in  
 24.31 the most recent actuarial valuation of the retirement plan prepared by the actuary retained  
 24.32 under section 356.214 and prepared under section 356.215 and the standards for actuarial  
 24.33 work of the Legislative Commission on Pensions and Retirement.



25.1 (b) Employee and employer contributions to the general employees retirement plan  
25.2 under subdivisions 2 and 3 must be adjusted:

25.3 (1) ~~if, on or after July 1, 2010,~~ the regular actuarial valuation of the general employees  
25.4 retirement plan of the Public Employees Retirement Association under section 356.215  
25.5 indicates that there is a contribution sufficiency under paragraph (a) greater than one  
25.6 percent of covered payroll and that the sufficiency has existed for at least two consecutive  
25.7 years, the coordinated program employee and employer contribution rates must be  
25.8 decreased as determined under paragraph (c) to a level such that the sufficiency is no  
25.9 greater than one percent of covered payroll based on the most recent actuarial valuation; or

25.10 (2) ~~if, on or after July 1, 2010,~~ the regular actuarial valuation of the general  
25.11 employees retirement plan of the Public Employees Retirement Association under section  
25.12 356.215 indicates that there is a contribution deficiency equal to or greater than 0.5 percent  
25.13 of covered payroll and that the deficiency has existed for at least two consecutive years,  
25.14 the coordinated program employee and employer contribution rates must be increased  
25.15 as determined under paragraph (d) to a level such that no deficiency exists based on the  
25.16 most recent actuarial valuation.

25.17 (c) If the actuarially required contribution of the general employees retirement plan is  
25.18 less than the total support provided by the combined employee and employer contribution  
25.19 rates under subdivisions 2, 3, and 3a, by more than one percent of covered payroll,  
25.20 the general employees retirement plan coordinated program employee and employer  
25.21 contribution rates under subdivisions 2 and 3 must be decreased incrementally over one or  
25.22 more years by no more than 0.25 percent of pay each for employee and employer matching  
25.23 contribution rates to a level such that there remains a contribution sufficiency of at least one  
25.24 percent of covered payroll. No contribution rate decrease may be made until at least two  
25.25 years have elapsed since any adjustment under this subdivision has been fully implemented.

25.26 (d) If the actuarially required contribution exceeds the total support provided by the  
25.27 combined employee and employer contribution rates under subdivisions 2, 3, and 3a,  
25.28 the employee and matching employer contribution rates must be increased equally to  
25.29 eliminate that contribution deficiency. If the contribution deficiency is:

25.30 (1) less than two percent, the incremental increase may be up to 0.25 percent for the  
25.31 general employees retirement plan employee and matching employer contribution rates;

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

25.34 (3) greater than four percent, the incremental increase may be up to 0.75 percent for  
25.35 the employee and matching employer contribution.

26.1 (e) The general employees retirement plan contribution sufficiency or deficiency  
26.2 determination under paragraphs (a) to (d) must be made without the inclusion of the  
26.3 contributions to, the funded condition of, or the actuarial funding requirements of the  
26.4 MERF division.

26.5 (f) Any recommended adjustment to the contribution rates must be reported to the  
26.6 chair and the executive director of the Legislative Commission on Pensions and Retirement  
26.7 by January 15 following the receipt of the most recent annual actuarial valuation prepared  
26.8 under section 356.215. If the Legislative Commission on Pensions and Retirement does  
26.9 not recommend against the rate change or does not recommend a modification in the rate  
26.10 change, the recommended adjustment becomes effective on the first day of the first full  
26.11 payroll period in the fiscal year for any salary paid on or after the January 1 next following  
26.12 receipt of the most recent actuarial valuation that gave rise to the adjustment the legislative  
26.13 session in which the Legislative Commission on Pensions and Retirement did not take any  
26.14 action to disapprove or modify the Public Employees Retirement Association Board of  
26.15 Trustees' recommendation to adjust the employee and employer rates.

26.16 (g) A contribution sufficiency of up to one percent of covered payroll must be held in  
26.17 reserve to be used to offset any future actuarially required contributions that are more than  
26.18 the total combined employee and employer contributions under subdivisions 2, 3, and 3a.

26.19 (h) Before any reduction in contributions to eliminate a sufficiency in excess of one  
26.20 percent of covered pay may be recommended, the executive director must review any  
26.21 need for a change in actuarial assumptions, as recommended by the actuary retained under  
26.22 section 356.214 in the most recent experience study of the general employees retirement  
26.23 plan prepared under section 356.215 and the standards for actuarial work promulgated by  
26.24 the Legislative Commission on Pensions and Retirement that may result in an increase  
26.25 in the actuarially required contribution and must report to the Legislative Commission  
26.26 on Pensions and Retirement any recommendation by the board to use the sufficiency  
26.27 exceeding one percent of covered payroll to offset the impact of an actuarial assumption  
26.28 change recommended by the actuary retained under section 356.214, subdivision 1, and  
26.29 reviewed by the actuary retained by the commission under section 356.214, subdivision 4.

26.30 (i) No contribution sufficiency in excess of one percent of covered pay may be  
26.31 proposed to be used to increase benefits, and no benefit increase may be proposed that  
26.32 would initiate an automatic adjustment to increase contributions under this subdivision.  
26.33 Any proposed benefit improvement must include a recommendation, prepared by the  
26.34 actuary retained under section 356.214, subdivision 1, and reviewed by the actuary  
26.35 retained by the Legislative Commission on Pensions and Retirement as provided under  
26.36 section 356.214, subdivision 4, on how the benefit modification will be funded.

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

27.2 **ARTICLE 4**

27.3 **JOINT AND SURVIVOR OPTIONAL ANNUITY COMPUTATION**  
27.4 **DISCOUNT RATE**

27.5 Section 1. Minnesota Statutes 2012, section 3A.01, subdivision 1a, is amended to read:

27.6 Subd. 1a. **Actuarial equivalent.** (a) "Actuarial equivalent" means the condition of  
27.7 one allowance or benefit having an equal actuarial present value to another allowance or  
27.8 benefit, determined by the actuary retained under section 356.214 as of a given date at a  
27.9 specified age with each actuarial present value based on the mortality table applicable for  
27.10 the plan and approved under section 356.215, subdivision 18, and using the applicable  
27.11 preretirement or postretirement interest rate assumption specified in section 356.215,  
27.12 subdivision 8.

27.13 (b) For purposes of computing a joint and survivor annuity, the postretirement  
27.14 interest rate assumption specified in section 356.461 must be used, rather than the  
27.15 postretirement interest rate specified in section 356.215, subdivision 8.

27.16 **EFFECTIVE DATE.** This section is effective July 1, 2014.

27.17 Sec. 2. Minnesota Statutes 2012, section 352.01, subdivision 12, is amended to read:

27.18 Subd. 12. **Actuarial equivalent.** (a) "Actuarial equivalent" means the condition  
27.19 of one annuity or benefit having an equal actuarial present value as another annuity or  
27.20 benefit, determined as of a given date at a specified age with each actuarial present value  
27.21 based on the appropriate mortality table adopted by the board of directors based on the  
27.22 experience of the fund as recommended by the actuary retained under section 356.214, and  
27.23 approved under section 356.215, subdivision 18, and using the applicable preretirement or  
27.24 postretirement interest rate assumption specified in section 356.215, subdivision 8.

27.25 (b) For purposes of computing a joint and survivor annuity, the postretirement  
27.26 interest rate assumption specified in section 356.461 must be used, rather than the  
27.27 postretirement interest rate specified in section 356.215, subdivision 8.

27.28 **EFFECTIVE DATE.** This section is effective July 1, 2014.

27.29 Sec. 3. Minnesota Statutes 2013 Supplement, section 352.03, subdivision 4, is  
27.30 amended to read:

27.31 Subd. 4. **Duties and powers of board of directors.** (a) The board shall:

27.32 (1) elect a chair;

- 28.1 (2) appoint an executive director;
- 28.2 (3) establish rules to administer this chapter and chapters 3A, 352B, 352C, 352D,  
28.3 and 490 and transact the business of the system, subject to the limitations of law;
- 28.4 (4) consider and dispose of, or take any other action the board of directors deems  
28.5 appropriate concerning, denials of applications for annuities or disability benefits under  
28.6 this chapter, chapter 3A, 352B, 352C, 352D, or 490, and complaints of employees and  
28.7 others pertaining to the retirement of employees and the operation of the system;
- 28.8 (5) oversee the administration of the deferred compensation plan established in  
28.9 section 352.965;
- 28.10 (6) oversee the administration of the health care savings plan established in section;  
28.11 and
- 28.12 (7) approve early retirement and optional annuity factors for all plans administered  
28.13 by the system, including approving retirement annuity factors for the unclassified state  
28.14 employees program under chapter 352D, subject to review by the actuary retained by  
28.15 the Legislative Commission on Pensions and Retirement; establish the schedule for  
28.16 implementation of the approved factors; and notify the Legislative Commission on  
28.17 Pensions and Retirement of the implementation schedule.
- 28.18 (b) The board shall advise the director on any matters relating to the system and  
28.19 carrying out functions and purposes of this chapter. The board's advice shall control.

28.20 **EFFECTIVE DATE.** This section is effective July 1, 2014.

28.21 Sec. 4. Minnesota Statutes 2012, section 352B.08, subdivision 3, is amended to read:

28.22 Subd. 3. **Optional annuity forms.** (a) In lieu of the single life annuity provided in  
28.23 subdivision 2, the member or former member may elect an optional annuity form. The  
28.24 board of the Minnesota state retirement system shall establish a joint and survivor annuity,  
28.25 payable to a designated beneficiary for life, adjusted to the actuarial equivalent value of  
28.26 the single life annuity. The board shall also establish an additional optional annuity with  
28.27 an actuarial equivalent value of the single life annuity in the form of a joint and survivor  
28.28 annuity which provides that the elected annuity be reinstated to the single life annuity  
28.29 provided in subdivision 2, if after commencing the elected joint and survivor annuity, the  
28.30 designated beneficiary dies before the member, which reinstatement is not retroactive but  
28.31 takes effect for the first full month occurring after the death of the designated beneficiary.  
28.32 The board may also establish other actuarial equivalent value optional annuity forms. In  
28.33 establishing actuarial equivalent value optional annuity forms, each optional annuity form  
28.34 shall have the same present value as a regular single life annuity using the mortality

29.1 table adopted by the board and the interest assumption specified in section 356.215,  
29.2 subdivision 8, ~~and~~.

29.3 (b) For purposes of computing a joint and survivor annuity, the postretirement  
29.4 interest rate assumption specified in section 356.461 must be used, rather than the  
29.5 postretirement interest rate specified in section 356.215, subdivision 8.

29.6 (c) The board shall obtain the written recommendation of the actuary retained under  
29.7 section 356.214. These recommendations shall be a part of the permanent records of  
29.8 the board.

29.9 **EFFECTIVE DATE.** This section is effective July 1, 2014.

29.10 Sec. 5. Minnesota Statutes 2012, section 353.01, subdivision 14, is amended to read:

29.11 Subd. 14. **Actuarial equivalent.** (a) "Actuarial equivalent" means the condition  
29.12 of one annuity or benefit having an equal actuarial present value as another annuity or  
29.13 benefit, determined as of a given date with each actuarial present value based on the  
29.14 appropriate mortality table adopted by the board of trustees based on the experience of the  
29.15 fund as recommended by the actuary retained under section 356.214, and approved under  
29.16 section 356.215, subdivision 18, and using the applicable preretirement or postretirement  
29.17 interest rate assumption specified in section 356.215, subdivision 8.

29.18 (b) For purposes of computing a joint and survivor annuity, the postretirement  
29.19 interest rate assumption specified in section 356.461 must be used rather than the  
29.20 postretirement interest rate specified in section 356.215, subdivision 8.

29.21 **EFFECTIVE DATE.** This section is effective on the same date as the next mortality  
29.22 assumption adjustment or on July 1, 2017, whichever is earlier.

29.23 Sec. 6. Minnesota Statutes 2012, section 353.30, subdivision 3, is amended to read:

29.24 Subd. 3. **Optional retirement annuity forms.** (a) The board of trustees shall  
29.25 establish optional annuities which shall take the form of a joint and survivor annuity.  
29.26 Except as provided in subdivision 3a, the optional annuity forms shall be actuarially  
29.27 equivalent to the forms provided in section 353.29 and subdivisions 1, 1a, 1b, 1c, and 5.  
29.28 In establishing those optional forms, the board shall obtain the written recommendation of  
29.29 the actuary retained under section 356.214. The recommendations shall be a part of the  
29.30 permanent records of the board. A member or former member may select an optional form  
29.31 of annuity, subject to the provisions of section 356.46, in lieu of accepting any other form  
29.32 of annuity which might otherwise be available.

30.1 (b) For purposes of computing a joint and survivor annuity, the postretirement  
30.2 interest rate assumption specified in section 356.461 must be used rather than the  
30.3 postretirement interest rate specified in section 356.215, subdivision 8.

30.4 **EFFECTIVE DATE.** This section is effective on the same date as the next mortality  
30.5 assumption adjustment or on July 1, 2017, whichever is earlier.

30.6 Sec. 7. Minnesota Statutes 2012, section 354.05, subdivision 7, is amended to read:

30.7 Subd. 7. **Actuarial equivalent.** (a) "Actuarial equivalent" means the condition  
30.8 of one annuity or benefit having an equal actuarial present value as another annuity or  
30.9 benefit, determined as of a given date with each actuarial present value based on the  
30.10 appropriate mortality table adopted by the board of trustees based on the experience  
30.11 of the association as recommended by the actuary retained under section 356.214, and  
30.12 approved under section 356.215, subdivision 18, and using the applicable preretirement or  
30.13 postretirement interest rate assumption specified in section 356.215, subdivision 8.

30.14 (b) For purposes of computing a joint and survivor annuity, the postretirement  
30.15 interest rate assumption specified in section 356.461 must be used rather than the  
30.16 postretirement interest rate specified in section 356.215, subdivision 8.

30.17 **EFFECTIVE DATE.** This section is effective July 1, 2014.

30.18 Sec. 8. **[356.461] VARIOUS RETIREMENT SYSTEMS; JOINT AND**  
30.19 **SURVIVOR ANNUITY COMPUTATION.**

30.20 Subdivision 1. **Joint and survivor annuity computation.** Notwithstanding any  
30.21 provision of section 356.215, subdivision 8, or 356.415 to the contrary, for purposes of  
30.22 computing joint and survivor annuities, the applicable postretirement interest assumption  
30.23 is 6.5 percent.

30.24 Subd. 2. **Covered plans.** This section applies to the following retirement plans:

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

30.27 (2) the correctional state employees retirement plan of the Minnesota State  
30.28 Retirement System, established under chapter 352;

30.29 (3) the general state employees retirement plan of the Minnesota State Retirement  
30.30 System, established under chapter 352;

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

30.32 (5) the unclassified state employees retirement program of the Minnesota State  
30.33 Retirement System, established under chapter 352D;

- 31.1 (6) the judges retirement plan, established under chapter 490;  
31.2 (7) the general employees retirement plan of the Public Employees Retirement  
31.3 Association, established under chapter 353, including the MERF division of the Public  
31.4 Employees Retirement Association;  
31.5 (8) the public employees police and fire retirement plan of the Public Employees  
31.6 Retirement Association, established under chapter 353;  
31.7 (9) the local government correctional service retirement plan of the Public  
31.8 Employees Retirement Association, established under chapter 353E; and  
31.9 (10) the Teachers Retirement Association, established under chapter 354.

31.10 **EFFECTIVE DATE.** (a) For plans administered by the Minnesota State Retirement  
31.11 System and the Teachers Retirement Association, this section is effective July 1, 2014.

31.12 (b) For plans administered by the Public Employees Retirement Association, this  
31.13 section applies to the determination of joint and survivor factors implemented for the  
31.14 applicable Public Employees Retirement Association plan effective on the same date as  
31.15 the next mortality assumption adjustment or on July 1, 2017, whichever is earlier.

31.16 Sec. 9. Minnesota Statutes 2012, section 490.121, subdivision 2a, is amended to read:

31.17 Subd. 2a. **Actuarial equivalent.** (a) "Actuarial equivalent" means the condition  
31.18 of one annuity or benefit having an equal actuarial present value as another annuity or  
31.19 benefit, determined as of a given date with each actuarial present value based on the  
31.20 appropriate mortality table adopted by the board of directors of the Minnesota State  
31.21 Retirement System based on the experience of the fund as recommended by the actuary  
31.22 retained under section 356.214 and approved under section 356.215, subdivision 18, and  
31.23 using the applicable preretirement or postretirement interest rate assumption specified in  
31.24 section 356.215, subdivision 8.

31.25 (b) For purposes of computing a joint and survivor annuity, the postretirement  
31.26 interest rate assumption specified in section 356.461 must be used, rather than the  
31.27 postretirement interest rate specified in section 356.215, subdivision 8.

31.28 **EFFECTIVE DATE.** This section is effective July 1, 2014.

## 31.29 **ARTICLE 5**

### 31.30 **MSRS-CORRECTIONAL RETIREMENT PLAN COVERAGE CHANGES**

31.31 Section 1. Minnesota Statutes 2012, section 352.90, is amended to read:

31.32 **352.90 POLICY.**

32.1 It is the policy of the legislature to provide special retirement benefits for and special  
 32.2 contributions by certain correctional employees who may be required to retire at an early  
 32.3 age because they lose the mental or physical capacity required to maintain the safety,  
 32.4 security, discipline, and custody of inmates at state correctional facilities ~~or~~ of patients  
 32.5 at in the state-operated forensic services program, which is comprised of the Minnesota  
 32.6 Security Hospital, the forensic nursing home, the forensic transition service, and the  
 32.7 competency restoration program; of patients in the Minnesota sex offender program~~;~~ or of  
 32.8 patients in the Minnesota Specialty Health System-Cambridge.

32.9 Sec. 2. Minnesota Statutes 2012, section 352.91, subdivision 1, is amended to read:

32.10 Subdivision 1. **Qualifying jobs.** "Covered correctional service" means service  
 32.11 performed by a state employee, as defined in section 352.01, employed at a state  
 32.12 correctional facility, the ~~Minnesota Security Hospital~~ state-operated forensic services  
 32.13 program, or the Minnesota sex offender program as:

- 32.14 (1) a corrections officer 1;
- 32.15 (2) a corrections officer 2;
- 32.16 (3) a corrections officer 3;
- 32.17 (4) a corrections officer supervisor;
- 32.18 (5) a corrections lieutenant;
- 32.19 (6) a corrections captain;
- 32.20 (7) a security counselor;
- 32.21 (8) a security counselor lead; or
- 32.22 (9) a corrections canine officer.

32.23 Sec. 3. Minnesota Statutes 2012, section 352.91, subdivision 2, is amended to read:

32.24 Subd. 2. **Maintenance, correctional industry, and trades.** "Covered correctional  
 32.25 service" also means service rendered at any time by state employees as maintenance  
 32.26 personnel, correctional industry personnel, or members of trades certified by the  
 32.27 commissioner of management and budget to the executive director as being engaged for at  
 32.28 least 75 percent of the employee's working time in the rehabilitation, treatment, custody,  
 32.29 or supervision of inmates at a Minnesota correctional facility, or of patients at in the  
 32.30 ~~Minnesota Security Hospital~~ state-operated forensic services program or the Minnesota  
 32.31 sex offender program.

32.32 Sec. 4. Minnesota Statutes 2012, section 352.91, subdivision 3c, is amended to read:



33.1 Subd. 3c. **Nursing personnel.** (a) "Covered correctional service" means service  
 33.2 by a state employee in one of the employment positions at a correctional facility ~~or at,~~  
 33.3 in the Minnesota Security Hospital state-operated forensic services program, or in the  
 33.4 Minnesota sex offender program that are specified in paragraph (b) if at least 75 percent of  
 33.5 the employee's working time is spent in direct contact with inmates or patients and the fact  
 33.6 of this direct contact is certified to the executive director by the appropriate commissioner.

33.7 (b) The employment positions are as follows:

- 33.8 (1) registered nurse - senior;
- 33.9 (2) registered nurse;
- 33.10 (3) registered nurse - principal;
- 33.11 (4) licensed practical nurse-2;
- 33.12 (5) registered nurse advance practice; and
- 33.13 (6) psychiatric advance practice registered nurse.

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

33.15 Sec. 5. Minnesota Statutes 2012, section 352.91, subdivision 3d, is amended to read:

33.16 Subd. 3d. **Other correctional personnel.** (a) "Covered correctional service"  
 33.17 means service by a state employee in one of the employment positions at a correctional  
 33.18 facility or ~~at~~ in the Minnesota Security Hospital state-operated forensic services program  
 33.19 specified in paragraph (b) if at least 75 percent of the employee's working time is spent  
 33.20 in direct contact with inmates or patients and the fact of this direct contact is certified to  
 33.21 the executive director by the appropriate commissioner.

33.22 (b) The employment positions are:

- 33.23 (1) automotive mechanic;
- 33.24 (2) baker;
- 33.25 (3) central services administrative specialist, intermediate;
- 33.26 (4) central services administrative specialist, principal;
- 33.27 (5) chaplain;
- 33.28 (6) chief cook;
- 33.29 (7) clinical program therapist 1;
- 33.30 (8) clinical program therapist 2;
- 33.31 (9) clinical program therapist 3;
- 33.32 (10) clinical program therapist 4;
- 33.33 (11) cook;
- 33.34 (12) cook coordinator;
- 33.35 (13) corrections inmate program coordinator;

- 34.1 (14) corrections transitions program coordinator;
- 34.2 (15) corrections security caseworker;
- 34.3 (16) corrections security caseworker career;
- 34.4 (17) corrections teaching assistant;
- 34.5 (18) delivery van driver;
- 34.6 (19) dentist;
- 34.7 (20) electrician supervisor;
- 34.8 (21) general maintenance worker lead;
- 34.9 (22) general repair worker;
- 34.10 (23) library/information research services specialist;
- 34.11 (24) library/information research services specialist senior;
- 34.12 (25) library technician;
- 34.13 (26) painter lead;
- 34.14 (27) plant maintenance engineer lead;
- 34.15 (28) plumber supervisor;
- 34.16 (29) psychologist 1;
- 34.17 (30) psychologist 3;
- 34.18 (31) recreation therapist;
- 34.19 (32) recreation therapist coordinator;
- 34.20 (33) recreation program assistant;
- 34.21 (34) recreation therapist senior;
- 34.22 (35) sports medicine specialist;
- 34.23 (36) work therapy assistant;
- 34.24 (37) work therapy program coordinator; and
- 34.25 (38) work therapy technician.

34.26 Sec. 6. Minnesota Statutes 2012, section 352.91, subdivision 3e, is amended to read:

34.27 Subd. 3e. **Minnesota Specialty Health System-Cambridge.** (a) "Covered  
34.28 correctional service" means service by a state employee in one of the employment positions  
34.29 with the Minnesota Specialty Health System-Cambridge specified in paragraph (b) if at  
34.30 least 75 percent of the employee's working time is spent in direct contact with patients  
34.31 who are in the Minnesota Specialty Health System-Cambridge and if service in such a  
34.32 position is certified to the executive director by the commissioner of human services.

34.33 (b) The employment positions are:

- 34.34 (1) behavior analyst 1;
- 34.35 (2) behavior analyst 2;

- 35.1 (3) behavior analyst 3;
- 35.2 (4) group supervisor;
- 35.3 (5) group supervisor assistant;
- 35.4 (6) human services support specialist;
- 35.5 (7) residential program lead;
- 35.6 (8) psychologist 2;
- 35.7 (9) recreation program assistant;
- 35.8 (10) recreation therapist senior;
- 35.9 (11) registered nurse senior;
- 35.10 (12) skills development specialist;
- 35.11 (13) social worker senior;
- 35.12 (14) social worker specialist; and
- 35.13 (15) speech pathology specialist.

35.14 (c) A Department of Human Services employee who was employed at the Minnesota  
 35.15 Specialty Health System-Cambridge immediately preceding the 2014 conversion to the  
 35.16 community-based homes and was in covered correctional service at the time of the  
 35.17 transition shall continue to be covered by the correctional employee retirement plan while  
 35.18 employed and without a break in service with the Department of Human Services in the  
 35.19 direct care and treatment services administration.

35.20 Sec. 7. Minnesota Statutes 2012, section 352.91, subdivision 3f, is amended to read:

35.21 Subd. 3f. **Additional Department of Human Services personnel.** (a) "Covered  
 35.22 correctional service" means service by a state employee in one of the employment  
 35.23 positions specified in paragraph (b) at in the Minnesota Security Hospital state-operated  
 35.24 forensic services program or ~~in~~ the Minnesota sex offender program if at least 75  
 35.25 percent of the employee's working time is spent in direct contact with patients and  
 35.26 the determination of this direct contact is certified to the executive director by the  
 35.27 commissioner of human services.

35.28 (b) The employment positions are:

- 35.29 (1) behavior analyst 2;
- 35.30 (2) behavior analyst 3;
- 35.31 (3) certified occupational therapy assistant 1;
- 35.32 (4) certified occupational therapy assistant 2;
- 35.33 (5) chemical dependency counselor senior;
- 35.34 (6) client advocate;
- 35.35 (7) clinical program therapist 2;

- 36.1 ~~(7)~~ (8) clinical program therapist 3;  
36.2 ~~(8)~~ (9) clinical program therapist 4;  
36.3 ~~(9)~~ (10) customer services specialist principal;  
36.4 ~~(10)~~ (11) dental assistant registered;  
36.5 ~~(11)~~ (12) group supervisor;  
36.6 ~~(12)~~ (13) group supervisor assistant;  
36.7 ~~(13)~~ (14) human services support specialist;  
36.8 ~~(14)~~ (15) licensed alcohol and drug counselor;  
36.9 ~~(15)~~ (16) licensed practical nurse 1;  
36.10 ~~(16)~~ (17) management analyst 3;  
36.11 ~~(17)~~ (18) occupational therapist;  
36.12 ~~(18)~~ (19) occupational therapist, senior;  
36.13 ~~(19)~~ (20) psychologist 1;  
36.14 ~~(20)~~ (21) psychologist 2;  
36.15 ~~(21)~~ (22) psychologist 3;  
36.16 ~~(22)~~ (23) recreation program assistant;  
36.17 ~~(23)~~ (24) recreation therapist lead;  
36.18 ~~(24)~~ (25) recreation therapist senior;  
36.19 ~~(25)~~ (26) rehabilitation counselor senior;  
36.20 ~~(26)~~ (27) security supervisor;  
36.21 ~~(27)~~ (28) skills development specialist;  
36.22 ~~(28)~~ (29) social worker senior;  
36.23 ~~(29)~~ (30) social worker specialist;  
36.24 ~~(30)~~ (31) social worker specialist, senior;  
36.25 ~~(31)~~ (32) special education program assistant;  
36.26 ~~(32)~~ (33) speech pathology clinician;  
36.27 ~~(33)~~ (34) work therapy assistant; and  
36.28 ~~(34)~~ (35) work therapy program coordinator.

36.29 Sec. 8. Minnesota Statutes 2012, section 352.91, is amended by adding a subdivision  
36.30 to read:

36.31 Subd. 3j. **State-operated forensic services program.** For purposes of this section,  
36.32 "state-operated forensic services program" means the Minnesota Security Hospital, the  
36.33 forensic nursing home, the forensic transition service, and the competency restoration  
36.34 program.

## ARTICLE 6

## TRA-DTRFA CONSOLIDATION

37.1

37.2

37.3 Section 1. Minnesota Statutes 2012, section 13.632, subdivision 1, is amended to read:

37.4 Subdivision 1. **Beneficiary and survivor data.** The following data on beneficiaries  
37.5 and survivors of the St. Paul Teachers Retirement Fund Association and the Duluth  
37.6 Teachers Retirement Fund Association members are private data on individuals: home  
37.7 address, date of birth, direct deposit number, and tax withholding data.

37.8 Sec. 2. Minnesota Statutes 2012, section 122A.18, subdivision 7a, is amended to read:

37.9 Subd. 7a. **Permission to substitute teach.** (a) The Board of Teaching may allow a  
37.10 person who is enrolled in and making satisfactory progress in a board-approved teacher  
37.11 program and who has successfully completed student teaching to be employed as a  
37.12 short-call substitute teacher.

37.13 (b) The Board of Teaching may issue a lifetime qualified short-call substitute  
37.14 teaching license to a person who:

37.15 (1) was a qualified teacher under section 122A.16 while holding a continuing  
37.16 five-year teaching license issued by the board, and receives a retirement annuity from the  
37.17 Teachers Retirement Association, ~~Minneapolis Teachers Retirement Fund Association,~~  
37.18 or the St. Paul Teachers Retirement Fund Association, ~~or Duluth Teachers Retirement~~  
37.19 ~~Fund Association;~~

37.20 (2) holds an out-of-state teaching license and receives a retirement annuity as a  
37.21 result of the person's teaching experience; or

37.22 (3) held a continuing five-year license issued by the board, taught at least three  
37.23 school years in an accredited nonpublic school in Minnesota, and receives a retirement  
37.24 annuity as a result of the person's teaching experience.

37.25 A person holding a lifetime qualified short-call substitute teaching license is not required  
37.26 to complete continuing education clock hours. A person holding this license may reapply  
37.27 to the board for a continuing five-year license and must again complete continuing  
37.28 education clock hours one school year after receiving the continuing five-year license.

37.29 Sec. 3. Minnesota Statutes 2013 Supplement, section 353.01, subdivision 2b, is  
37.30 amended to read:

37.31 Subd. 2b. **Excluded employees.** (a) The following public employees are not eligible  
37.32 to participate as members of the association with retirement coverage by the general

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

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

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

38.8 (3) election officers or election judges;

38.9 (4) patient and inmate personnel who perform services for a governmental  
38.10 subdivision;

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

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

38.17 (7) employees who by virtue of their employment in one governmental subdivision  
38.18 are required by law to be a member of and to contribute to any of the plans or funds  
38.19 administered by the Minnesota State Retirement System, the Teachers Retirement  
38.20 Association, ~~the Duluth Teachers Retirement Fund Association,~~ and the St. Paul Teachers  
38.21 Retirement Fund Association. This clause must not be construed to prevent a person from  
38.22 being a member of and contributing to the Public Employees Retirement Association and  
38.23 also belonging to and contributing to another public pension plan or fund for other service  
38.24 occurring during the same period of time. A person who meets the definition of "public  
38.25 employee" in subdivision 2 by virtue of other service occurring during the same period of  
38.26 time becomes a member of the association unless contributions are made to another public  
38.27 retirement fund on the salary based on the other service or to the Teachers Retirement  
38.28 Association by a teacher as defined in section 354.05, subdivision 2;

38.29 (8) persons who are members of a religious order and are excluded from coverage  
38.30 under the federal Old Age, Survivors, Disability, and Health Insurance Program for the  
38.31 performance of service as specified in United States Code, title 42, section 410(a)(8)(A),  
38.32 as amended through January 1, 1987, if no irrevocable election of coverage has been made  
38.33 under section 3121(r) of the Internal Revenue Code of 1954, as amended;

38.34 (9) employees of a governmental subdivision who have not reached the age of  
38.35 23 and are enrolled on a full-time basis to attend or are attending classes on a full-time

39.1 basis at an accredited school, college, or university in an undergraduate, graduate, or  
39.2 professional-technical program, or a public or charter high school;

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

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

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

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

39.15 (14) public hospital employees who elected not to participate as members of the  
39.16 association before 1972 and who did not elect to participate from July 1, 1988, to October  
39.17 1, 1988;

39.18 (15) except as provided in section 353.86, volunteer ambulance service personnel, as  
39.19 defined in subdivision 35, but persons who serve as volunteer ambulance service personnel  
39.20 may still qualify as public employees under subdivision 2 and may be members of the  
39.21 Public Employees Retirement Association and participants in the general employees  
39.22 retirement plan or the public employees police and fire plan, whichever applies, on the  
39.23 basis of compensation received from public employment service other than service as  
39.24 volunteer ambulance service personnel;

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

39.32 (17) pipefitters and associated trades personnel employed by Independent School  
39.33 District No. 625, St. Paul, with coverage under a collective bargaining agreement by the  
39.34 pipefitters local 455 pension plan who were either first employed after May 1, 1997, or,  
39.35 if first employed before May 2, 1997, elected to be excluded under Laws 1997, chapter  
39.36 241, article 2, section 12;

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

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

40.17 (20) plumbers who are employed by the Metropolitan Airports Commission, with  
40.18 coverage under a collective bargaining agreement by the Plumbers Local 34 pension plan,  
40.19 who either were first employed after May 1, 2001, or if first employed before May 2,  
40.20 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article  
40.21 10, section 6;

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

40.25 (22) persons who are provided supported employment or work-study positions by a  
40.26 governmental subdivision and who participate in an employment or industries program  
40.27 maintained for the benefit of these persons where the governmental subdivision limits the  
40.28 position's duration to up to five years, including persons participating in a federal or state  
40.29 subsidized on-the-job training, work experience, senior citizen, youth, or unemployment  
40.30 relief program where the training or work experience is not provided as a part of, or  
40.31 for, future permanent public employment;

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

40.33 (24) reemployed annuitants of the association during the course of that  
40.34 reemployment; and

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



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

41.4 Sec. 4. Minnesota Statutes 2012, section 354.05, subdivision 2, is amended to read:

41.5 Subd. 2. **Teacher.** (a) "Teacher" means:

41.6 (1) a person who renders service as a teacher, supervisor, principal, superintendent,  
41.7 librarian, nurse, counselor, social worker, therapist, or psychologist in a public school of  
41.8 the state located outside of the corporate limits of ~~the city of Duluth~~ or the city of St. Paul,  
41.9 or in any charter school, irrespective of the location of the school, or in any charitable,  
41.10 penal, or correctional institutions of a governmental subdivision, or who is engaged in  
41.11 educational administration in connection with the state public school system, but excluding  
41.12 the University of Minnesota, whether the position be a public office or an employment, and  
41.13 not including the members or officers of any general governing or managing board or body;

41.14 (2) an employee of the Teachers Retirement Association;

41.15 (3) a person who renders teaching service on a part-time basis and who also renders  
41.16 other services for a single employing unit. A person whose teaching service comprises at  
41.17 least 50 percent of the combined employment salary is a member of the association for all  
41.18 services with the single employing unit. If the person's teaching service comprises less  
41.19 than 50 percent of the combined employment salary, the executive director must determine  
41.20 whether all or none of the combined service is covered by the association; or

41.21 (4) a person who is not covered by the plans established under chapter 352D, 354A,  
41.22 or 354B and who is employed by the Board of Trustees of the Minnesota State Colleges  
41.23 and Universities system in an unclassified position as:

41.24 (i) a president, vice-president, or dean;

41.25 (ii) a manager or a professional in an academic or an academic support program  
41.26 other than specified in item (i);

41.27 (iii) an administrative or a service support faculty position; or

41.28 (iv) a teacher or a research assistant.

41.29 (b) "Teacher" does not mean:

41.30 (1) a person who works for a school or institution as an independent contractor as  
41.31 defined by the Internal Revenue Service;

41.32 (2) a person who renders part-time teaching service or who is a customized trainer  
41.33 as defined by the Minnesota State Colleges and Universities system if (i) the service is  
41.34 incidental to the regular nonteaching occupation of the person; and (ii) the employer  
41.35 stipulates annually in advance that the part-time teaching service or customized training

42.1 service will not exceed 300 hours in a fiscal year and retains the stipulation in its records;  
 42.2 and (iii) the part-time teaching service or customized training service actually does not  
 42.3 exceed 300 hours in a fiscal year; or

42.4 (3) a person exempt from licensure under section 122A.30.

42.5 Sec. 5. Minnesota Statutes 2012, section 354.05, subdivision 13, is amended to read:

42.6 Subd. 13. **Allowable service.** "Allowable service" means:

42.7 (1) any service rendered by a teacher for which on or before July 1, 1957, the  
 42.8 teacher's account in the retirement fund was credited by reason of employee contributions  
 42.9 in the form of salary deductions, payments in lieu of salary deductions, or in any other  
 42.10 manner authorized by Minnesota Statutes 1953, sections 135.01 to 135.13, as amended by  
 42.11 Laws 1955, chapters 361, 549, 550, 611, ~~or~~;

42.12 (2) any service rendered by a teacher for which on or before July 1, 1961, the teacher  
 42.13 elected to obtain credit for service by making payments to the fund ~~pursuant to~~ under  
 42.14 Minnesota Statutes 1980, section 354.09 and section 354.51, ~~or~~;

42.15 (3) any service rendered by a teacher after July 1, 1957, for any calendar month  
 42.16 when the member receives salary from which deductions are made, deposited and credited  
 42.17 in the fund, ~~or~~;

42.18 (4) any service rendered by a person after July 1, 1957, for any calendar month where  
 42.19 payments in lieu of salary deductions are made, deposited and credited into the fund as  
 42.20 provided in Minnesota Statutes 1980, section 354.09, subdivision 4, and section 354.53, ~~or~~;

42.21 (5) any service rendered by a teacher for which the teacher elected to obtain credit  
 42.22 for service by making payments to the fund ~~pursuant to~~ under Minnesota Statutes 1980,  
 42.23 section 354.09, subdivisions 1 and 4, sections 354.50, 354.51, Minnesota Statutes 1957,  
 42.24 section 135.41, subdivision 4, Minnesota Statutes 1971, section 354.09, subdivision 2, or  
 42.25 Minnesota Statutes, 1973 Supplement, section 354.09, subdivision 3, ~~or~~;

42.26 (6) both service during years of actual membership in the course of which  
 42.27 contributions were currently made and service in years during which the teacher was not a  
 42.28 member but for which the teacher later elected to obtain credit by making payments to the  
 42.29 fund as permitted by any law then in effect, ~~or~~;

42.30 (7) any service rendered where contributions were made and no credit was  
 42.31 established because of the limitations contained in Minnesota Statutes 1957, section  
 42.32 135.09, subdivision 2, as determined by the ratio between the amounts of money credited  
 42.33 to the teacher's account in a fiscal year and the maximum retirement contribution allowable  
 42.34 for that year, ~~or~~;

42.35 (8) MS 2002 [Expired]

43.1 (9) a period of time during which a teacher was on strike without pay, not to exceed a  
 43.2 period of one year, if payment in lieu of salary deductions is made under section 354.72, ~~or;~~

43.3 (10) a period of service before July 1, 2006, that was properly credited as allowable  
 43.4 service by the Minneapolis Teachers Retirement Fund Association, and that was rendered  
 43.5 by a teacher as an employee of Special School District No. 1, Minneapolis, or by an  
 43.6 employee of the Minneapolis Teachers Retirement Fund Association who was a member  
 43.7 of the Minneapolis Teachers Retirement Fund Association by virtue of that employment,  
 43.8 who has not begun receiving an annuity or other retirement benefit from the former  
 43.9 Minneapolis Teachers Retirement Fund Association calculated in whole or in part on that  
 43.10 service before July 1, 2006, and who has not taken a refund of member contributions  
 43.11 related to that service unless the refund is repaid under section 354.50, subdivision 4.

43.12 Service as an employee of Special School District No. 1, Minneapolis, on or after July 1,  
 43.13 2006, is "allowable service" only as provided by this chapter; or

43.14 (11) a period of service before July 1, 2015, that was properly credited as allowable  
 43.15 service by the Duluth Teachers Retirement Fund Association, and that was rendered  
 43.16 by a teacher as an employee of Independent School District No. 709, Duluth, or by an  
 43.17 employee of the Duluth Teachers Retirement Fund Association who was a member of the  
 43.18 Duluth Teachers Retirement Fund Association by virtue of that employment, who has not  
 43.19 begun receiving an annuity or other retirement benefit from the former Duluth Teachers  
 43.20 Retirement Fund Association calculated in whole or in part on that service before July  
 43.21 1, 2015, and who has not taken a refund of member contributions related to that service  
 43.22 unless the refund is repaid under section 354.50, subdivision 4. Service as an employee  
 43.23 of Independent School District No. 709, Duluth, on or after July 1, 2015, is "allowable  
 43.24 service" only as provided by this chapter.

43.25 Sec. 6. Minnesota Statutes 2012, section 354.42, subdivision 2, is amended to read:

43.26 Subd. 2. **Employee contribution.** (a) ~~For a basic member,~~ The employee  
 43.27 contribution to the fund is the following percentage of the member's salary:

	<u>Period</u>	<u>Basic Program</u>	<u>Coordinated Program</u>
43.28	<del>before July 1, 2011</del>	9.0 percent	
43.29	<del>from July 1, 2011, until June 30, 2012</del>	9.5 percent	
43.30	<del>from July 1, 2012, until June 30, 2013</del>	10.0 percent	
43.31	from July 1, 2013, until June 30, 2014	10.5 percent	<u>7.0 percent</u>
43.32	after June 30, 2014	11.0 percent	<u>7.5 percent</u>

43.34 (b) ~~For a coordinated member, the employee contribution is the following percentage~~  
 43.35 ~~of the member's salary:~~

44.1	<del>before July 1, 2011</del>	<del>5.5 percent</del>
44.2	<del>from July 1, 2011, until June 30, 2012</del>	<del>6.0 percent</del>
44.3	<del>from July 1, 2012, until June 30, 2013</del>	<del>6.5 percent</del>
44.4	<del>from July 1, 2013, until June 30, 2014</del>	<del>7.0 percent</del>
44.5	<del>after June 30, 2014</del>	<del>7.5 percent</del>

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

44.9 ~~(d)~~ (c) After June 30, 2015, if a contribution rate revision is required under  
 44.10 subdivisions 4a, 4b, and 4c, the employee contributions under paragraphs (a) and (b) must  
 44.11 be adjusted accordingly.

44.12 (e) (d) This contribution must be made by deduction from salary. Where any portion  
 44.13 of a member's salary is paid from other than public funds, the member's employee  
 44.14 contribution must be based on the entire salary received.

44.15 Sec. 7. Minnesota Statutes 2012, section 354.42, subdivision 3, is amended to read:

44.16 Subd. 3. **Employer.** (a) The regular employer contribution to the fund by Special  
 44.17 School District No. 1, Minneapolis, is an amount equal to the applicable following  
 44.18 percentage of salary of each coordinated member and the applicable following percentage  
 44.19 of salary of each basic member: specified in paragraph (c).

44.20	Period	Coordinated Member	Basic Member
44.21	<del>before July 1, 2011</del>	<del>5.5 percent</del>	<del>9.5 percent</del>
44.22	<del>from July 1, 2011, until June 30, 2012</del>	<del>6.0 percent</del>	<del>10.0 percent</del>
44.23	<del>from July 1, 2012, until June 30, 2013</del>	<del>6.5 percent</del>	<del>10.5 percent</del>
44.24	<del>from July 1, 2013, until June 30, 2014</del>	<del>7.0 percent</del>	<del>11.0 percent</del>
44.25	<del>after June 30, 2014</del>	<del>7.5 percent</del>	<del>11.5 percent</del>

44.26 The additional employer contribution to the fund by Special School District No. 1,  
 44.27 Minneapolis, is an amount equal to 3.64 percent of the salary of each teacher who is a  
 44.28 coordinated member or who is a basic member.

44.29 (b) The regular employer contribution to the fund by Independent School District  
 44.30 No. 709, Duluth, is an amount equal to the applicable percentage of salary of each old law  
 44.31 or new law coordinated member specified for the coordinated program in paragraph (c).

44.32 ~~(b)~~ (c) The employer contribution to the fund for every other employer is an amount  
 44.33 equal to the applicable following percentage of the salary of each coordinated member and  
 44.34 the applicable following percentage of the salary of each basic member:

44.35	Period	Coordinated Member	Basic Member
44.36	<del>before July 1, 2011</del>	<del>5.5 percent</del>	<del>9.5 percent</del>

45.1	<del>from July 1, 2011, until June 30, 2012</del>	<del>6.0 percent</del>	<del>10.0 percent</del>
45.2	<del>from July 1, 2012, until June 30, 2013</del>	<del>6.5 percent</del>	<del>10.5 percent</del>
45.3	from July 1, 2013, until June 30, 2014	7.0 percent	11.0 percent
45.4	after June 30, 2014	7.5 percent	11.5 percent

45.5 (e) ~~(d)~~ When an employer contribution rate changes for a fiscal year, the new  
 45.6 contribution rate is effective for the entire salary paid for each employer unit with the  
 45.7 first payroll cycle reported.

45.8 ~~(d)~~ (e) After June 30, 2015, if a contribution rate revision is made under subdivisions  
 45.9 4a, 4b, and 4c, the employer contributions under paragraphs (a) ~~and~~ (b), and (c) must  
 45.10 be adjusted accordingly.

45.11 Sec. 8. Minnesota Statutes 2013 Supplement, section 354.436, is amended to read:

45.12 **354.436 DIRECT STATE AID ON BEHALF OF THE FORMER**  
 45.13 **MINNEAPOLIS FIRST CLASS CITY TEACHERS RETIREMENT FUND**  
 45.14 **ASSOCIATION ASSOCIATIONS.**

45.15 Subdivision 1. **Aid authorization.** The state shall pay \$12,954,000 to the Teachers  
 45.16 Retirement Association on behalf of the former Minneapolis Teachers Retirement Fund  
 45.17 Association and shall pay \$15,346,000 during fiscal year 2015 to the Teachers Retirement  
 45.18 Association for the credit of the Duluth Teachers Retirement Fund Association and, after  
 45.19 fiscal year 2015, shall pay \$15,346,000 on behalf of the Duluth Teachers Retirement  
 45.20 Fund Association.

45.21 Subd. 2. **Aid appropriation.** The commissioner of management and budget shall  
 45.22 pay the aid amounts under subdivision 1 annually on October 1. The amount required  
 45.23 is appropriated annually from the general fund to the commissioner of management and  
 45.24 budget.

45.25 Subd. 3. **Aid expiration.** The aid amounts specified in this section ~~terminates~~  
 45.26 terminate and this section expires on the October 1 next following the later of the  
 45.27 following dates: (1) when the current assets of the Teachers Retirement Association fund  
 45.28 equal or exceed the actuarial accrued liabilities of the fund as determined in the most  
 45.29 recent actuarial valuation report for the Teachers Retirement Association fund by the  
 45.30 actuary retained under section 356.214, ~~or on the established date for full funding under~~  
 45.31 ~~section 356.215, subdivision 11, whichever occurs earlier;~~ or (2) when the member and  
 45.32 employer contribution rates are first determined to be eligible for a reduction under section  
 45.33 354.42, subdivisions 4a, 4b, 4c, and 4d.

46.1 Sec. 9. Minnesota Statutes 2013 Supplement, section 354.44, subdivision 6, is  
 46.2 amended to read:

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

46.7 (b) This paragraph, in conjunction with paragraph (c), applies to a person who first  
 46.8 became a member of the association or a member of a pension fund listed in section  
 46.9 356.30, subdivision 3, before July 1, 1989, unless paragraph (d), in conjunction with  
 46.10 paragraph (e), produces a higher annuity amount, in which case paragraph (d) applies. The  
 46.11 average salary as defined in section 354.05, subdivision 13a, multiplied by the following  
 46.12 percentages per year of formula service credit shall determine the amount of the annuity to  
 46.13 which the member qualifying therefor is entitled for service rendered before July 1, 2006:

46.14 <u>Period</u>	Coordinated Member	Basic Member
46.15 Each year of service 46.16 during first ten	1.2 percent per year	2.2 percent per year
46.17 Each year of service 46.18 thereafter	1.7 percent per year	2.7 percent per year

46.19 For service rendered on or after July 1, 2006, by a member other than a member  
 46.20 who was a member of the former Duluth Teachers Retirement Fund Association between  
 46.21 January 1, 2006, and June 30, 2015, and for service rendered on or after July 1, 2013, by a  
 46.22 member who was a member of the former Duluth Teachers Retirement Fund Association  
 46.23 between January 1, 2013, and June 30, 2015, the average salary as defined in section  
 46.24 354.05, subdivision 13a, multiplied by the following percentages per year of service credit,  
 46.25 determines the amount the annuity to which the member qualifying therefor is entitled:

46.26 <u>Period</u>	Coordinated Member	Basic Member
46.27 Each year of service 46.28 during first ten	1.4 percent per year	2.2 percent per year
46.29 Each year of service after 46.30 ten years of service	1.9 percent per year	2.7 percent per year

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

46.36 (ii) Where any member retires prior to normal retirement age under a formula  
 46.37 annuity, the member shall be paid a retirement annuity in an amount equal to the normal  
 46.38 annuity provided in paragraph (b) reduced by one-quarter of one percent for each month

47.1 that the member is under normal retirement age at the time of retirement except that for  
47.2 any member who has 30 or more years of allowable service credit, the reduction shall be  
47.3 applied only for each month that the member is under age 62.

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

47.7 (d) This paragraph applies to a member who has become at least 55 years old and  
47.8 first became a member of the association after June 30, 1989, and to any other member  
47.9 who has become at least 55 years old and whose annuity amount when calculated under  
47.10 this paragraph and in conjunction with paragraph (e), is higher than it is when calculated  
47.11 under paragraph (b), in conjunction with paragraph (c). For a basic member, the average  
47.12 salary, as defined in section 354.05, subdivision 13a, multiplied by 2.7 percent for each  
47.13 year of service for a basic member determines the amount of the retirement annuity to  
47.14 which the basic member is entitled. The annuity of a basic member who was a member of  
47.15 the former Minneapolis Teachers Retirement Fund Association as of June 30, 2006, must  
47.16 be determined according to the annuity formula under the articles of incorporation of the  
47.17 former Minneapolis Teachers Retirement Fund Association in effect as of that date. For a  
47.18 coordinated member, the average salary, as defined in section 354.05, subdivision 13a,  
47.19 multiplied by 1.7 percent for each year of service rendered before July 1, 2006, and by 1.9  
47.20 percent for each year of service rendered on or after July 1, 2006, for a member other than  
47.21 a member who was a member of the former Duluth Teachers Retirement Fund Association  
47.22 between January 1, 2006, and June 30, 2015, and by 1.9 percent for each year of service  
47.23 rendered on or after July 1, 2013, for a member of the former Duluth Teachers Retirement  
47.24 Fund Association between January 1, 2013, and June 30, 2015, determines the amount of  
47.25 the retirement annuity to which the coordinated member is entitled.

47.26 (e) This paragraph applies to a person who has become at least 55 years old and first  
47.27 becomes a member of the association after June 30, 1989, and to any other member who  
47.28 has become at least 55 years old and whose annuity is higher when calculated under  
47.29 paragraph (d) in conjunction with this paragraph than when calculated under paragraph  
47.30 (b), in conjunction with paragraph (c). An employee who retires under the formula annuity  
47.31 before the normal retirement age shall be paid the normal annuity provided in paragraph  
47.32 (d) reduced so that the reduced annuity is the actuarial equivalent of the annuity that  
47.33 would be payable to the employee if the employee deferred receipt of the annuity and the  
47.34 annuity amount were augmented at an annual rate of three percent compounded annually  
47.35 from the day the annuity begins to accrue until the normal retirement age if the employee  
47.36 became an employee before July 1, 2006, and at 2.5 percent compounded annually if the

48.1 employee becomes an employee after June 30, 2006. Except in regards to section 354.46,  
48.2 this paragraph remains in effect until June 30, 2015.

48.3 (f) After June 30, 2020, this paragraph applies to a person who has become at least  
48.4 55 years old and first becomes a member of the association after June 30, 1989, and to any  
48.5 other member who has become at least 55 years old and whose annuity is higher when  
48.6 calculated under paragraph (d) in conjunction with this paragraph than when calculated  
48.7 under paragraph (b) in conjunction with paragraph (c). An employee who retires under  
48.8 the formula annuity before the normal retirement age is entitled to receive the normal  
48.9 annuity provided in paragraph (d). For a person who is at least age 62 or older and has at  
48.10 least 30 years of service, the annuity must be reduced by an early reduction factor of six  
48.11 percent per year of the annuity that would be payable to the employee if the employee  
48.12 deferred receipt of the annuity and the annuity amount were augmented at an annual rate  
48.13 of three percent compounded annually from the day the annuity begins to accrue until the  
48.14 normal retirement age if the employee became an employee before July 1, 2006, and at 2.5  
48.15 percent compounded annually if the employee became an employee after June 30, 2006.  
48.16 For a person who is not at least age 62 or older and does not have at least 30 years of  
48.17 service, the annuity would be reduced by an early reduction factor of four percent per year  
48.18 for ages 55 through 59 and seven percent per year of the annuity that would be payable  
48.19 to the employee if the employee deferred receipt of the annuity and the annuity amount  
48.20 were augmented at an annual rate of three percent compounded annually from the day  
48.21 the annuity begins to accrue until the normal retirement age if the employee became an  
48.22 employee before July 1, 2006, and at 2.5 percent compounded annually if the employee  
48.23 became an employee after June 30, 2006.

48.24 (g) After June 30, 2015, and before July 1, 2020, for a person who would have  
48.25 a reduced retirement annuity under either paragraph (e) or (f) if they were applicable,  
48.26 the employee is entitled to receive a reduced annuity which must be calculated using  
48.27 a blended reduction factor augmented monthly by 1/60 of the difference between the  
48.28 reduction required under paragraph (e) and the reduction required under paragraph (f).

48.29 (h) No retirement annuity is payable to a former employee with a salary that exceeds  
48.30 95 percent of the governor's salary unless and until the salary figures used in computing  
48.31 the highest five successive years average salary under paragraph (a) have been audited by  
48.32 the Teachers Retirement Association and determined by the executive director to comply  
48.33 with the requirements and limitations of section 354.05, subdivisions 35 and 35a.

48.34 Sec. 10. **[354.73] RETIREMENT COVERAGE RELATED TO THE FORMER**  
48.35 **DULUTH TEACHERS RETIREMENT FUND ASSOCIATION.**



49.1 Subdivision 1. **Application.** This section applies to the retirement coverage of  
49.2 members of the former Duluth Teachers Retirement Fund Association transferred to the  
49.3 Teachers Retirement Association by section 46.

49.4 Subd. 2. **Teachers Retirement Association as successor in interest.** The Teachers  
49.5 Retirement Association is the successor in interest to all claims which the former Duluth  
49.6 Teachers Retirement Fund Association may have or may have been able to assert against  
49.7 any person on June 30, 2015, and is the successor in interest to all claims which could  
49.8 have been asserted against the former Duluth Teachers Retirement Fund Association,  
49.9 subject to the following:

49.10 (1) the Teachers Retirement Association is not liable for any claim against the  
49.11 Duluth Teachers Retirement Fund Association, its former board or board members, which  
49.12 is founded upon a claim of breach of fiduciary duty, where the act or acts constituting the  
49.13 claimed breach were not done in good faith;

49.14 (2) the Teachers Retirement Association may assert any applicable defense to  
49.15 any claim in any judicial or administrative proceeding that the former Duluth Teachers  
49.16 Retirement Fund Association or its board would otherwise have been entitled to assert;

49.17 (3) the Teachers Retirement Association may assert any applicable defense that it  
49.18 may assert in its capacity as a statewide agency; and

49.19 (4) the Teachers Retirement Association shall indemnify any former fiduciary of the  
49.20 Duluth Teachers Retirement Fund Association consistent with section 356A.11.

49.21 Subd. 3. **Benefit calculation.** (a) For every deferred, inactive, disabled, and  
49.22 retired member of the Duluth Teachers Retirement Fund Association transferred under  
49.23 subdivision 1, and the survivors of these members, annuities or benefits earned before July  
49.24 1, 2015, other than future postretirement adjustments, must be calculated and paid by the  
49.25 Teachers Retirement Association under the laws, articles of incorporation, and bylaws of  
49.26 the former Duluth Teachers Retirement Fund Association that were in effect relative to  
49.27 the person on the date of the person's termination of active service covered by the former  
49.28 Duluth Teachers Retirement Fund Association.

49.29 (b) Former Duluth Teachers Retirement Fund Association members who retired  
49.30 before July 1, 2015, must receive postretirement adjustments after January 1, 2015, only  
49.31 as provided in section 356.415. All other benefit recipients of the former Duluth Teachers  
49.32 Retirement Fund Association must receive postretirement adjustments after December 31,  
49.33 2015, only as provided in section 356.415.

49.34 (c) This consolidation does not impair or diminish benefits for an active, deferred,  
49.35 or retired member or a survivor of an active, deferred, or retired member under the  
49.36 former Duluth Teachers Retirement Fund Association in existence at the time of the

50.1 consolidation, except that any future postretirement adjustments must be paid after July 1,  
50.2 2015, in accordance with paragraph (b), and all benefits based on service on or after July  
50.3 1, 2015, must be determined only by laws governing the Teachers Retirement Association.

50.4 Sec. 11. Minnesota Statutes 2012, section 354A.011, subdivision 11, is amended to read:

50.5 Subd. 11. **Coordinated member.** "Coordinated member" means any member of the  
50.6 teachers retirement fund association who is covered by any agreement or modification  
50.7 made between the state and the Secretary of Health, Education and Welfare making the  
50.8 provisions of the federal Old Age, Survivors and Disability Insurance Act applicable  
50.9 to certain teachers ~~except in the case of a member of the Duluth Teachers Retirement~~  
50.10 ~~Fund Association, in which it means additionally that the member either first became a~~  
50.11 ~~member prior to July 1, 1981, and elected to be covered by the new law coordinated~~  
50.12 ~~program of the Duluth Teachers Retirement Fund Association or first became a member~~  
50.13 ~~on or subsequent to July 1, 1981.~~

50.14 Sec. 12. Minnesota Statutes 2012, section 354A.011, subdivision 15a, is amended to  
50.15 read:

50.16 Subd. 15a. **Normal retirement age.** "Normal retirement age" means age 65 for a  
50.17 person who first became a member of the coordinated program of the St. Paul Teachers  
50.18 Retirement Fund Association ~~or the new law coordinated program of the Duluth Teachers~~  
50.19 ~~Retirement Fund Association~~ or a member of a pension fund listed in section 356.30,  
50.20 subdivision 3, before July 1, 1989. For a person who first became a member of the  
50.21 coordinated program of the St. Paul Teachers Retirement Fund Association ~~or the new law~~  
50.22 ~~coordinated program of the Duluth Teachers Retirement Fund Association~~ after June 30,  
50.23 1989, normal retirement age means the higher of age 65 or retirement age, as defined in  
50.24 United States Code, title 42, section 416(l), as amended, but not to exceed age 66. For a  
50.25 person who is a member of the basic program of the St. Paul Teachers Retirement Fund  
50.26 Association ~~or the old law coordinated program of the Duluth Teachers Retirement Fund~~  
50.27 ~~Association~~, normal retirement age means the age at which a teacher becomes eligible for  
50.28 a normal retirement annuity computed upon meeting the age and service requirements  
50.29 specified in the applicable provisions of the articles of incorporation or bylaws of the  
50.30 ~~respective~~ teachers retirement fund association.

50.31 Sec. 13. Minnesota Statutes 2012, section 354A.011, subdivision 27, is amended to read:

51.1 Subd. 27. **Teacher.** (a) "Teacher" means any person who renders service for a public  
 51.2 school district, other than a charter school, located in the corporate limits of ~~Duluth or~~  
 51.3 St. Paul, as any of the following:

51.4 (1) a full-time employee in a position for which a valid license from the state  
 51.5 Department of Education is required;

51.6 (2) an employee of the teachers retirement fund association located in the city of ~~the~~  
 51.7 first class St. Paul;

51.8 (3) a part-time employee in a position for which a valid license from the state  
 51.9 Department of Education is required; or

51.10 (4) a part-time employee in a position for which a valid license from the state  
 51.11 Department of Education is required who also renders other nonteaching services for the  
 51.12 school district, unless the board of trustees of the teachers retirement fund association  
 51.13 determines that the combined employment is on the whole so substantially dissimilar to  
 51.14 teaching service that the service may not be covered by the association.

51.15 (b) The term does not mean any person who renders service in the school district  
 51.16 as any of the following:

51.17 (1) an independent contractor or the employee of an independent contractor;

51.18 (2) an employee who is a full-time teacher covered by the Teachers Retirement  
 51.19 Association ~~or by another teachers retirement fund association established pursuant to~~  
 51.20 ~~this chapter or~~ under chapter 354;

51.21 (3) an employee who is exempt from licensure pursuant to section 122A.30;

51.22 (4) an employee who is a teacher in a technical college located in a city of the first  
 51.23 class unless the person elects coverage by the ~~applicable~~ first class city teacher retirement  
 51.24 fund association under section 354B.21, subdivision 2;

51.25 (5) a teacher employed by a charter school, irrespective of the location of the  
 51.26 school; or

51.27 (6) an employee who is a part-time teacher in a technical college in a the city of ~~the~~  
 51.28 first class St. Paul and who has elected coverage by the ~~applicable~~ first class city teacher  
 51.29 retirement fund association under section 354B.21, subdivision 2, but (i) the teaching  
 51.30 service is incidental to the regular nonteaching occupation of the person; (ii) the applicable  
 51.31 technical college stipulates annually in advance that the part-time teaching service will not  
 51.32 exceed 300 hours in a fiscal year; and (iii) the part-time teaching actually does not exceed  
 51.33 300 hours in the fiscal year to which the certification applies.

51.34 Sec. 14. Minnesota Statutes 2012, section 354A.021, subdivision 1, is amended to read:

52.1 Subdivision 1. **Establishment.** There is established a teachers retirement fund  
 52.2 association in each of the cities city of Duluth and St. Paul. The associations ~~shall be~~  
 52.3 association is known respectively as the "Duluth Teachers Retirement Fund Association"  
 52.4 ~~and the "St. Paul Teachers Retirement Fund Association."~~ Each The association ~~shall be~~  
 52.5 is a continuation of the teachers retirement fund association with the same corporate  
 52.6 name established pursuant to under the authorization contained in Laws 1909, chapter  
 52.7 343, section 1.

52.8 Sec. 15. **[354A.022] AUTHORIZATION TO CERTIFY FUNDS TO STATE**  
 52.9 **BOARD OF INVESTMENT.**

52.10 Subdivision 1. **Certification of funds to State Board of Investment.** The chief  
 52.11 administrative officer of the Duluth Teachers Retirement Fund Association, from time  
 52.12 to time, may certify to the State Board of Investment those portions of the assets of the  
 52.13 retirement plan that are not needed for administrative expenses or benefit payments.  
 52.14 Assets certified to the State Board of Investment must be invested under sections 11A.14  
 52.15 and 11A.23. The chief administrative officer of the Duluth Teachers Retirement Fund  
 52.16 Association may certify assets for withdrawal from the State Board of Investment only  
 52.17 to make benefit payments or to pay administrative expenses or investment expenses of  
 52.18 existing direct real estate holdings or assets that are noncompliant with State Board of  
 52.19 Investment objectives or limitations.

52.20 Subd. 2. **Investment of certified funds.** Assets certified to the State Board of  
 52.21 Investment are deemed to be from a covered retirement fund required to be invested by  
 52.22 the State Board of Investment under section 11A.23.

52.23 Subd. 3. **Expiration.** This section expires June 30, 2015, if the consolidation  
 52.24 provisions receive the local approvals in section 49 and all other requirements of section  
 52.25 49 are met.

52.26 Sec. 16. Minnesota Statutes 2012, section 354A.092, is amended to read:

52.27 **354A.092 SABBATICAL LEAVE.**

52.28 Any teacher in the coordinated program of the St. Paul Teachers Retirement Fund  
 52.29 Association ~~or any teacher in the new law coordinated program of the Duluth Teachers~~  
 52.30 ~~Retirement Fund Association~~ who is granted a sabbatical leave ~~shall be~~ is entitled to  
 52.31 receive allowable service credit in the ~~applicable~~ association for periods of sabbatical  
 52.32 leave. To obtain the service credit, the teacher on sabbatical leave shall make an employee  
 52.33 contribution to the ~~applicable~~ association. No teacher ~~shall be~~ is entitled to receive more  
 52.34 than three years of allowable service credit ~~pursuant to~~ under this section for a period or

53.1 periods of sabbatical leave during any ten consecutive ~~fiscal or calendar~~ years, ~~whichever is~~  
 53.2 ~~the applicable plan year for the teachers retirement fund association~~. If the teacher granted a  
 53.3 sabbatical leave makes the employee contribution for a period of sabbatical leave ~~pursuant~~  
 53.4 ~~to~~ under this section, the employing unit shall make an employer contribution on behalf of  
 53.5 the teacher to the ~~applicable~~ association for that period of sabbatical leave in the manner  
 53.6 described in section 354A.12, subdivision 2a. The employee and employer contributions  
 53.7 ~~shall~~ must be in an amount equal to the employee and employer contribution rates in effect  
 53.8 for other active members of the association covered by the same program applied to a salary  
 53.9 figure equal to the teacher's actual covered salary for the plan year immediately preceding  
 53.10 the sabbatical leave period. Payment of the employee contribution authorized ~~pursuant~~  
 53.11 ~~to~~ under this section ~~shall~~ must be made by the teacher on or before June 30 of year  
 53.12 next following the year in which the sabbatical leave terminated and ~~shall~~ must be made  
 53.13 without interest. For sabbatical leaves taken after June 30, 1986, the required employer  
 53.14 contributions ~~shall~~ must be paid by the employing unit within 30 days after notification by  
 53.15 the association of the amount due. If the employee contributions for the sabbatical leave  
 53.16 period are less than an amount equal to the applicable contribution rate applied to a salary  
 53.17 figure equal to the teacher's actual covered salary for the plan year immediately preceding  
 53.18 the sabbatical leave period, service credit ~~shall~~ must be prorated. The prorated service  
 53.19 credit ~~shall~~ must be determined by the ratio between the amount of the actual payment  
 53.20 which was made and the full contribution amount payable ~~pursuant to~~ under this section.

53.21 Sec. 17. Minnesota Statutes 2012, section 354A.093, subdivision 1, is amended to read:

53.22 Subdivision 1. **Eligibility.** Any teacher in the coordinated program of the St. Paul  
 53.23 Teachers Retirement Fund Association ~~or any teacher in the new law coordinated program~~  
 53.24 ~~of the Duluth Teachers Retirement Fund Association~~ who is absent from employment by  
 53.25 reason of service in the uniformed services as defined in United States Code, title 38,  
 53.26 section 4303(13) and who returns to the employer providing active teaching service upon  
 53.27 discharge from uniformed service within the time frames required under United States  
 53.28 Code, title 38, section 4312(e), may receive allowable service credit in the ~~applicable~~  
 53.29 association for all or a portion of the period of uniformed service, provided that the teacher  
 53.30 did not separate from uniformed service with a dishonorable or bad conduct discharge  
 53.31 or under other than honorable conditions.

53.32 Sec. 18. Minnesota Statutes 2012, section 354A.096, is amended to read:

53.33 **354A.096 MEDICAL LEAVE.**

54.1 Any teacher in the coordinated program of the St. Paul Teachers Retirement Fund  
 54.2 Association ~~or the new law coordinated program of the Duluth Teachers Retirement Fund~~  
 54.3 ~~Association~~ who is on an authorized medical leave of absence and subsequently returns to  
 54.4 teaching service is entitled to receive allowable service credit, not to exceed one year, for  
 54.5 the period of leave, upon making the prescribed payment to the fund. This payment must  
 54.6 include the required employee and employer contributions at the rates specified in section  
 54.7 354A.12, subdivisions 1 and 2a, as applied to the member's average full-time monthly  
 54.8 salary rate on the date the leave of absence commenced plus annual interest at the rate of  
 54.9 8.5 percent per year from the end of the fiscal year during which the leave terminates to the  
 54.10 end of the month during which payment is made. The member must pay the total amount  
 54.11 required unless the employing unit, at its option, pays the employer contributions. The total  
 54.12 amount required must be paid by the end of the fiscal year following the fiscal year in which  
 54.13 the leave of absence terminated or before the member retires, whichever is earlier. Payment  
 54.14 must be accompanied by a copy of the resolution or action of the employing authority  
 54.15 granting the leave and the employing authority, upon granting the leave, must certify the  
 54.16 leave to the association in a manner specified by the executive director. A member may not  
 54.17 receive more than one year of allowable service credit during any fiscal year by making  
 54.18 payment under this section. A member may not receive disability benefits under section  
 54.19 354A.36 and receive allowable service credit under this section for the same period of time.

54.20 Sec. 19. Minnesota Statutes 2013 Supplement, section 354A.12, subdivision 1, is  
 54.21 amended to read:

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

54.25 <del>Association and Program</del>	Percentage of Total Salary
54.26 <del>Duluth Teachers Retirement Fund Association</del>	
54.27 <del>old law and new law</del>	
54.28 <del>coordinated programs</del>	
54.29 <del>before July 1, 2013</del>	6.5 percent
54.30 <del>effective July 1, 2013</del>	7.0 percent
54.31 <del>effective July 1, 2014</del>	7.5 percent
54.32 St. Paul Teachers Retirement Fund Association	
54.33 <del>basic program after June 30, 2012</del>	8.5 percent
54.34 <del>basic program after June 30, 2013</del>	8.75 percent
54.35 basic program after June 30, 2014	9.0 percent
54.36 basic program after June 30, 2015	9.5 percent
54.37 basic program after June 30, 2016	10.0 percent

55.1	<del>coordinated program after June 30, 2012</del>	<del>6.0 percent</del>
55.2	<del>coordinated program after June 30, 2013</del>	<del>6.25 percent</del>
55.3	coordinated program after June 30, 2014	6.5 percent
55.4	coordinated program after June 30, 2015	7.0 percent
55.5	coordinated program after June 30, 2016	7.5 percent

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

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

55.12 Sec. 20. Minnesota Statutes 2012, section 354A.12, subdivision 2, is amended to read:

55.13 Subd. 2. **Retirement contribution levy disallowed.** Except as provided in  
 55.14 section 423A.02, subdivision 3, with respect to Independent School District No. 625,  
 55.15 notwithstanding any law to the contrary, levies for the St. Paul Teachers Retirement Fund  
 55.16 ~~associations in the cities of Duluth and St. Paul Association~~, including levies for any  
 55.17 employer Social Security taxes for teachers covered by the ~~Duluth Teachers Retirement~~  
 55.18 ~~Fund Association or the St. Paul Teachers Retirement Fund Association~~, are disallowed.

55.19 Sec. 21. Minnesota Statutes 2013 Supplement, section 354A.12, subdivision 2a,  
 55.20 is amended to read:

55.21 Subd. 2a. **Employer regular and additional contributions.** (a) The employing  
 55.22 units shall make the following employer contributions to the teachers retirement fund  
 55.23 ~~associations~~ association:

55.24 (1) for any coordinated member of ~~one of the following~~ St. Paul Teachers  
 55.25 ~~Retirement Fund associations in a city of the first class~~ Association, the employing unit  
 55.26 shall make a regular employer contribution to the ~~respective~~ retirement fund association in  
 55.27 an amount equal to the designated percentage of the salary of the coordinated member  
 55.28 as provided below:

55.29	<del>Duluth Teachers Retirement Fund Association</del>	
55.30	<del>before July 1, 2013</del>	<del>6.79 percent</del>
55.31	<del>effective July 1, 2013</del>	<del>7.29 percent</del>
55.32	<del>effective July 1, 2014</del>	<del>7.50 percent</del>
55.33	<del>St. Paul Teachers Retirement Fund Association</del>	
55.34	<del>after June 30, 2012</del>	<del>5.0 percent</del>
55.35	<del>after June 30, 2013</del>	<del>5.25 percent</del>

56.1	after June 30, 2014	5.5 percent
56.2	after June 30, 2015	6.0 percent
56.3	after June 30, 2016	6.25 percent
56.4	after June 30, 2017	6.5 percent

56.5 (2) for any basic member of the St. Paul Teachers Retirement Fund Association, the  
 56.6 employing unit shall make a regular employer contribution to the respective retirement  
 56.7 fund in an amount according to the schedule below:

56.8	<del>after June 30, 2012</del>	<del>8.5 percent of salary</del>
56.9	<del>after June 30, 2013</del>	<del>8.75 percent of salary</del>
56.10	after June 30, 2014	9.0 percent of salary
56.11	after June 30, 2015	9.5 percent of salary
56.12	after June 30, 2016	9.75 percent of salary
56.13	after June 30, 2017	10.0 percent of salary

56.14 (3) for a basic member of the St. Paul Teachers Retirement Fund Association, the  
 56.15 employing unit shall make an additional employer contribution to the respective fund in  
 56.16 an amount equal to 3.64 percent of the salary of the basic member;

56.17 (4) for a coordinated member of the St. Paul Teachers Retirement Fund Association,  
 56.18 the employing unit shall make an additional employer contribution to the respective fund  
 56.19 in an amount equal to ~~the applicable percentage~~ 3.84 percent of the coordinated member's  
 56.20 salary, ~~as provided below:~~

56.21	<del>St. Paul Teachers Retirement Fund Association</del>	<del>3.84 percent</del>
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56.22 (b) The regular and additional employer contributions must be remitted directly to  
 56.23 the respective St. Paul Teachers Retirement Fund Association at least once each month.  
 56.24 Delinquent amounts are payable with interest under the procedure in subdivision 1a.

56.25 (c) Payments of regular and additional employer contributions for school district  
 56.26 or technical college employees who are paid from normal operating funds must be made  
 56.27 from the appropriate fund of the district or technical college.

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

56.31 Sec. 22. Minnesota Statutes 2013 Supplement, section 354A.12, subdivision 3a,  
 56.32 is amended to read:

56.33 Subd. 3a. **Special direct state aid to first class city teachers retirement fund**  
 56.34 **associations.** (a) The state shall pay ~~\$346,000 as special direct state aid to the Duluth~~  
 56.35 ~~Teachers Retirement Fund Association and \$2,827,000 to the St. Paul Teachers Retirement~~  
 56.36 ~~Fund Association.~~



57.1 (b) The ~~aids~~ aid under this subdivision ~~are~~ is payable October 1 annually. The  
 57.2 commissioner of management and budget shall pay the ~~aids~~ aid specified in this  
 57.3 subdivision. The ~~amounts~~ amount required ~~are~~ is appropriated annually from the general  
 57.4 fund to the commissioner of management and budget.

57.5 Sec. 23. Minnesota Statutes 2012, section 354A.31, subdivision 1, is amended to read:

57.6 Subdivision 1. **Age and service requirements.** Any coordinated member or former  
 57.7 coordinated member of the ~~Duluth Teachers Retirement Fund Association~~ or of the St.  
 57.8 Paul Teachers Retirement Fund Association who has ceased to render teaching service for  
 57.9 the Independent School District in which the teachers retirement fund association exists  
 57.10 No. 625, who is vested and who has either attained the age of at least 55 years or received  
 57.11 credit for not less than 30 years of allowable service regardless of age, ~~shall be~~ is entitled  
 57.12 upon written application to a retirement annuity.

57.13 Sec. 24. Minnesota Statutes 2012, section 354A.32, subdivision 1, is amended to read:

57.14 Subdivision 1. **Optional forms generally.** The board of the St. Paul Teachers  
 57.15 Retirement Fund Association shall establish for the coordinated program ~~and the board~~  
 57.16 ~~of the Duluth Teachers Retirement Fund Association shall establish for the new law~~  
 57.17 ~~coordinated program~~ an optional retirement annuity which ~~shall~~ must take the form of  
 57.18 a joint and survivor annuity. ~~Each~~ The board may also<sub>2</sub> in its discretion<sub>2</sub> establish an  
 57.19 optional annuity which ~~shall~~ may take the form of an annuity payable for a period certain  
 57.20 and for life thereafter. ~~Each~~ The board shall also establish an optional retirement annuity  
 57.21 that guarantees payment of the balance of the annuity recipient's accumulated deductions  
 57.22 to a designated beneficiary upon the death of the annuity recipient. Except as provided in  
 57.23 subdivision 1a, the optional annuity forms shall must be the actuarial equivalent of the  
 57.24 normal forms provided in section 354A.31. In establishing these optional annuity forms,  
 57.25 the board shall obtain the written recommendation of the actuary retained under section  
 57.26 356.214. The recommendation ~~shall~~ must be a part of the permanent records of the board.

57.27 Sec. 25. Minnesota Statutes 2012, section 354A.35, subdivision 1, is amended to read:

57.28 Subdivision 1. **Death before retirement; refund.** If a coordinated member or  
 57.29 former coordinated member dies ~~prior to~~ before retirement or ~~prior to~~ before the receipt  
 57.30 of any retirement annuity or other benefit payment which is or may be payable and a  
 57.31 surviving spouse optional annuity is not payable ~~pursuant to~~ under subdivision 2, a  
 57.32 refund ~~shall~~ must be paid to the person's surviving spouse, or if there is none, to the  
 57.33 person's designated beneficiary, or if there is none, to the legal representative of the

58.1 person's estate. For a coordinated member or former coordinated member of the St. Paul  
 58.2 Teachers Retirement Fund Association, the refund ~~shall~~ must be in an amount equal to the  
 58.3 person's accumulated employee contributions plus interest at the rate of six percent per  
 58.4 annum compounded annually. ~~For a coordinated member or former coordinated member~~  
 58.5 ~~of the Duluth Teachers Retirement Fund Association, the refund shall be in an amount~~  
 58.6 ~~equal to the person's accumulated employee contributions plus interest at the rate of six~~  
 58.7 ~~percent per annum compounded annually to July 1, 2010, and four percent per annum~~  
 58.8 ~~compounded annually thereafter.~~

58.9 Sec. 26. Minnesota Statutes 2012, section 354A.37, subdivision 3, is amended to read:

58.10 Subd. 3. **Computation of refund amount.** A former coordinated member who  
 58.11 qualifies for a refund under subdivision 1 ~~shall~~ is entitled to receive a refund equal to the  
 58.12 amount of the former coordinated member's accumulated employee contributions with  
 58.13 interest at the rate of six percent per annum compounded annually to ~~July 1, 2010, if the~~  
 58.14 ~~person is a former member of the Duluth Teachers Retirement Fund Association, or to~~  
 58.15 July 1, 2011, if the person is a former member of the St. Paul Teachers Retirement Fund  
 58.16 Association, and four percent per annum compounded annually thereafter.

58.17 Sec. 27. Minnesota Statutes 2012, section 354A.37, subdivision 4, is amended to read:

58.18 Subd. 4. **Certain refunds at normal retirement age.** Any coordinated member  
 58.19 who has attained the normal retirement age with less than ten years of allowable service  
 58.20 credit and has terminated active teaching service ~~shall be~~ is entitled to a refund in lieu of a  
 58.21 proportionate annuity under section 356.32. The refund must be equal to the coordinated  
 58.22 member's accumulated employee contributions plus interest at the rate of six percent  
 58.23 compounded annually to ~~July 1, 2010, if the person is a former member of the Duluth~~  
 58.24 ~~Teachers Retirement Fund Association, or to July 1, 2011, if the person is a former~~  
 58.25 member of the St. Paul Teachers Retirement Fund Association, and four percent per  
 58.26 annum compounded annually thereafter.

58.27 Sec. 28. Minnesota Statutes 2012, section 354A.39, is amended to read:

58.28 **354A.39 SERVICE IN OTHER PUBLIC RETIREMENT FUNDS; ANNUITY.**

58.29 Any person who has been a member of the Minnesota State Retirement System, the  
 58.30 Public Employees Retirement Association including the Public Employees Retirement  
 58.31 Association Police and Fire Fund, the Teachers Retirement Association, the Minnesota  
 58.32 State Patrol Retirement Association, the legislators retirement plan, the constitutional  
 58.33 officers retirement plan, ~~the Duluth Teachers Retirement Fund Association new law~~

59.1 ~~coordinated program~~, the St. Paul Teachers Retirement Fund Association coordinated  
 59.2 program, or any other public employee retirement system in the state of Minnesota  
 59.3 having a like provision, but excluding all other funds providing retirement benefits for  
 59.4 police officers or firefighters, is entitled, when qualified, to an annuity from each fund if  
 59.5 the person's total allowable service in all of the funds or in any two or more of the funds  
 59.6 totals three or more years, provided that no portion of the allowable service upon which  
 59.7 the retirement annuity from one fund is based is used again in the computation for a  
 59.8 retirement annuity from another fund and provided further that the person has not taken a  
 59.9 refund from any of funds or associations since the person's membership in the fund or  
 59.10 association has terminated. The annuity from each fund or association must be determined  
 59.11 by the appropriate provisions of the law governing each fund or association, except that  
 59.12 the requirement that a person must have at least three years of allowable service in the  
 59.13 respective fund or association does not apply for the purposes of this section, provided  
 59.14 that the aggregate service in two or more of these funds equals three or more years.

59.15 Sec. 29. Minnesota Statutes 2012, section 354A.41, is amended to read:

59.16 **354A.41 ADMINISTRATION OF COORDINATED PROGRAM.**

59.17 Subdivision 1. **Administrative provisions.** The provisions of the articles of  
 59.18 incorporation and bylaws of the St. Paul Teachers Retirement Fund Association relating  
 59.19 to the administration of the fund shall govern the administration of the coordinated and  
 59.20 basic programs ~~and the provisions of the articles of incorporation and bylaws of the~~  
 59.21 ~~Duluth Teachers Retirement Fund Association relating to the administration of the fund~~  
 59.22 ~~shall govern the administration of the new law coordinated program in instances where the~~  
 59.23 administrative provisions are not inconsistent with ~~the provisions of sections 354A.31 to~~  
 59.24 354A.41, including but not limited to provisions relating to the composition and function  
 59.25 of the board of trustees, the investment of assets of the St. Paul Teachers Retirement Fund  
 59.26 Association, and the definition of the plan year. The administrative provisions in the  
 59.27 articles of incorporation and the bylaws of the Minneapolis Teachers Retirement Fund  
 59.28 Association pertaining to the granting of pension benefits of the basic and coordinated  
 59.29 programs are no longer in effect after June 30, 2006, and the administrative provisions of  
 59.30 the Duluth Teachers Retirement Fund Association pertaining to retirement benefits of the  
 59.31 old law coordinated program are no longer in effect after June 30, 2015.

59.32 Subd. 2. **Actuarial valuations.** In any actuarial valuation of the St. Paul Teachers  
 59.33 Retirement Fund Association, ~~or the Duluth Teachers Retirement Fund Association~~ under  
 59.34 section 356.215 prepared by the actuary retained under section 356.214 or supplemental  
 59.35 actuarial valuation prepared by an approved actuary retained by the St. Paul Teachers

60.1 Retirement Fund Association, there ~~shall~~ must be included a finding of the condition of the  
60.2 fund showing separately the basic and coordinated programs ~~or the old law coordinated~~  
60.3 ~~and new law coordinated programs, as appropriate.~~ The finding shall must include the level  
60.4 normal cost and the applicable employee and employer contribution rates for each program.

60.5 Sec. 30. Minnesota Statutes 2012, section 354B.21, subdivision 3a, is amended to read:

60.6 Subd. 3a. **Plan coverage and election; certain past service technical college**  
60.7 **faculty.** (a) Notwithstanding subdivision 3, if an employee of the board was employed in  
60.8 a faculty position in a technical college on June 30, 1997, with coverage by the Teachers  
60.9 Retirement Association, the employee retains that coverage. If the employee was a  
60.10 technical college faculty member on June 30, 1995, covered by a first class city teacher  
60.11 retirement fund established under chapter 354A, the retirement coverage continues with  
60.12 the ~~Duluth Teachers Retirement Fund Association or the St. Paul Teachers Retirement~~  
60.13 ~~Fund Association, whichever is applicable.~~ If the person was a technical college faculty  
60.14 member on June 30, 1995, covered by the former Minneapolis Teachers Retirement Fund  
60.15 Association or the former Duluth Teachers Retirement Fund Association, the Teachers  
60.16 Retirement Association shall provide coverage.

60.17 (b) An employee under paragraph (a) who has coverage by ~~a first class city~~  
60.18 ~~teacher~~ the St. Paul Teachers Retirement Fund Association retains that coverage for the  
60.19 duration of the person's employment by the board unless, within one year of a change in  
60.20 employment within the Minnesota State Colleges and Universities system, the person  
60.21 elects the individual retirement account plan for all future employment by the board.  
60.22 The election is irrevocable.

60.23 Sec. 31. Minnesota Statutes 2012, section 355.01, subdivision 2c, is amended to read:

60.24 Subd. 2c. **Duluth teacher.** "Duluth teacher" means a person employed by  
60.25 Independent School District No. 709, Duluth, who holds a position covered by the ~~Duluth~~  
60.26 ~~Teachers Retirement Fund Association established under chapter 354A~~ section 354.73  
60.27 and section 46.

60.28 Sec. 32. Minnesota Statutes 2013 Supplement, section 356.20, subdivision 2, is  
60.29 amended to read:

60.30 Subd. 2. **Covered public pension plans and funds.** This section applies to the  
60.31 following public pension plans:

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

- 61.1 (2) the general employees retirement plan of the Public Employees Retirement  
 61.2 Association;
- 61.3 (3) the Teachers Retirement Association;
- 61.4 (4) the State Patrol retirement plan;
- 61.5 (5) the St. Paul Teachers Retirement Fund Association;
- 61.6 ~~(6) the Duluth Teachers Retirement Fund Association;~~
- 61.7 ~~(7)~~ (6) the University of Minnesota faculty retirement plan;
- 61.8 ~~(8)~~ (7) the University of Minnesota faculty supplemental retirement plan;
- 61.9 ~~(9)~~ (8) the judges retirement fund;
- 61.10 ~~(10)~~ (9) the Bloomington Fire Department Relief Association;
- 61.11 ~~(11)~~ (10) a volunteer firefighter relief association governed by section 424A.091;
- 61.12 ~~(12)~~ (11) the public employees police and fire plan of the Public Employees  
 61.13 Retirement Association;
- 61.14 ~~(13)~~ (12) the correctional state employees retirement plan of the Minnesota State  
 61.15 Retirement System;
- 61.16 ~~(14)~~ (13) the local government correctional service retirement plan of the Public  
 61.17 Employees Retirement Association; and
- 61.18 ~~(15)~~ (14) the voluntary statewide lump-sum volunteer firefighter retirement plan.

61.19 Sec. 33. Minnesota Statutes 2013 Supplement, section 356.214, subdivision 1, is  
 61.20 amended to read:

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

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

- 61.29 (1) the teachers retirement plan, Teachers Retirement Association;
- 61.30 (2) the general state employees retirement plan, Minnesota State Retirement System;
- 61.31 (3) the correctional employees retirement plan, Minnesota State Retirement System;
- 61.32 (4) the State Patrol retirement plan, Minnesota State Retirement System;
- 61.33 (5) the judges retirement plan, Minnesota State Retirement System;
- 61.34 (6) the general employees retirement plan, Public Employees Retirement  
 61.35 Association, including the MERF division;

62.1 (7) the public employees police and fire plan, Public Employees Retirement  
62.2 Association;

62.3 ~~(8) the Duluth teachers retirement plan, Duluth Teachers Retirement Fund~~  
62.4 ~~Association;~~

62.5 ~~(9)~~ (8) the St. Paul teachers retirement plan, St. Paul Teachers Retirement Fund  
62.6 Association;

62.7 ~~(10)~~ (9) the legislators retirement plan, Minnesota State Retirement System; and

62.8 ~~(11)~~ (10) the local government correctional service retirement plan, Public  
62.9 Employees Retirement Association.

62.10 (c) The actuarial valuation for the legislators retirement plan must include a separate  
62.11 calculation of total plan actuarial accrued liabilities due to constitutional officer coverage  
62.12 under section 3A.17.

62.13 (d) The contracts must require completion of the annual actuarial valuation  
62.14 calculations on a fiscal year basis, with the contents of the actuarial valuation calculations  
62.15 as specified in section 356.215, and in conformity with the standards for actuarial work  
62.16 adopted by the Legislative Commission on Pensions and Retirement.

62.17 The contracts must require completion of annual experience data collection and  
62.18 processing and a quadrennial published experience study for the plans listed in paragraph  
62.19 (b), clauses (1), (2), and (6), as provided for in the standards for actuarial work adopted by  
62.20 the commission. The experience data collection, processing, and analysis must evaluate  
62.21 the following:

62.22 (1) individual salary progression;

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

62.24 (3) payroll growth;

62.25 (4) mortality;

62.26 (5) retirement age;

62.27 (6) withdrawal; and

62.28 (7) disablement.

62.29 (e) The actuary shall annually prepare a report to the governing or managing board  
62.30 or administrative official and the legislature, summarizing the results of the actuarial  
62.31 valuation calculations. The actuary shall include with the report any recommendations  
62.32 concerning the appropriateness of the support rates to achieve proper funding of  
62.33 the retirement plans by the required funding dates. The actuary shall, as part of the  
62.34 quadrennial experience study, include recommendations on the appropriateness of the  
62.35 actuarial valuation assumptions required for evaluation in the study.

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

63.6 Sec. 34. Minnesota Statutes 2013 Supplement, section 356.215, subdivision 8, is  
 63.7 amended to read:

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

63.11 (1) select and ultimate interest rate assumption

63.12		ultimate	ultimate
63.13		preretirement	postretirement
63.14		interest rate	interest rate
63.15	plan	assumption	assumption
63.16	general state employees retirement plan	8.5%	6.0%
63.17	correctional state employees retirement plan	8.5	6.0
63.18	State Patrol retirement plan	8.5	6.0
63.19	legislators retirement plan, and for the	0.0	0.0
63.20	constitutional officers calculation of total plan		
63.21	liabilities		
63.22	judges retirement plan	8.5	6.0
63.23	general public employees retirement plan	8.5	6.0
63.24	public employees police and fire retirement plan	8.5	6.0
63.25	local government correctional service	8.5	6.0
63.26	retirement plan		
63.27	teachers retirement plan	8.5	6.0
63.28	<del>Duluth teachers retirement plan</del>	<del>8.5</del>	<del>8.5</del>
63.29	St. Paul teachers retirement plan	8.5	8.5

63.30 Except for the legislators retirement plan and the constitutional officers calculation  
 63.31 of total plan liabilities, the select preretirement interest rate assumption for the period  
 63.32 after June 30, 2012, through June 30, 2017, is 8.0 percent. Except for the legislators  
 63.33 retirement plan and the constitutional officers calculation of total plan liabilities, the select  
 63.34 postretirement interest rate assumption for the period after June 30, 2012, through June  
 63.35 30, 2017, is 5.5 percent, except for the ~~Duluth teachers retirement plan~~ and the St. Paul  
 63.36 teachers retirement plan, each with a select postretirement interest rate assumption for the  
 63.37 period after June 30, 2012, through June 30, 2017, of 8.0 percent.

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

64.1		interest rate
64.2	plan	assumption
64.3	Bloomington Fire Department Relief Association	6.0
64.4	local monthly benefit volunteer firefighters relief	5.0
64.5	associations	

64.6 (b) The actuarial valuation must use the applicable following single rate future salary  
 64.7 increase assumption, the applicable following modified single rate future salary increase  
 64.8 assumption, or the applicable following graded rate future salary increase assumption:

64.9 (1) single rate future salary increase assumption

64.10	plan	future salary increase assumption
64.11	legislators retirement plan	5.0%
64.12	judges retirement plan	3.0
64.13	Bloomington Fire Department Relief	4.0
64.14	Association	

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

64.17	plan	future salary increase assumption
64.18	local government correctional service retirement plan	assumption <del>C</del> <u>B</u>
64.19	<del>Duluth teachers retirement plan</del>	<del>assumption A</del>
64.20	St. Paul teachers retirement plan	assumption <del>B</del> <u>A</u>

64.21 For plans other than the ~~Duluth~~ St. Paul  
 64.22 teachers retirement plan and the local  
 64.23 government correctional service retirement  
 64.24 plan, the select calculation is: during the  
 64.25 designated select period, a designated  
 64.26 percentage rate is multiplied by the result of  
 64.27 the designated integer minus T, where T is the  
 64.28 number of completed years of service, and is  
 64.29 added to the applicable future salary increase  
 64.30 assumption. The designated select period is  
 64.31 ten years and the designated integer is ten  
 64.32 ~~for the Duluth Teachers Retirement Fund~~  
 64.33 ~~Association~~ and for the local government  
 64.34 correctional service retirement plan and 15  
 64.35 for the St. Paul Teachers Retirement Fund  
 64.36 Association. The designated percentage  
 64.37 rate is 0.2 percent for the St. Paul Teachers



65.1 Retirement Fund Association. The select  
 65.2 calculation for the Duluth Teachers  
 65.3 Retirement Fund Association is 8.00 percent  
 65.4 per year for service years one through seven,  
 65.5 7.25 percent per year for service years seven  
 65.6 and eight, and 6.50 percent per year for  
 65.7 service years eight and nine.

65.8 The ultimate future salary increase assumption is:

65.9	age	A	B <u>A</u>	C <u>B</u>
65.10	16	6.00%	5.90%	9.00%
65.11	17	6.00	5.90	9.00
65.12	18	6.00	5.90	9.00
65.13	19	6.00	5.90	9.00
65.14	20	6.00	5.90	9.00
65.15	21	6.00	5.90	8.75
65.16	22	6.00	5.90	8.50
65.17	23	6.00	5.85	8.25
65.18	24	6.00	5.80	8.00
65.19	25	6.00	5.75	7.75
65.20	26	6.00	5.70	7.50
65.21	27	6.00	5.65	7.25
65.22	28	6.00	5.60	7.00
65.23	29	6.00	5.55	6.75
65.24	30	6.00	5.50	6.75
65.25	31	6.00	5.45	6.50
65.26	32	6.00	5.40	6.50
65.27	33	6.00	5.35	6.50
65.28	34	6.00	5.30	6.25
65.29	35	6.00	5.25	6.25
65.30	36	5.86	5.20	6.00
65.31	37	5.73	5.15	6.00
65.32	38	5.59	5.10	6.00
65.33	39	5.45	5.05	5.75
65.34	40	5.31	5.00	5.75
65.35	41	5.18	4.95	5.75
65.36	42	5.04	4.90	5.50
65.37	43	4.90	4.85	5.25
65.38	44	4.76	4.80	5.25
65.39	45	4.63	4.75	5.00
65.40	46	4.49	4.70	5.00
65.41	47	4.35	4.65	5.00
65.42	48	4.21	4.60	5.00

66.1	49	<del>4.08</del>	4.55	5.00
66.2	50	<del>3.94</del>	4.50	5.00
66.3	51	<del>3.80</del>	4.45	5.00
66.4	52	<del>3.66</del>	4.40	5.00
66.5	53	<del>3.53</del>	4.35	5.00
66.6	54	<del>3.39</del>	4.30	5.00
66.7	55	<del>3.25</del>	4.25	4.75
66.8	56	<del>3.25</del>	4.20	4.75
66.9	57	<del>3.25</del>	4.15	4.50
66.10	58	<del>3.25</del>	4.10	4.25
66.11	59	<del>3.25</del>	4.05	4.25
66.12	60	<del>3.25</del>	4.00	4.25
66.13	61	<del>3.25</del>	4.00	4.25
66.14	62	<del>3.25</del>	4.00	4.25
66.15	63	<del>3.25</del>	4.00	4.25
66.16	64	<del>3.25</del>	4.00	4.25
66.17	65	<del>3.25</del>	4.00	4.00
66.18	66	<del>3.25</del>	4.00	4.00
66.19	67	<del>3.25</del>	4.00	4.00
66.20	68	<del>3.25</del>	4.00	4.00
66.21	69	<del>3.25</del>	4.00	4.00
66.22	70	<del>3.25</del>	4.00	4.00

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

66.24	general state employees retirement plan of the	assumption A
66.25	Minnesota State Retirement System	
66.26	general employees retirement plan of the Public	assumption B
66.27	Employees Retirement Association	
66.28	Teachers Retirement Association	assumption C
66.29	public employees police and fire retirement plan	assumption D
66.30	State Patrol retirement plan	assumption E
66.31	correctional state employees retirement plan of the	assumption F
66.32	Minnesota State Retirement System	

66.33	service						
66.34	length	A	B	C	D	E	F
66.35	1	10.50%	12.03%	12.00%	13.00%	8.00%	6.00%
66.36	2	8.10	8.90	9.00	11.00	7.50	5.85
66.37	3	6.90	7.46	8.00	9.00	7.00	5.70
66.38	4	6.20	6.58	7.50	8.00	6.75	5.55
66.39	5	5.70	5.97	7.25	6.50	6.50	5.40
66.40	6	5.30	5.52	7.00	6.10	6.25	5.25
66.41	7	5.00	5.16	6.85	5.80	6.00	5.10
66.42	8	4.70	4.87	6.70	5.60	5.85	4.95
66.43	9	4.50	4.63	6.55	5.40	5.70	4.80

67.1	10	4.40	4.42	6.40	5.30	5.55	4.65
67.2	11	4.20	4.24	6.25	5.20	5.40	4.55
67.3	12	4.10	4.08	6.00	5.10	5.25	4.45
67.4	13	4.00	3.94	5.75	5.00	5.10	4.35
67.5	14	3.80	3.82	5.50	4.90	4.95	4.25
67.6	15	3.70	3.70	5.25	4.80	4.80	4.15
67.7	16	3.60	3.60	5.00	4.80	4.65	4.05
67.8	17	3.50	3.51	4.75	4.80	4.50	3.95
67.9	18	3.50	3.50	4.50	4.80	4.35	3.85
67.10	19	3.50	3.50	4.25	4.80	4.20	3.75
67.11	20	3.50	3.50	4.00	4.80	4.05	3.75
67.12	21	3.50	3.50	3.90	4.70	4.00	3.75
67.13	22	3.50	3.50	3.80	4.60	4.00	3.75
67.14	23	3.50	3.50	3.70	4.50	4.00	3.75
67.15	24	3.50	3.50	3.60	4.50	4.00	3.75
67.16	25	3.50	3.50	3.50	4.50	4.00	3.75
67.17	26	3.50	3.50	3.50	4.50	4.00	3.75
67.18	27	3.50	3.50	3.50	4.50	4.00	3.75
67.19	28	3.50	3.50	3.50	4.50	4.00	3.75
67.20	29	3.50	3.50	3.50	4.50	4.00	3.75
67.21	30 or more	3.50	3.50	3.50	4.50	4.00	3.75

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

67.26	plan	payroll growth assumption
67.27	general state employees retirement plan of the	3.75%
67.28	Minnesota State Retirement System	
67.29	correctional state employees retirement plan	3.75
67.30	State Patrol retirement plan	3.75
67.31	judges retirement plan	3.00
67.32	general employees retirement plan of the Public	3.75
67.33	Employees Retirement Association	
67.34	public employees police and fire retirement plan	3.75
67.35	local government correctional service retirement plan	3.75
67.36	teachers retirement plan	3.75
67.37	<del>Duluth teachers retirement plan</del>	<del>3.50</del>
67.38	St. Paul teachers retirement plan	4.00

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

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

68.1 (2) is accompanied by the concurring recommendation of the actuary retained under  
68.2 section 356.214, subdivision 1, if applicable, or by the approved actuary preparing the  
68.3 most recent actuarial valuation report if section 356.214 does not apply; and  
68.4 (3) has been approved or deemed approved under subdivision 18.

68.5 Sec. 35. Minnesota Statutes 2013 Supplement, section 356.219, subdivision 8, is  
68.6 amended to read:

68.7 Subd. 8. **Timing of reports.** (a) For the Bloomington Fire Department Relief  
68.8 Association and the volunteer firefighter relief associations, the information required  
68.9 under this section must be submitted by the due date for reports required under section  
68.10 69.051, subdivision 1 or 1a, as applicable. If a relief association satisfies the definition of  
68.11 a fully invested plan under subdivision 1, paragraph (b), for the calendar year covered  
68.12 by the report required under section 69.051, subdivision 1 or 1a, as applicable, the chief  
68.13 administrative officer of the covered pension plan shall certify that compliance on a form  
68.14 prescribed by the state auditor. The state auditor shall transmit annually to the State Board  
68.15 of Investment a list or lists of covered pension plans which submitted certifications in  
68.16 order to facilitate reporting by the State Board of Investment under paragraph (c).

68.17 (b) For the St. Paul Teachers Retirement Fund Association, ~~the Duluth Teachers~~  
68.18 ~~Retirement Fund Association~~, and the University of Minnesota faculty supplemental  
68.19 retirement plan, the information required under this section must be submitted to the state  
68.20 auditor by June 1 of each year.

68.21 (c) The State Board of Investment, on behalf of pension funds specified in  
68.22 subdivision 1, paragraph (c), ~~must~~ shall report information required under this section by  
68.23 September 1 of each year.

68.24 Sec. 36. Minnesota Statutes 2013 Supplement, section 356.30, subdivision 3, is  
68.25 amended to read:

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

68.27 (1) the general state employees retirement plan of the Minnesota State Retirement  
68.28 System, established under chapter 352;

68.29 (2) the correctional state employees retirement plan of the Minnesota State  
68.30 Retirement System, established under chapter 352;

68.31 (3) the unclassified employees retirement program, established under chapter 352D;

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

68.33 (5) the legislators retirement plan, established under chapter 3A, including  
68.34 constitutional officers as specified in that chapter;

69.1 (6) the general employees retirement plan of the Public Employees Retirement  
69.2 Association, established under chapter 353, including the MERF division of the Public  
69.3 Employees Retirement Association;

69.4 (7) the public employees police and fire retirement plan of the Public Employees  
69.5 Retirement Association, established under chapter 353;

69.6 (8) the local government correctional service retirement plan of the Public  
69.7 Employees Retirement Association, established under chapter 353E;

69.8 (9) the Teachers Retirement Association, established under chapter 354;

69.9 (10) the St. Paul Teachers Retirement Fund Association, established under chapter  
69.10 354A; and

69.11 ~~(11) the Duluth Teachers Retirement Fund Association, established under chapter~~  
69.12 ~~354A; and~~

69.13 ~~(12)~~ (11) the judges retirement fund, established by chapter 490.

69.14 Sec. 37. Minnesota Statutes 2012, section 356.302, subdivision 7, is amended to read:

69.15 Subd. 7. **Covered retirement plans.** This section applies to the following  
69.16 retirement plans:

69.17 (1) the general state employees retirement plan of the Minnesota State Retirement  
69.18 System, established by chapter 352;

69.19 (2) the unclassified state employees retirement program of the Minnesota State  
69.20 Retirement System, established by chapter 352D;

69.21 (3) the general employees retirement plan of the Public Employees Retirement  
69.22 Association, established by chapter 353, including the MERF division of the Public  
69.23 Employees Retirement Association;

69.24 (4) the Teachers Retirement Association, established by chapter 354;

69.25 ~~(5) the Duluth Teachers Retirement Fund Association, established by chapter 354A;~~

69.26 ~~(6)~~ (5) the St. Paul Teachers Retirement Fund Association, established by chapter  
69.27 354A;

69.28 ~~(7)~~ (6) the state correctional employees retirement plan of the Minnesota State  
69.29 Retirement System, established by chapter 352;

69.30 ~~(8)~~ (7) the State Patrol retirement plan, established by chapter 352B;

69.31 ~~(9)~~ (8) the public employees police and fire plan of the Public Employees Retirement  
69.32 Association, established by chapter 353;

69.33 ~~(10)~~ (9) the local government correctional service retirement plan of the Public  
69.34 Employees Retirement Association, established by chapter 353E; and

69.35 ~~(11)~~ (10) the judges retirement plan, established by chapter 490.

70.1 Sec. 38. Minnesota Statutes 2012, section 356.303, subdivision 4, is amended to read:

70.2 Subd. 4. **Covered retirement plans.** This section applies to the following  
70.3 retirement plans:

70.4 (1) the legislators retirement plan, established by chapter 3A;

70.5 (2) the general state employees retirement plan of the Minnesota State Retirement  
70.6 System, established by chapter 352;

70.7 (3) the correctional state employees retirement plan of the Minnesota State  
70.8 Retirement System, established by chapter 352;

70.9 (4) the State Patrol retirement plan, established by chapter 352B;

70.10 (5) the elective state officers retirement plan, established by chapter 352C;

70.11 (6) the unclassified state employees retirement program, established by chapter 352D;

70.12 (7) the general employees retirement plan of the Public Employees Retirement  
70.13 Association, established by chapter 353, including the MERF division of the Public  
70.14 Employees Retirement Association;

70.15 (8) the public employees police and fire plan of the Public Employees Retirement  
70.16 Association, established by chapter 353;

70.17 (9) the local government correctional service retirement plan of the Public  
70.18 Employees Retirement Association, established by chapter 353E;

70.19 (10) the Teachers Retirement Association, established by chapter 354;

70.20 ~~(11) the Duluth Teachers Retirement Fund Association, established by chapter 354A;~~

70.21 ~~(12)~~ (11) the St. Paul Teachers Retirement Fund Association, established by chapter  
70.22 354A; and

70.23 ~~(13)~~ (12) the judges retirement fund, established by chapter 490.

70.24 Sec. 39. Minnesota Statutes 2012, section 356.32, subdivision 2, is amended to read:

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

70.27 (1) the general state employees retirement plan of the Minnesota State Retirement  
70.28 System, established under chapter 352;

70.29 (2) the correctional state employees retirement plan of the Minnesota State  
70.30 Retirement System, established under chapter 352;

70.31 (3) the State Patrol retirement plan, established under chapter 352B;

70.32 (4) the general employees retirement plan of the Public Employees Retirement  
70.33 Association, established under chapter 353, including the MERF division of the Public  
70.34 Employees Retirement Association;

71.1 (5) the public employees police and fire plan of the Public Employees Retirement  
71.2 Association, established under chapter 353;

71.3 (6) the Teachers Retirement Association, established under chapter 354; and

71.4 ~~(7) the Duluth Teachers Retirement Fund Association, established under chapter~~  
71.5 ~~354A; and~~

71.6 ~~(8)~~ (7) the St. Paul Teachers Retirement Fund Association, established under chapter  
71.7 354A.

71.8 Sec. 40. Minnesota Statutes 2013 Supplement, section 356.401, subdivision 3, is  
71.9 amended to read:

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

71.12 (1) the legislators retirement plan, established by chapter 3A, including constitutional  
71.13 officers as specified in that chapter;

71.14 (2) the general state employees retirement plan of the Minnesota State Retirement  
71.15 System, established by chapter 352;

71.16 (3) the correctional state employees retirement plan of the Minnesota State  
71.17 Retirement System, established by chapter 352;

71.18 (4) the State Patrol retirement plan, established by chapter 352B;

71.19 (5) the unclassified state employees retirement program, established by chapter 352D;

71.20 (6) the general employees retirement plan of the Public Employees Retirement  
71.21 Association, established by chapter 353, including the MERF division of the Public  
71.22 Employees Retirement Association;

71.23 (7) the public employees police and fire plan of the Public Employees Retirement  
71.24 Association, established by chapter 353;

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

71.26 (9) the local government correctional service retirement plan of the Public  
71.27 Employees Retirement Association, established by chapter 353E;

71.28 (10) the voluntary statewide lump-sum volunteer firefighter retirement plan,  
71.29 established by chapter 353G;

71.30 (11) the Teachers Retirement Association, established by chapter 354;

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

71.32 ~~(13)~~ (12) the St. Paul Teachers Retirement Fund Association, established by chapter  
71.33 354A;

71.34 ~~(14)~~ (13) the individual retirement account plan, established by chapter 354B;

72.1           ~~(15)~~ (14) the higher education supplemental retirement plan, established by chapter  
72.2 354C; and  
72.3           ~~(16)~~ (15) the judges retirement fund, established by chapter 490.

72.4           Sec. 41. Minnesota Statutes 2012, section 356.42, subdivision 3, is amended to read:

72.5           Subd. 3. **Covered retirement plans.** The postretirement adjustment provided in  
72.6 this section applies to the following retirement funds:

72.7           (1) the general employees retirement plans of the Public Employees Retirement  
72.8 Association;

72.9           (2) the public employees police and fire plan of the Public Employees Retirement  
72.10 Association;

72.11           (3) the teachers retirement association;

72.12           (4) the State Patrol retirement plan;

72.13           (5) the state employees retirement plan of the Minnesota State Retirement System;

72.14           and

72.15           (6) the St. Paul Teachers Retirement Fund Association established under chapter  
72.16 354A; ~~and~~

72.17           ~~(7) the Duluth Teachers Retirement Fund Association established under chapter~~  
72.18 ~~354A.~~

72.19           Sec. 42. Minnesota Statutes 2012, section 356.465, subdivision 3, is amended to read:

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

72.22           (1) the general state employees retirement plan of the Minnesota State Retirement  
72.23 System established under chapter 352;

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

72.26           (3) the State Patrol retirement plan established under chapter 352B;

72.27           (4) the legislators retirement plan established under chapter 3A;

72.28           (5) the judges retirement plan established under chapter 490;

72.29           (6) the general employees retirement plan of the Public Employees Retirement  
72.30 Association established under chapter 353, including the MERF division of the Public  
72.31 Employees Retirement Association;

72.32           (7) the public employees police and fire plan of the Public Employees Retirement  
72.33 Association established under chapter 353;

72.34           (8) the teachers retirement plan established under chapter 354;



73.1 ~~(9) the Duluth Teachers Retirement Fund Association established under chapter~~  
73.2 ~~354A;~~

73.3 ~~(10) (9) the St. Paul Teachers Retirement Fund Association established under~~  
73.4 ~~chapter 354A; and~~

73.5 ~~(11) (10) the local government correctional service retirement plan of the Public~~  
73.6 ~~Employees Retirement Association established under chapter 353E.~~

73.7 Sec. 43. Minnesota Statutes 2012, section 356.47, subdivision 3, is amended to read:

73.8 Subd. 3. **Payment.** (a) Beginning one year after the reemployment withholding  
73.9 period ends relating to the reemployment that gave rise to the limitation, and the filing of a  
73.10 written application, the retired member is entitled to the payment, in a lump sum, of the  
73.11 value of the person's amount under subdivision 2, plus annual compound interest. For the  
73.12 general state employees retirement plan, the correctional state employees retirement plan,  
73.13 the general employees retirement plan of the Public Employees Retirement Association,  
73.14 the public employees police and fire retirement plan, the local government correctional  
73.15 employees retirement plan, and the teachers retirement plan, the annual interest rate is  
73.16 six percent from the date on which the amount was deducted from the retirement annuity  
73.17 to the date of payment or until January 1, 2011, whichever is earlier, and no interest  
73.18 after January 1, 2011. ~~For the Duluth Teachers Retirement Fund Association, the annual~~  
73.19 ~~interest is six percent from the date on which the amount was deducted from the retirement~~  
73.20 ~~annuity to the date of payment or until June 30, 2010, whichever is earlier, and with~~  
73.21 ~~no interest accrual after June 30, 2010.~~ For the St. Paul Teachers Retirement Fund  
73.22 Association, the annual interest is the rate of six percent from the date that the amount was  
73.23 deducted from the retirement annuity to the date of payment or June 30, 2011, whichever  
73.24 is earlier, and with no interest accrual after June 30, 2011.

73.25 (b) The written application must be on a form prescribed by the chief administrative  
73.26 officer of the applicable retirement plan.

73.27 (c) If the retired member dies before the payment provided for in paragraph (a) is  
73.28 made, the amount is payable, upon written application, to the deceased person's surviving  
73.29 spouse, or if none, to the deceased person's designated beneficiary, or if none, to the  
73.30 deceased person's estate.

73.31 (d) In lieu of the direct payment of the person's amount under subdivision 2, on  
73.32 or after the payment date under paragraph (a), if the federal Internal Revenue Code so  
73.33 permits, the retired member may elect to have all or any portion of the payment amount  
73.34 under this section paid in the form of a direct rollover to an eligible retirement plan as  
73.35 defined in section 402(c) of the federal Internal Revenue Code that is specified by the

74.1 retired member. If the retired member dies with a balance remaining payable under this  
74.2 section, the surviving spouse of the retired member, or if none, the deceased person's  
74.3 designated beneficiary, or if none, the administrator of the deceased person's estate may  
74.4 elect a direct rollover under this paragraph.

74.5 Sec. 44. Minnesota Statutes 2012, section 356.99, subdivision 1, is amended to read:

74.6 Subdivision 1. **Definitions.** (a) For purposes of this section, the terms in paragraphs  
74.7 (b) to (e) have the meanings given them.

74.8 (b) "Chief administrative officer" means the person selected or elected by the  
74.9 governing board of a covered pension plan with primary responsibility to administer the  
74.10 covered pension plan, or that person's designee or representative.

74.11 (c) "Covered pension plan" means a plan enumerated in section 356.30, subdivision  
74.12 3, except clauses (3), (5), and (6).

74.13 (d) "Governing board" means the governing board of the Minnesota State Retirement  
74.14 System, the Public Employees Retirement Association, the Teachers Retirement  
74.15 Association, ~~the Duluth Teachers Retirement Fund Association,~~ or the St. Paul Teachers  
74.16 Retirement Fund Association.

74.17 (e) "Member" means an active plan member in a covered pension plan.

74.18 Sec. 45. Minnesota Statutes 2013 Supplement, section 423A.02, subdivision 3, is  
74.19 amended to read:

74.20 Subd. 3. **Reallocation of amortization state aid.** (a) Seventy percent of the  
74.21 difference between \$5,720,000 and the current year amortization aid distributed under  
74.22 subdivision 1 that is not distributed for any reason to a municipality must be distributed  
74.23 by the commissioner of revenue according to this paragraph. The commissioner shall  
74.24 distribute ~~50~~ 60 percent of the amounts derived under this paragraph to the Teachers  
74.25 Retirement Association, ~~ten percent to the Duluth Teachers Retirement Fund Association,~~  
74.26 and 40 percent to the St. Paul Teachers Retirement Fund Association to fund the unfunded  
74.27 actuarial accrued liabilities of the respective funds. These payments must be made on July  
74.28 15 each fiscal year. If the St. Paul Teachers Retirement Fund Association or the Duluth  
74.29 Teachers Retirement Fund Association becomes fully funded, the association's eligibility  
74.30 for its portion of this aid ceases. Amounts remaining in the undistributed balance account  
74.31 at the end of the biennium if aid eligibility ceases cancel to the general fund.

74.32 (b) In order to receive amortization aid under paragraph (a), before June 30 annually  
74.33 Independent School District No. 625, St. Paul, must make an additional contribution of  
74.34 \$800,000 each year to the St. Paul Teachers Retirement Fund Association.

75.1 (c) Thirty percent of the difference between \$5,720,000 and the current year  
75.2 amortization aid under subdivision 1a that is not distributed for any reason to a  
75.3 municipality must be distributed under section 69.021, subdivision 7, paragraph (d), as  
75.4 additional funding to support a minimum fire state aid amount for volunteer firefighter  
75.5 relief associations.

75.6 Sec. 46. **CONSOLIDATION OF DULUTH TEACHERS RETIREMENT FUND**  
75.7 **ASSOCIATION.**

75.8 Subdivision 1. **Membership transfer.** All active, inactive, and retired members  
75.9 of the Duluth Teachers Retirement Fund Association are transferred to the Teachers  
75.10 Retirement Association and are no longer members of the Duluth Teachers Retirement  
75.11 Fund Association as of July 1, 2015.

75.12 Subd. 2. **Teachers Retirement Association membership.** A person first hired as a  
75.13 teacher by Independent School District No. 709, Duluth, after June 30, 2015, and who is a  
75.14 teacher as defined in Minnesota Statutes, section 354.05, subdivision 2, is a member of the  
75.15 Teachers Retirement Association for the person's subsequent teaching service.

75.16 Subd. 3. **Service credit and liability transfer.** All allowable service and salary  
75.17 credit of the members and other individuals transferred under subdivision 1 as specified  
75.18 in the records of the Duluth Teachers Retirement Fund Association as of June 30, 2015,  
75.19 is allowable service credit under Minnesota Statutes, section 354.05, subdivision 13,  
75.20 formula service credit under Minnesota Statutes, section 354.05, subdivision 25, and  
75.21 salary credit under Minnesota Statutes, section 354.05, subdivision 35, for the Teachers  
75.22 Retirement Association.

75.23 Subd. 4. **Transfer of records.** On or before June 30, 2015, the chief administrative  
75.24 officer of the Duluth Teachers Retirement Fund Association shall transfer all records and  
75.25 documents relating to the funds and the benefit plans of the association to the executive  
75.26 director of the Teachers Retirement Association. To the extent possible, original copies of  
75.27 all records and documents must be transferred.

75.28 Subd. 5. **Transfer of assets.** (a) On or before December 31, 2014, the chief  
75.29 administrative officer of the Duluth Teachers Retirement Fund Association shall transfer  
75.30 to the State Board of Investment for investment under Minnesota Statutes, section 11A.14,  
75.31 the entire assets of the special retirement fund, except for direct real estate holdings, of the  
75.32 Duluth Teachers Retirement Fund Association.

75.33 (b) By August 1, 2014, the chief administrative officer of the Duluth Teachers  
75.34 Retirement Fund Association must provide to the State Board of Investment a list of  
75.35 assets that are intended to be transferred.

76.1           (c) The executive director of the State Board of Investment shall review the assets  
76.2 and determine which assets are not in compliance with the requirements and limitations  
76.3 set forth in Minnesota Statutes, sections 11A.09, 11A.14, 11A.23, and 11A.24, or are not  
76.4 appropriate for retention under the established investment objectives of the State Board of  
76.5 Investment. Within 30 days of the date on which the asset transfer occurred, the executive  
76.6 director of the State Board of Investment shall provide the chief administrative officer of  
76.7 the Duluth Teachers Retirement Fund Association with a list of assets that are acceptable  
76.8 for transfer and a list of assets that are noncompliant or inappropriate. Acceptable assets,  
76.9 including cash, must be transferred at market value, and transfers may begin upon the  
76.10 transfer of legal title and notification by the chief administrative officer of the Duluth  
76.11 Teachers Retirement Fund Association to the State Board of Investment.

76.12           (d) Assets deemed to be noncompliant or inappropriate must be retained by the  
76.13 Duluth Teachers Retirement Fund Association. Within 30 days of receipt of the list of  
76.14 noncompliant or inappropriate assets, the chief administrative officer of the Duluth  
76.15 Teachers Retirement Fund Association must provide the executive director of the State  
76.16 Board of Investment with evidence that the chief administrative officer of the Duluth  
76.17 Teachers Retirement Fund Association is taking action to convert noncompliant or  
76.18 inappropriate assets to acceptable assets.

76.19           (e) Beginning January 1, 2015, the executive director of the State Board of  
76.20 Investment is authorized to direct the process of transferring legal title of assets for which  
76.21 such change is deemed necessary.

76.22           (f) On June 30, 2015, the remaining assets of the special retirement fund of the  
76.23 Duluth Teachers Retirement Fund Association are transferred to the State Board of  
76.24 Investment at market values determined by the executive director of the State Board of  
76.25 Investment. Legal title to transferred assets vests with the State Board of Investment  
76.26 on behalf of the Teachers Retirement Association. The transfer of the assets of the  
76.27 Duluth Teachers Retirement Fund Association special retirement fund must include any  
76.28 investment-related accounts receivable that are determined by the executive director  
76.29 of the State Board of Investment as reasonably capable of being collected and any  
76.30 non-investment-related accounts receivable that are determined by the executive director  
76.31 of the Teachers Retirement Association as reasonably capable of being collected. For  
76.32 accounts receivable that are determined as not reasonably capable of being collected, legal  
76.33 title to the account transfers to Independent School District No. 709, Duluth, as of the  
76.34 date of the determination of the executive director of the State Board of Investment and  
76.35 the executive director of the Teachers Retirement Association. If the accounts receivable  
76.36 transferred to Independent School District No. 709, Duluth, are subsequently recovered

77.1 by the school district, the superintendent of Independent School District No. 709, Duluth,  
77.2 shall transfer the recovered amount to the executive director of the Teachers Retirement  
77.3 Association, in cash, for deposit in the teachers retirement fund, less the reasonable  
77.4 expenses of the school district related to the recovery. If the board of trustees of the Duluth  
77.5 Teachers Retirement Fund Association establishes a liquidating trust and deposits any of  
77.6 the retirement fund association assets in that trust or if the legislative auditor determines  
77.7 that the transferred assets were in an amount less than the full assets of the retirement fund  
77.8 association other than assets in the tax sheltered annuity program on the date of transfer as  
77.9 specified in paragraph (g), the amount of any untransferred assets are a claim against the  
77.10 state aid otherwise payable to Independent School District No. 709, Duluth, payable to the  
77.11 Teachers Retirement Association by the commissioner of management and budget upon  
77.12 request by the executive director of the Teachers Retirement Association.

77.13 (g) As of June 30, 2015, assets of the special retirement fund, except for direct real  
77.14 estate holdings, of the Duluth Teachers Retirement Fund Association are assets of the  
77.15 Teachers Retirement Association to be invested by the State Board of Investment under  
77.16 Minnesota Statutes, section 354.07, subdivision 4.

77.17 **Subd. 6. Termination of Duluth Teachers Retirement Fund Association special**  
77.18 **retirement fund.** (a) As of June 30, 2015, the Duluth Teachers Retirement Fund  
77.19 Association as a public retirement plan and its special retirement fund ceases to exist.

77.20 (b) Contracts, records, and obligations of the Duluth Teachers Retirement Fund  
77.21 Association special retirement fund existing at the time of consolidation with the Teachers  
77.22 Retirement Association are transferred to the Teachers Retirement Association under  
77.23 Minnesota Statutes, section 15.039, subdivisions 5 and 5a, except that contracts, records,  
77.24 and obligations of the Duluth Teachers Retirement Fund Association special retirement  
77.25 fund related to investment and safekeeping of assets are transferred to the State Board  
77.26 of Investment under Minnesota Statutes, section 15.039, subdivisions 5 and 5a. The  
77.27 State Board of Investment has the authority to pay the investment-related liabilities  
77.28 and obligations from the assets transferred from the Duluth Teachers Retirement Fund  
77.29 Association incurred by the Teachers Retirement Association. The legislative auditor shall  
77.30 audit the Duluth Teachers Retirement Fund Association for the fiscal year ending June 30,  
77.31 2015, as part of the Teachers Retirement Association board's annual financial reporting  
77.32 requirements under Minnesota Statutes, section 356.20. The board of trustees of the  
77.33 Teachers Retirement Association may authorize and contract with either the legislative  
77.34 auditor or the state auditor to perform other audit services. Between April 1, 2015, and  
77.35 June 30, 2015, the Duluth Teachers Retirement Fund Association cannot incur a new or

78.1 additional enforceable contractual liability or obligation without approval of the executive  
78.2 director of the Teachers Retirement Association.

78.3       Sec. 47. **DULUTH TEACHERS RETIREMENT FUND ASSOCIATION**  
78.4 **EMPLOYEES.**

78.5       Effective June 30, 2015, the employees of the Duluth Teachers Retirement  
78.6 Fund Association have their employment with the Duluth Teachers Retirement Fund  
78.7 Association terminated and, effective July 1, 2015, unless the former employee elects  
78.8 otherwise, the Duluth Teachers Retirement Fund Association employees, excluding the  
78.9 Executive Director, become employees of the Teachers Retirement Association. The  
78.10 commissioner of management and budget shall place employees from the former Duluth  
78.11 Teachers Retirement Fund Association into state service in their proper classifications,  
78.12 except that employees are appointed without examination and must be compensated at no  
78.13 less than their current hourly salary rate. Employees must have their accumulated, but  
78.14 unused, vacation leave balance as of June 30, 2015, posted to their credit by the Teachers  
78.15 Retirement Association, but if the employee has vacation time in excess of the applicable  
78.16 maximum, no additional vacation may accrue until the employee's balance falls below  
78.17 the maximum permitted by the state for the employee's position. The employees must  
78.18 receive length of service credit for vacation leave accrual for time served at the Duluth  
78.19 Teachers Retirement Fund Association. Duluth Teachers Retirement Fund Association  
78.20 employees who become employees of the Teachers Retirement Association effective on  
78.21 July 1, 2015, must be considered to have completed six months of continuous service  
78.22 for vacation use purposes. Employees of the former Duluth Teachers Retirement Fund  
78.23 Association appointed to the classified service are subject to a probationary period under  
78.24 the collective bargaining agreement or compensation plan applicable to the employee's  
78.25 position at the Teachers Retirement Association. Effective July 1, 2015, all transferred  
78.26 employees must be enrolled in the state employees' group insurance program as provided  
78.27 in Minnesota Statutes, sections 43A.22 to 43A.31, and the commissioner of management  
78.28 and budget shall provide open enrollment in all state employee health and dental insurance  
78.29 plans with no limitation on preexisting conditions except as specified in existing state  
78.30 employee certificates of coverage. The commissioner of management and budget shall  
78.31 provide these transferred employees with the opportunity to purchase optional life and  
78.32 disability insurance as provided by the state group insurance program in accordance with  
78.33 the policies of management and budget.

78.34       Sec. 48. **REPEALER.**

79.1 (a) Minnesota Statutes 2012, sections 354A.021, subdivision 5; 354A.108; 354A.24;  
 79.2 and 354A.27, subdivision 5, are repealed.

79.3 (b) Minnesota Statutes 2013 Supplement, sections 354A.27, subdivisions 6a and 7;  
 79.4 and 354A.31, subdivision 4a, are repealed.

79.5 Sec. 49. **EFFECTIVE DATE.**

79.6 (a) Section 8, subdivision 1, and section 22 are effective July 1, 2014. Section 46,  
 79.7 subdivision 5, is effective October 1, 2014. Sections 1 to 7, 8, subdivisions 2 and 3, 9 to  
 79.8 14, 16 to 21, 23 to 45, 46, subdivisions 1 to 4 and 6, 47, and 48, are effective June 30,  
 79.9 2015, if the following approve the consolidation provisions before October 1, 2014:

79.10 (1) the board of trustees of the Duluth Teachers Retirement Fund Association;

79.11 (2) the membership of the Duluth Teachers Retirement Fund Association; and

79.12 (3) the board of trustees of the Teachers Retirement Association.

79.13 (b) An approval under paragraph (a) must be provided in a timely manner in  
 79.14 compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3, to the secretary  
 79.15 of state, the state auditor, the legislative auditor, and the revisor of statutes by the chief  
 79.16 administrative officer of the Duluth Teachers Retirement Fund Association for an approval  
 79.17 under paragraph (a) by the board of trustees of the Duluth Teachers Retirement Fund  
 79.18 Association or by the membership of the Duluth Teachers Retirement Fund Association and  
 79.19 by the chief administrative officer of the Teachers Retirement Association for an approval  
 79.20 under paragraph (a) by the board of trustees of the Teachers Retirement Association.

## 79.21 ARTICLE 7

### 79.22 FIRST CLASS CITY TEACHER RETIREMENT FUND 79.23 ASSOCIATION CHANGES

79.24 Section 1. Minnesota Statutes 2013 Supplement, section 354A.12, subdivision 3a,  
 79.25 is amended to read:

79.26 Subd. 3a. **Special Direct state aid to first class city teachers retirement fund**  
 79.27 **associations.** (a) The state shall pay \$346,000 as special direct state aid to the Duluth  
 79.28 Teachers Retirement Fund Association and \$2,827,000 to the St. Paul Teachers Retirement  
 79.29 Fund Association.

79.30 (b) In addition to other amounts specified in this subdivision, the state shall pay  
 79.31 \$7,000,000 as state aid to the St. Paul Teachers Retirement Fund Association.

79.32 ~~(b)~~ (c) The aids under this subdivision are payable October 1 annually. The  
 79.33 commissioner of management and budget shall pay the aids specified in this subdivision.

80.1 The amounts required are appropriated annually from the general fund to the commissioner  
80.2 of management and budget.

80.3 **EFFECTIVE DATE.** This section is effective September 30, 2014.

80.4 Sec. 2. Minnesota Statutes 2013 Supplement, section 354A.12, subdivision 3c, is  
80.5 amended to read:

80.6 Subd. 3c. **Termination of supplemental contributions and direct matching**  
80.7 **and state aid.** (a) The supplemental contributions payable to the St. Paul Teachers  
80.8 Retirement Fund Association by Independent School District No. 625 under section  
80.9 423A.02, subdivision 3, and all forms of state aid under subdivision 3a to the St. Paul  
80.10 Teachers Retirement Fund Association must continue until the current assets of the fund  
80.11 equal or exceed the actuarial accrued liability of the fund as determined in the most recent  
80.12 actuarial report for the fund by the actuary retained under section 356.214 or until ~~June~~  
80.13 ~~30, 2037~~ the established date for full funding under section 356.215, subdivision 11,  
80.14 whichever occurs earlier.

80.15 (b) The aid to the Duluth Teachers Retirement Fund Association under section  
80.16 423A.02, subdivision 3, and all forms of state aid under subdivision 3a to the Duluth  
80.17 Teachers Retirement Fund Association must continue until the current assets of the fund  
80.18 equal or exceed the actuarial accrued liability of the fund as determined in the most  
80.19 recent actuarial report for the fund by the actuary retained under section 356.214 or until  
80.20 the established date for full funding under section 356.215, subdivision 11, whichever  
80.21 occurs earlier.

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

80.23 Sec. 3. Minnesota Statutes 2012, section 356.215, subdivision 11, is amended to read:

80.24 Subd. 11. **Amortization contributions.** (a) In addition to the exhibit indicating  
80.25 the level normal cost, the actuarial valuation of the retirement plan must contain an  
80.26 exhibit for financial reporting purposes indicating the additional annual contribution  
80.27 sufficient to amortize the unfunded actuarial accrued liability and must contain an exhibit  
80.28 for contribution determination purposes indicating the additional contribution sufficient  
80.29 to amortize the unfunded actuarial accrued liability. For the retirement plans listed in  
80.30 subdivision 8, paragraph (c), but excluding the MERF division of the Public Employees  
80.31 Retirement Association and the legislators retirement plan, the additional contribution  
80.32 must be calculated on a level percentage of covered payroll basis by the established  
80.33 date for full funding in effect when the valuation is prepared, assuming annual payroll



81.1 growth at the applicable percentage rate set forth in subdivision 8, paragraph (c). For all  
81.2 other retirement plans and for the MERF division of the Public Employees Retirement  
81.3 Association and the legislators retirement plan, the additional annual contribution must be  
81.4 calculated on a level annual dollar amount basis.

81.5 (b) For any retirement plan other than the general state employees retirement plan  
81.6 of the Minnesota State Retirement System or a retirement plan governed by paragraph  
81.7 (d), (e), (f), (g), (h), (i), or (j), if there has not been a change in the actuarial assumptions  
81.8 used for calculating the actuarial accrued liability of the fund, a change in the benefit  
81.9 plan governing annuities and benefits payable from the fund, a change in the actuarial  
81.10 cost method used in calculating the actuarial accrued liability of all or a portion of the  
81.11 fund, or a combination of the three, which change or changes by itself or by themselves  
81.12 without inclusion of any other items of increase or decrease produce a net increase in the  
81.13 unfunded actuarial accrued liability of the fund, the established date for full funding is the  
81.14 first actuarial valuation date occurring after June 1, 2020.

81.15 (c) For any retirement plan other than the general employees retirement plan of the  
81.16 Public Employees Retirement Association, if there has been a change in any or all of the  
81.17 actuarial assumptions used for calculating the actuarial accrued liability of the fund, a  
81.18 change in the benefit plan governing annuities and benefits payable from the fund, a  
81.19 change in the actuarial cost method used in calculating the actuarial accrued liability of all  
81.20 or a portion of the fund, or a combination of the three, and the change or changes, by itself  
81.21 or by themselves and without inclusion of any other items of increase or decrease, produce  
81.22 a net increase in the unfunded actuarial accrued liability in the fund, the established date  
81.23 for full funding must be determined using the following procedure:

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

81.27 (ii) the level annual dollar contribution or level percentage, whichever is applicable,  
81.28 needed to amortize the unfunded actuarial accrued liability amount determined under item  
81.29 (i) by the established date for full funding in effect before the change must be calculated  
81.30 using the interest assumption specified in subdivision 8 in effect before the change;

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

82.1 (iv) the level annual dollar contribution or level percentage, whichever is applicable,  
82.2 needed to amortize the difference between the unfunded actuarial accrued liability amount  
82.3 calculated under item (i) and the unfunded actuarial accrued liability amount calculated  
82.4 under item (iii) over a period of 30 years from the end of the plan year in which the  
82.5 applicable change is effective must be calculated using the applicable interest assumption  
82.6 specified in subdivision 8 in effect after any applicable change;

82.7 (v) the level annual dollar or level percentage amortization contribution under item  
82.8 (iv) must be added to the level annual dollar amortization contribution or level percentage  
82.9 calculated under item (ii);

82.10 (vi) the period in which the unfunded actuarial accrued liability amount determined  
82.11 in item (iii) is amortized by the total level annual dollar or level percentage amortization  
82.12 contribution computed under item (v) must be calculated using the interest assumption  
82.13 specified in subdivision 8 in effect after any applicable change, rounded to the nearest  
82.14 integral number of years, but not to exceed 30 years from the end of the plan year in which  
82.15 the determination of the established date for full funding using the procedure set forth in this  
82.16 clause is made and not to be less than the period of years beginning in the plan year in which  
82.17 the determination of the established date for full funding using the procedure set forth in  
82.18 this clause is made and ending by the date for full funding in effect before the change; and

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

82.22 (d) For the MERF division of the Public Employees Retirement Association, the  
82.23 established date for full funding is June 30, 2031.

82.24 (e) For the general employees retirement plan of the Public Employees Retirement  
82.25 Association, the established date for full funding is June 30, 2031.

82.26 (f) For the Teachers Retirement Association, the established date for full funding is  
82.27 June 30, 2037.

82.28 (g) For the correctional state employees retirement plan of the Minnesota State  
82.29 Retirement System, the established date for full funding is June 30, 2038.

82.30 (h) For the judges retirement plan, the established date for full funding is June  
82.31 30, 2038.

82.32 (i) For the public employees police and fire retirement plan, the established date  
82.33 for full funding is June 30, 2038.

82.34 (j) For the St. Paul Teachers Retirement Fund Association, the established date for  
82.35 full funding is June 30 of the 25th year from the valuation date, 2042. In addition to  
82.36 other requirements of this chapter, the annual actuarial valuation must contain an exhibit

83.1 indicating the funded ratio and the deficiency or sufficiency in annual contributions when  
 83.2 comparing liabilities to the market value of the assets of the fund as of the close of the  
 83.3 most recent fiscal year.

83.4 (k) For the general state employees retirement plan of the Minnesota State  
 83.5 Retirement System, the established date for full funding is June 30, 2040.

83.6 (l) For the retirement plans for which the annual actuarial valuation indicates an  
 83.7 excess of valuation assets over the actuarial accrued liability, the valuation assets in  
 83.8 excess of the actuarial accrued liability must be recognized as a reduction in the current  
 83.9 contribution requirements by an amount equal to the amortization of the excess expressed  
 83.10 as a level percentage of pay over a 30-year period beginning anew with each annual  
 83.11 actuarial valuation of the plan.

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

## 83.13 **ARTICLE 8**

### 83.14 **MNSCU-RELATED PROVISIONS**

83.15 Section 1. Minnesota Statutes 2012, section 136F.481, is amended to read:

#### 83.16 **136F.481 EARLY SEPARATION INCENTIVE PROGRAM.**

83.17 (a) Notwithstanding any provision of law to the contrary, the Board of Trustees  
 83.18 of the Minnesota State Colleges and Universities may offer a targeted early separation  
 83.19 incentive program for its employees.

83.20 (b) The early separation incentive program may include one or both of the following:

83.21 (1) cash incentives, not to exceed one year of base salary; or

83.22 (2) employer contributions to the postretirement healthcare savings plan established  
 83.23 under section 352.98.

83.24 (c) To be eligible to receive an incentive, an employee must be at least age 55  
 83.25 and must have at least five years of employment by the Minnesota State Colleges and  
 83.26 Universities System. The board of trustees shall establish and periodically revise the  
 83.27 eligibility requirements for system employees to receive an incentive. The board of  
 83.28 trustees shall file a copy of its proposed revised eligibility requirements with the chairs  
 83.29 and ranking members of the senate committee ~~on~~ with higher education within its  
 83.30 jurisdiction and the ~~Higher Education budget and Policy~~ senate finance division ~~of the~~  
 83.31 ~~senate Committee on Finance~~ with higher education within its jurisdiction and with the  
 83.32 chair and ranking members of the ~~Higher Education and Workforce Development Finance~~  
 83.33 ~~and Policy Division of the Finance~~ committee ~~of~~ in the house of representatives with  
 83.34 higher education within its jurisdiction and of the house of representatives Committee

84.1 on Ways and Means, at least 30 days before ~~their~~ the final adoption of the proposed  
84.2 revised eligibility requirements by the board of trustees, shall post the same document  
84.3 on the system Web site at the same time, and shall hold a public hearing on the proposed  
84.4 eligibility requirements. The type and any additional amount of the incentive to be offered  
84.5 may vary by employee classification, as specified by the board.

84.6 (d) The president of a college or university, consistent with paragraphs (b) and  
84.7 (c), may designate:

84.8 (1) specific departments or programs at the college or university whose employees  
84.9 are eligible to be offered the incentive program; or

84.10 (2) positions at the college or university eligible to be offered the incentive program.

84.11 (e) The chancellor, consistent with paragraphs (b) and (c), may designate:

84.12 (1) system office divisions whose employees are eligible to be offered the incentive  
84.13 program; or

84.14 (2) positions at the system office eligible to be offered the incentive program.

84.15 (f) Acceptance of the offered incentive must be voluntary on the part of the employee  
84.16 and must be in writing. The incentive may only be offered at the sole discretion of the  
84.17 president of the applicable college or university.

84.18 (g) A decision by the president of a college or university or by the chancellor not to  
84.19 offer an incentive may not be challenged.

84.20 (h) The cost of the incentive is payable by the college or university on whose behalf  
84.21 the president offered the incentive or from the system office budget if the chancellor offered  
84.22 the incentive. If a college or university is merged, the remaining cost of any early separation  
84.23 incentive must be borne by the successor institution. If a college or university is closed,  
84.24 the remaining cost of any early separation incentive must be borne by the board of trustees.

84.25 (i) Annually, the chancellor and the president of each college or university must  
84.26 report on the number and types of early separation incentives which were offered and  
84.27 utilized under this section. The report must be filed annually with the board of trustees and  
84.28 with the Legislative Reference Library on or before September 1.

84.29 (j) The early retirement incentive authority under this section expires on June 30,  
84.30 2019.

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

84.32 Sec. 2. Minnesota Statutes 2012, section 352.1155, subdivision 1, is amended to read:

84.33 Subdivision 1. **Eligibility.** Except as indicated in subdivision 4, the annuity  
84.34 reduction provisions of section 352.115, subdivision 10, do not apply to a person who:

85.1 (1) retires from the Minnesota State Colleges and Universities system with at least  
 85.2 ten years of combined service credit in a system under the jurisdiction of the Board of  
 85.3 Trustees of the Minnesota State Colleges and Universities;

85.4 (2) was employed on a full-time basis immediately preceding retirement as a faculty  
 85.5 member or as an unclassified administrator in that system;

85.6 (3) was not a recipient of an early retirement incentive under section 136F.481;

85.7 ~~(3)~~ (4) begins drawing an annuity from the general state employees retirement plan  
 85.8 of the Minnesota State Retirement System; and

85.9 ~~(4)~~ (5) returns to work on not less than a one-third time basis and not more than a  
 85.10 two-thirds time basis in the system from which the person retired under an agreement in  
 85.11 which the person may not earn a salary of more than ~~\$46,000~~ \$62,000 in a calendar year  
 85.12 ~~from~~ through employment after retirement in the system from which the person retired.

85.13 **EFFECTIVE DATE.** This section is effective July 1, 2014.

85.14 Sec. 3. Minnesota Statutes 2012, section 352.1155, subdivision 4, is amended to read:

85.15 Subd. 4. **Exemption limit.** For a person eligible under this section who earns more  
 85.16 than ~~\$46,000~~ \$62,000 in a calendar year ~~from~~ through reemployment in the Minnesota  
 85.17 State Colleges and Universities system following retirement, the annuity reduction  
 85.18 provisions of section 352.115, subdivision 10, apply only to income over ~~\$46,000~~ \$62,000.

85.19 **EFFECTIVE DATE.** This section is effective July 1, 2014.

85.20 Sec. 4. Minnesota Statutes 2012, section 354.445, is amended to read:

85.21 **354.445 NO ANNUITY REDUCTION.**

85.22 (a) The annuity reduction provisions of section 354.44, subdivision 5, do not apply  
 85.23 to a person who:

85.24 (1) retires from the Minnesota State Colleges and Universities system with at least  
 85.25 ten years of combined service credit in a system under the jurisdiction of the Board of  
 85.26 Trustees of the Minnesota State Colleges and Universities;

85.27 (2) was employed on a full-time basis immediately preceding retirement as a faculty  
 85.28 member or as an unclassified administrator in that system;

85.29 (3) was not a recipient of an early retirement incentive under section 136F.481;

85.30 ~~(3)~~ (4) begins drawing an annuity from the teachers retirement association; and

85.31 ~~(4)~~ (5) returns to work on not less than a one-third time basis and not more than a  
 85.32 two-thirds time basis in the system from which the person retired under an agreement in

86.1 which the person may not earn a salary of more than ~~\$46,000~~ \$62,000 in a calendar year  
86.2 ~~from~~ through employment after retirement in the system from which the person retired.

86.3 (b) Initial participation, the amount of time worked, and the duration of participation  
86.4 under this section must be mutually agreed upon by the president of the institution where  
86.5 the person returns to work and the employee. The president may require up to one-year  
86.6 notice of intent to participate in the program as a condition of participation under this  
86.7 section. The president shall determine the time of year the employee shall work. The  
86.8 employer or the president may not require a person to waive any rights under a collective  
86.9 bargaining agreement as a condition of participation under this section.

86.10 (c) Notwithstanding any law to the contrary, a person eligible under paragraphs (a)  
86.11 and (b) may not, based on employment to which the waiver in this section applies, earn  
86.12 further service credit in a Minnesota public defined benefit plan and is not eligible to  
86.13 participate in a Minnesota public defined contribution plan, other than a volunteer fire plan  
86.14 governed by chapter 424A. No employer or employee contribution to any of these plans  
86.15 may be made on behalf of such a person.

86.16 (d) For a person eligible under paragraphs (a) and (b) who earns more than ~~\$46,000~~  
86.17 \$62,000 in a calendar year ~~from~~ through employment after retirement due to employment  
86.18 by the Minnesota state colleges and universities system, the annuity reduction provisions  
86.19 of section 354.44, subdivision 5, apply only to income over ~~\$46,000~~ \$62,000.

86.20 (e) A person who returns to work under this section is a member of the appropriate  
86.21 bargaining unit and is covered by the appropriate collective bargaining contract. Except  
86.22 as provided in this section, the person's coverage is subject to any part of the contract  
86.23 limiting rights of part-time employees.

86.24 **EFFECTIVE DATE.** This section is effective July 1, 2014.

86.25 Sec. 5. Minnesota Statutes 2012, section 354A.31, subdivision 3a, is amended to read:

86.26 Subd. 3a. **No annuity reduction.** (a) The annuity reduction provisions of  
86.27 subdivision 3 do not apply to a person who:

86.28 (1) retires from the technical college system with at least ten years of service credit  
86.29 in the system from which the person retires;

86.30 (2) was employed on a full-time basis immediately preceding retirement as a  
86.31 technical college faculty member;

86.32 (3) was not a recipient of an early retirement incentive under section 136F.481;

86.33 ~~(3)~~ (4) begins drawing an annuity from a first class city teachers retirement  
86.34 association; and

87.1           ~~(4)~~ (5) returns to work on not less than a one-third time basis and not more than a  
87.2 two-thirds time basis in the technical college system under an agreement in which the  
87.3 person may not earn a salary of more than ~~\$46,000~~ \$62,000 in a calendar year ~~from~~  
87.4 through the technical college system.

87.5           (b) Initial participation, the amount of time worked, and the duration of participation  
87.6 under this section must be mutually agreed upon by the employer and the employee. The  
87.7 employer may require up to a one-year notice of intent to participate in the program as a  
87.8 condition of participation under this section. The employer shall determine the time  
87.9 of year the employee shall work.

87.10          (c) Notwithstanding any law to the contrary, a person eligible under paragraphs  
87.11 (a) and (b) may not earn further service credit in a first class city teachers retirement  
87.12 association and is not eligible to participate in the individual retirement account plan or  
87.13 the supplemental retirement plan established in chapter 354B as a result of service under  
87.14 this section. No employer or employee contribution to any of these plans may be made on  
87.15 behalf of such a person.

87.16           **EFFECTIVE DATE.** This section is effective July 1, 2014.

87.17          Sec. 6. Minnesota Statutes 2012, section 354B.21, subdivision 2, is amended to read:

87.18           Subd. 2. **Coverage; election.** (a) An eligible person employed by the board has  
87.19 the default coverage specified in subdivision 3, or other subdivisions of this section,  
87.20 whichever is applicable, and retains that coverage for the period of covered employment  
87.21 unless a timely election to change that coverage is made as specified in this section.

87.22           (b) An eligible person under subdivision 3, paragraph (b) or (c), is authorized to elect  
87.23 prospective Teachers Retirement Association plan coverage.

87.24           (c) An eligible person under subdivision 3, paragraph (d), is authorized to elect  
87.25 prospective coverage by the plan established by this chapter.

87.26           (d) The election under paragraph (a) must be made within one year of commencing  
87.27 eligible Minnesota State Colleges and Universities system employment. If an election  
87.28 is not made within the specified election period due to a termination of Minnesota State  
87.29 Colleges and Universities system employment, an election may be made within 90 days  
87.30 of returning to eligible Minnesota State Colleges and Universities system employment.  
87.31 Except as specified in paragraph (f), all elections are irrevocable.

87.32           (e) Except as provided in paragraph (f), a purchase of service credit in the Teachers  
87.33 Retirement Association plan for any period or periods of Minnesota State Colleges  
87.34 and Universities system employment occurring before the election under this section  
87.35 is prohibited.

88.1 (f) Notwithstanding other paragraphs in this subdivision, a faculty member who  
88.2 is a member of the individual retirement account plan may elect to transfer retirement  
88.3 coverage to the teachers retirement plan within one year of the faculty member first  
88.4 achieving tenure or its equivalent at a Minnesota state college or university. The faculty  
88.5 member electing Teachers Retirement Association coverage under this paragraph must  
88.6 purchase service credit in the Teachers Retirement Association for the entire period of  
88.7 time covered under the individual retirement account plan and the purchase payment  
88.8 amount must be determined under section 356.551. The Teachers Retirement Association  
88.9 may charge a faculty member transferring coverage a reasonable fee to cover the costs  
88.10 associated with computing the actuarial cost of purchasing service credit and making the  
88.11 transfer. A faculty member transferring from the individual retirement account plan to the  
88.12 Teachers Retirement Association may use any balances to the credit of the faculty member  
88.13 in the individual retirement account plan, any balances to the credit of the faculty member  
88.14 in the higher education supplemental retirement plan established under chapter 354C, or  
88.15 any source specified in section 356.441, subdivision 1, to purchase the service credit in the  
88.16 Teachers Retirement Association. If the total amount of payments under this paragraph are  
88.17 less than the total purchase payment amount under section 356.551, the payment amounts  
88.18 must be refunded to the applicable source. ~~The retirement coverage transfer and service  
88.19 credit purchase authority under this paragraph expires with respect to any Minnesota State  
88.20 Colleges and Universities System faculty initially hired after June 30, 2014.~~

88.21 **EFFECTIVE DATE.** This section is effective July 1, 2014.

88.22 Sec. 7. Laws 2009, chapter 169, article 6, section 1, the effective date, is amended to  
88.23 read:

88.24 ~~**EFFECTIVE DATE; SUNSET.** This section is effective the day following final  
88.25 enactment and expires June 30, 2014.~~

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

## 88.27 **ARTICLE 9**

### 88.28 **POLICE AND FIREFIGHTER PENSION CHANGES**

88.29 Section 1. Minnesota Statutes 2012, section 353.6511, subdivision 7, is amended to read:

88.30 Subd. 7. **Postretirement adjustments.** Effective January 1, 2012, service pensions  
88.31 and survivor benefits in force are entitled to be recomputed with the number of units  
88.32 specified in subdivision 2, subdivision 4, and subdivision 6. Optional annuities under



89.1 Minnesota Statutes 2010, section 423C.05, subdivision 8, also are entitled to be recomputed  
89.2 as the actuarial equivalent of the service pensions and survivor benefits with the number of  
89.3 units specified in subdivision 2, subdivision 4, and subdivision 6. Retirement annuities,  
89.4 service pensions, disability benefits, and survivor benefits after December 31, 2015, are  
89.5 eligible for postretirement adjustments under section 356.415, subdivision 1c. The unit  
89.6 value for the calculation of a retirement annuity first payable after December 31, 2015, is  
89.7 the calendar year 2015 unit value, plus any annual postretirement adjustment percentage  
89.8 amount payable after December 31, 2015, under section 356.415, subdivision 1c, ~~payable~~  
89.9 ~~after December 31, 2015, and before the date of retirement~~ paragraph (a), clause (1), or,  
89.10 when applicable, under section 356.415, subdivision 1c, paragraph (b), clause (1).

89.11 Sec. 2. Minnesota Statutes 2012, section 353.6512, subdivision 7, is amended to read:

89.12 Subd. 7. **Postretirement adjustments.** Retirement annuities, service pensions,  
89.13 disability benefits, and survivor benefits after December 31, 2015, are eligible for  
89.14 postretirement adjustments under section 356.415, subdivision 1c. The unit value for the  
89.15 calculation of a retirement annuity first payable after December 31, 2015, is the calendar  
89.16 year 2015 unit value, plus any annual postretirement adjustment percentage amount  
89.17 payable after December 31, 2015, under section 356.415, subdivision 1c, ~~payable after~~  
89.18 ~~December 31, 2015, and before the date of retirement~~ paragraph (a), clause (1), or, when  
89.19 applicable, under section 356.415, subdivision 1c, paragraph (b), clause (1).

89.20 Sec. 3. Minnesota Statutes 2013 Supplement, section 423A.02, subdivision 3, is  
89.21 amended to read:

89.22 Subd. 3. **Reallocation of amortization state aid.** (a) Seventy percent of the  
89.23 difference between \$5,720,000 and the current year amortization aid distributed under  
89.24 subdivision 1 that is not distributed for any reason to a municipality must be distributed  
89.25 by the commissioner of revenue according to this paragraph. The commissioner shall  
89.26 distribute 50 percent of the amounts derived under this paragraph to the Teachers  
89.27 Retirement Association, ten percent to the Duluth Teachers Retirement Fund Association,  
89.28 and 40 percent to the St. Paul Teachers Retirement Fund Association to fund the unfunded  
89.29 actuarial accrued liabilities of the respective funds. These payments must be made on July  
89.30 15 each fiscal year. If the St. Paul Teachers Retirement Fund Association or the Duluth  
89.31 Teachers Retirement Fund Association becomes fully funded, the association's eligibility  
89.32 for its portion of this aid ceases. Amounts remaining in the undistributed balance account  
89.33 at the end of the biennium if aid eligibility ceases cancel to the general fund.

90.1 (b) In order to receive amortization aid under paragraph (a), before June 30 annually  
90.2 Independent School District No. 625, St. Paul, must make an additional contribution of  
90.3 \$800,000 each year to the St. Paul Teachers Retirement Fund Association.

90.4 (c) Thirty percent of the difference between \$5,720,000 and the current year  
90.5 amortization aid under subdivision ~~1a~~ 1 that is not distributed for any reason to a  
90.6 municipality must be distributed under section 69.021, subdivision 7, paragraph (d), as  
90.7 additional funding to support a minimum fire state aid amount for volunteer firefighter  
90.8 relief associations.

90.9 **EFFECTIVE DATE.** This section is effective retroactively from July 1, 2013.

90.10 Sec. 4. Minnesota Statutes 2013 Supplement, section 423A.022, subdivision 2, is  
90.11 amended to read:

90.12 Subd. 2. **Allocation.** (a) Of the total amount appropriated as supplemental state aid:

90.13 (1) ~~58.065~~ 58.064 percent must be paid to the executive director of the Public  
90.14 Employees Retirement Association for deposit in the public employees police and fire  
90.15 retirement fund established by section 353.65, subdivision 1;

90.16 (2) 35.484 percent must be paid to municipalities other than municipalities solely  
90.17 employing firefighters with retirement coverage provided by the public employees police  
90.18 and fire retirement plan which qualified to receive fire state aid in that calendar year,  
90.19 allocated in proportion to the most recent amount of fire state aid paid under section  
90.20 69.021, subdivision 7, for the municipality bears to the most recent total fire state aid  
90.21 for all municipalities other than the municipalities solely employing firefighters with  
90.22 retirement coverage provided by the public employees police and fire retirement plan  
90.23 paid under section 69.021, subdivision 7, with the allocated amount for fire departments  
90.24 participating in the voluntary statewide lump-sum volunteer firefighter retirement plan  
90.25 paid to the executive director of the Public Employees Retirement Association for deposit  
90.26 in the fund established by section 353G.02, subdivision 3, and credited to the respective  
90.27 account and with the balance paid to the treasurer of each municipality for transmittal  
90.28 within 30 days of receipt to the treasurer of the applicable volunteer firefighter relief  
90.29 association for deposit in its special fund; and

90.30 (3) 6.452 percent must be paid to the executive director of the Minnesota State  
90.31 Retirement System for deposit in the state patrol retirement fund.

90.32 (b) For purposes of this section, the term "municipalities" includes independent  
90.33 nonprofit firefighting corporations that participate in the voluntary statewide lump-sum  
90.34 volunteer firefighter retirement plan under chapter 353G or with subsidiary volunteer  
90.35 firefighter relief associations operating under chapter 424A.

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

91.2 Sec. 5. Minnesota Statutes 2013 Supplement, section 423A.022, subdivision 3, is  
91.3 amended to read:

91.4 Subd. 3. **Reporting; definitions.** (a) On or before September 1, annually, the  
91.5 executive director of the Public Employees Retirement Association shall report to the  
91.6 commissioner of revenue the following:

91.7 (1) the municipalities which employ firefighters with retirement coverage by the  
91.8 public employees police and fire retirement plan;

91.9 (2) the number of firefighters with public employees police and fire retirement plan  
91.10 coverage employed by each municipality;

91.11 (3) the fire departments covered by the voluntary statewide lump-sum volunteer  
91.12 firefighter retirement plan; and

91.13 (4) any other information requested by the commissioner to administer the police  
91.14 and firefighter retirement supplemental state aid program.

91.15 (b) ~~For this subdivision, (i) the number of firefighters employed by a municipality~~  
91.16 ~~who have public employees police and fire retirement plan coverage means the number~~  
91.17 ~~of firefighters with public employees police and fire retirement plan coverage that were~~  
91.18 ~~employed by the municipality for not less than 30 hours per week for a minimum of six~~  
91.19 ~~months prior to December 31 preceding the date of the payment under this section and, if~~  
91.20 ~~the person was employed for less than the full year, prorated to the number of full months~~  
91.21 ~~employed; and (ii) the number of active police officers certified for police state aid receipt~~  
91.22 ~~under section 69.011, subdivisions 2 and 2b, means, for each municipality, the number of~~  
91.23 ~~police officers meeting the definition of peace officer in section 69.011, subdivision 1,~~  
91.24 ~~counted as provided and limited by section 69.011, subdivisions 2 and 2b.~~

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

91.26 Sec. 6. **ADDITIONAL SUPPLEMENTAL AID REVISION FOR OMITTED 2013**  
91.27 **INDEPENDENT NONPROFIT FIREFIGHTING CORPORATIONS.**

91.28 (a) Notwithstanding any provision of Minnesota Statutes, chapter 423A, to the  
91.29 contrary, this section modifies the allocation of the police and fire supplemental retirement  
91.30 state aid under Minnesota Statutes 2013 Supplement, section 423A.022, for October  
91.31 1, 2014.

91.32 (b) Before the allocation of the police and fire supplemental retirement state aid is  
91.33 made for October 1, 2014, the commissioner of revenue shall:

92.1 (1) determine those fire departments that qualified for fire state aid under Minnesota  
92.2 Statutes 2012, section 69.021, subdivision 7, on October 1, 2013, that did not receive a  
92.3 2013 allocation of police and fire supplemental retirement state aid, and that were an  
92.4 independent nonprofit firefighting corporation; and

92.5 (2) determine the amount of police and fire supplemental retirement state aid  
92.6 under Minnesota Statutes 2013 Supplement, section 423A.022, that the fire departments  
92.7 described in clause (1) would have received on October 1, 2013, if the fire departments  
92.8 had been included in that allocation.

92.9 (c) The total amount determined in paragraph (b), clause (2), must be deducted from  
92.10 the amount available for allocation under Minnesota Statutes 2013 Supplement, section  
92.11 423A.022, subdivision 2, clause (2), and the commissioner of revenue shall pay to the fire  
92.12 departments determined in paragraph (b), clause (1), their respective portion of the total as  
92.13 an additional payment on October 1, 2014.

92.14 (d) The remaining amount after the deduction of the total amount under paragraph  
92.15 (c) must be allocated as provided in Minnesota Statutes, section 423A.022, subdivision 2.

92.16 **Sec. 7. PERA; STUDY OF LOCAL RELIEF ASSOCIATION BENEFITS**  
92.17 **UNDER CONSOLIDATION.**

92.18 The executive director of the Public Employees Retirement Association shall  
92.19 report to the Legislative Commission on Pensions and Retirement by February 1, 2015,  
92.20 regarding the situation of former members and surviving spouses of former members of  
92.21 local salaried police and fire relief associations governed by Minnesota Statutes, chapter  
92.22 423A, that consolidated with the public employees police and fire retirement plan under  
92.23 Minnesota Statutes, chapter 353A, and Laws 1999, chapter 222, article 4.

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

92.25 **ARTICLE 10**

92.26 **ACTUARIAL ASSUMPTION CHANGES**

92.27 Section 1. Minnesota Statutes 2013 Supplement, section 356.215, subdivision 8,  
92.28 is amended to read:

92.29 Subd. 8. **Interest and salary assumptions.** (a) The actuarial valuation must use  
92.30 the applicable following ~~preretirement~~ interest assumption ~~and the applicable following~~  
92.31 ~~postretirement~~ interest assumption:

92.32 (1) select and ultimate interest rate assumption

	ultimate preretirement interest rate assumption	ultimate postretirement interest rate assumption
93.1		
93.2		
93.3		
93.4	plan	
93.5	general state employees retirement plan	8.5% 6.0%
93.6	correctional state employees retirement plan	8.5 6.0
93.7	State Patrol retirement plan	8.5 6.0
93.8	legislators retirement plan, and for the	0.0 0.0
93.9	constitutional officers calculation of total plan	
93.10	liabilities	
93.11	judges retirement plan	8.5 6.0
93.12	general public employees retirement plan	8.5 6.0
93.13	public employees police and fire retirement plan	8.5 6.0
93.14	local government correctional service	8.5 6.0
93.15	retirement plan	
93.16	teachers retirement plan	8.5 6.0
93.17	Duluth teachers retirement plan	8.5 8.5
93.18	St. Paul teachers retirement plan	8.5 8.5

93.19 Except for the legislators retirement plan and the constitutional officers calculation  
 93.20 of total plan liabilities, the select preretirement interest rate assumption for the period  
 93.21 after June 30, 2012, through June 30, 2017, is 8.0 percent. ~~Except for the legislators~~  
 93.22 ~~retirement plan and the constitutional officers calculation of total plan liabilities, the select~~  
 93.23 ~~postretirement interest rate assumption for the period after June 30, 2012, through June~~  
 93.24 ~~30, 2017, is 5.5 percent, except for the Duluth teachers retirement plan and the St. Paul~~  
 93.25 ~~teachers retirement plan, each with a select postretirement interest rate assumption for the~~  
 93.26 ~~period after June 30, 2012, through June 30, 2017, of 8.0 percent.~~

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

	interest rate assumption
93.28	
93.29	plan
93.30	Bloomington Fire Department Relief Association 6.0
93.31	local monthly benefit volunteer firefighters relief 5.0
93.32	associations

93.33 (b)(1) If funding stability has been attained, the valuation must use a postretirement  
 93.34 adjustment rate actuarial assumption equal to the postretirement adjustment rate specified  
 93.35 in section 354A.27, subdivision 7; 354A.29, subdivision 9; or 356.415, subdivision 1,  
 93.36 whichever applies.

93.37 (2) If funding stability has not been attained, the valuation must use a select  
 93.38 postretirement adjustment rate actuarial assumption equal to the postretirement adjustment  
 93.39 rate specified in section 354A.27, subdivision 6a; 354A.29, subdivision 8; or 356.415,  
 93.40 subdivision 1a, 1b, 1c, 1d, 1e, or 1f, whichever applies, for a period ending when the  
 93.41 approved actuary estimates that the plan will attain the defined funding stability measure,

94.1 and thereafter an ultimate postretirement adjustment rate actuarial assumption equal  
 94.2 to the postretirement adjustment rate under section 354A.27, subdivision 7; 354A.29,  
 94.3 subdivision 9; or 356.415, subdivision 1, for the applicable period or periods beginning  
 94.4 when funding stability is projected to be attained.

94.5 ~~(b)~~ (c) The actuarial valuation must use the applicable following single rate future  
 94.6 salary increase assumption, the applicable following modified single rate future salary  
 94.7 increase assumption, or the applicable following graded rate future salary increase  
 94.8 assumption:

94.9 (1) single rate future salary increase assumption

plan	future salary increase assumption
94.10 legislators retirement plan	5.0%
94.11 judges retirement plan	3.0
94.12 Bloomington Fire Department Relief Association	4.0

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

plan	future salary increase assumption
94.17 local government correctional service retirement plan	assumption C
94.18 Duluth teachers retirement plan	assumption A
94.19 St. Paul teachers retirement plan	assumption B

94.21 For plans other than the Duluth teachers  
 94.22 retirement plan, the select calculation  
 94.23 is: during the designated select period, a  
 94.24 designated percentage rate is multiplied by  
 94.25 the result of the designated integer minus T,  
 94.26 where T is the number of completed years  
 94.27 of service, and is added to the applicable  
 94.28 future salary increase assumption. The  
 94.29 designated select period is ten years and  
 94.30 the designated integer is ten for the Duluth  
 94.31 Teachers Retirement Fund Association  
 94.32 and for the local government correctional  
 94.33 service retirement plan and 15 for the St.  
 94.34 Paul Teachers Retirement Fund Association.  
 94.35 The designated percentage rate is 0.2  
 94.36 percent for the St. Paul Teachers Retirement  
 94.37 Fund Association. The select calculation

95.1 for the Duluth Teachers Retirement Fund  
 95.2 Association is 8.00 percent per year for  
 95.3 service years one through seven, 7.25 percent  
 95.4 per year for service years seven and eight,  
 95.5 and 6.50 percent per year for service years  
 95.6 eight and nine.

95.7 The ultimate future salary increase assumption is:

95.8	age	A	B	C
95.9	16	6.00%	5.90%	9.00%
95.10	17	6.00	5.90	9.00
95.11	18	6.00	5.90	9.00
95.12	19	6.00	5.90	9.00
95.13	20	6.00	5.90	9.00
95.14	21	6.00	5.90	8.75
95.15	22	6.00	5.90	8.50
95.16	23	6.00	5.85	8.25
95.17	24	6.00	5.80	8.00
95.18	25	6.00	5.75	7.75
95.19	26	6.00	5.70	7.50
95.20	27	6.00	5.65	7.25
95.21	28	6.00	5.60	7.00
95.22	29	6.00	5.55	6.75
95.23	30	6.00	5.50	6.75
95.24	31	6.00	5.45	6.50
95.25	32	6.00	5.40	6.50
95.26	33	6.00	5.35	6.50
95.27	34	6.00	5.30	6.25
95.28	35	6.00	5.25	6.25
95.29	36	5.86	5.20	6.00
95.30	37	5.73	5.15	6.00
95.31	38	5.59	5.10	6.00
95.32	39	5.45	5.05	5.75
95.33	40	5.31	5.00	5.75
95.34	41	5.18	4.95	5.75
95.35	42	5.04	4.90	5.50
95.36	43	4.90	4.85	5.25
95.37	44	4.76	4.80	5.25
95.38	45	4.63	4.75	5.00
95.39	46	4.49	4.70	5.00
95.40	47	4.35	4.65	5.00
95.41	48	4.21	4.60	5.00
95.42	49	4.08	4.55	5.00

96.1	50	3.94	4.50	5.00
96.2	51	3.80	4.45	5.00
96.3	52	3.66	4.40	5.00
96.4	53	3.53	4.35	5.00
96.5	54	3.39	4.30	5.00
96.6	55	3.25	4.25	4.75
96.7	56	3.25	4.20	4.75
96.8	57	3.25	4.15	4.50
96.9	58	3.25	4.10	4.25
96.10	59	3.25	4.05	4.25
96.11	60	3.25	4.00	4.25
96.12	61	3.25	4.00	4.25
96.13	62	3.25	4.00	4.25
96.14	63	3.25	4.00	4.25
96.15	64	3.25	4.00	4.25
96.16	65	3.25	4.00	4.00
96.17	66	3.25	4.00	4.00
96.18	67	3.25	4.00	4.00
96.19	68	3.25	4.00	4.00
96.20	69	3.25	4.00	4.00
96.21	70	3.25	4.00	4.00

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

96.23	general state employees retirement plan of the	assumption A
96.24	Minnesota State Retirement System	
96.25	general employees retirement plan of the Public	assumption B
96.26	Employees Retirement Association	
96.27	Teachers Retirement Association	assumption C
96.28	public employees police and fire retirement plan	assumption D
96.29	State Patrol retirement plan	assumption E
96.30	correctional state employees retirement plan of the	assumption F
96.31	Minnesota State Retirement System	

96.32	service						
96.33	length	A	B	C	D	E	F
96.34	1	10.50%	12.03%	12.00%	13.00%	8.00%	6.00%
96.35	2	8.10	8.90	9.00	11.00	7.50	5.85
96.36	3	6.90	7.46	8.00	9.00	7.00	5.70
96.37	4	6.20	6.58	7.50	8.00	6.75	5.55
96.38	5	5.70	5.97	7.25	6.50	6.50	5.40
96.39	6	5.30	5.52	7.00	6.10	6.25	5.25
96.40	7	5.00	5.16	6.85	5.80	6.00	5.10
96.41	8	4.70	4.87	6.70	5.60	5.85	4.95
96.42	9	4.50	4.63	6.55	5.40	5.70	4.80
96.43	10	4.40	4.42	6.40	5.30	5.55	4.65



97.1	11	4.20	4.24	6.25	5.20	5.40	4.55
97.2	12	4.10	4.08	6.00	5.10	5.25	4.45
97.3	13	4.00	3.94	5.75	5.00	5.10	4.35
97.4	14	3.80	3.82	5.50	4.90	4.95	4.25
97.5	15	3.70	3.70	5.25	4.80	4.80	4.15
97.6	16	3.60	3.60	5.00	4.80	4.65	4.05
97.7	17	3.50	3.51	4.75	4.80	4.50	3.95
97.8	18	3.50	3.50	4.50	4.80	4.35	3.85
97.9	19	3.50	3.50	4.25	4.80	4.20	3.75
97.10	20	3.50	3.50	4.00	4.80	4.05	3.75
97.11	21	3.50	3.50	3.90	4.70	4.00	3.75
97.12	22	3.50	3.50	3.80	4.60	4.00	3.75
97.13	23	3.50	3.50	3.70	4.50	4.00	3.75
97.14	24	3.50	3.50	3.60	4.50	4.00	3.75
97.15	25	3.50	3.50	3.50	4.50	4.00	3.75
97.16	26	3.50	3.50	3.50	4.50	4.00	3.75
97.17	27	3.50	3.50	3.50	4.50	4.00	3.75
97.18	28	3.50	3.50	3.50	4.50	4.00	3.75
97.19	29	3.50	3.50	3.50	4.50	4.00	3.75
97.20	30 or more	3.50	3.50	3.50	4.50	4.00	3.75

97.21            ~~(e)~~ (d) The actuarial valuation must use the applicable following payroll growth  
 97.22 assumption for calculating the amortization requirement for the unfunded actuarial  
 97.23 accrued liability where the amortization retirement is calculated as a level percentage  
 97.24 of an increasing payroll:

97.25	plan	payroll growth assumption
97.26	general state employees retirement plan of the	3.75%
97.27	Minnesota State Retirement System	
97.28	correctional state employees retirement plan	3.75
97.29	State Patrol retirement plan	3.75
97.30	judges retirement plan	3.00
97.31	general employees retirement plan of the Public	3.75
97.32	Employees Retirement Association	
97.33	public employees police and fire retirement plan	3.75
97.34	local government correctional service retirement plan	3.75
97.35	teachers retirement plan	3.75
97.36	Duluth teachers retirement plan	3.50
97.37	St. Paul teachers retirement plan	4.00

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

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

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

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

98.5 **EFFECTIVE DATE.** This section is effective June 30, 2014, and applies to  
98.6 actuarial valuation reports prepared on or after that date.

98.7 Sec. 2. Minnesota Statutes 2012, section 356.215, subdivision 11, is amended to read:

98.8 Subd. 11. **Amortization contributions.** (a) In addition to the exhibit indicating  
98.9 the level normal cost, the actuarial valuation of the retirement plan must contain an  
98.10 exhibit for financial reporting purposes indicating the additional annual contribution  
98.11 sufficient to amortize the unfunded actuarial accrued liability and must contain an exhibit  
98.12 for contribution determination purposes indicating the additional contribution sufficient  
98.13 to amortize the unfunded actuarial accrued liability. For the retirement plans listed in  
98.14 subdivision 8, paragraph (c), but excluding the MERF division of the Public Employees  
98.15 Retirement Association and the legislators retirement plan, the additional contribution  
98.16 must be calculated on a level percentage of covered payroll basis by the established date  
98.17 for full funding in effect when the valuation is prepared, assuming annual payroll growth  
98.18 at the applicable percentage rate set forth in subdivision 8, paragraph ~~(e)~~ (d). For all  
98.19 other retirement plans and for the MERF division of the Public Employees Retirement  
98.20 Association and the legislators retirement plan, the additional annual contribution must be  
98.21 calculated on a level annual dollar amount basis.

98.22 (b) For any retirement plan other than ~~the general state employees retirement plan of~~  
98.23 ~~the Minnesota State Retirement System~~ or a retirement plan governed by paragraph (d),  
98.24 (e), (f), (g), (h), (i), ~~or (j)~~, or (k), if there has not been a change in the actuarial assumptions  
98.25 used for calculating the actuarial accrued liability of the fund, a change in the benefit  
98.26 plan governing annuities and benefits payable from the fund, a change in the actuarial  
98.27 cost method used in calculating the actuarial accrued liability of all or a portion of the  
98.28 fund, or a combination of the three, which change or changes by itself or by themselves  
98.29 without inclusion of any other items of increase or decrease produce a net increase in the  
98.30 unfunded actuarial accrued liability of the fund, the established date for full funding is the  
98.31 first actuarial valuation date occurring after June 1, 2020.

98.32 (c) For any retirement plan ~~other than the general employees retirement plan of the~~  
98.33 ~~Public Employees Retirement Association~~, if there has been a change in any or all of the  
98.34 actuarial assumptions used for calculating the actuarial accrued liability of the fund, a  
98.35 change in the benefit plan governing annuities and benefits payable from the fund, a

99.1 change in the actuarial cost method used in calculating the actuarial accrued liability of all  
99.2 or a portion of the fund, or a combination of the three, and the change or changes, by itself  
99.3 or by themselves and without inclusion of any other items of increase or decrease, produce  
99.4 a net increase in the unfunded actuarial accrued liability in the fund, the established date  
99.5 for full funding must be determined using the following procedure:

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

99.9 (ii) the level annual dollar contribution or level percentage, whichever is applicable,  
99.10 needed to amortize the unfunded actuarial accrued liability amount determined under item  
99.11 (i) by the established date for full funding in effect before the change must be calculated  
99.12 using the interest assumption specified in subdivision 8 in effect before the change;

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

99.18 (iv) the level annual dollar contribution or level percentage, whichever is applicable,  
99.19 needed to amortize the difference between the unfunded actuarial accrued liability amount  
99.20 calculated under item (i) and the unfunded actuarial accrued liability amount calculated  
99.21 under item (iii) over a period of 30 years from the end of the plan year in which the  
99.22 applicable change is effective must be calculated using the applicable interest assumption  
99.23 specified in subdivision 8 in effect after any applicable change;

99.24 (v) the level annual dollar or level percentage amortization contribution under item  
99.25 (iv) must be added to the level annual dollar amortization contribution or level percentage  
99.26 calculated under item (ii);

99.27 (vi) the period in which the unfunded actuarial accrued liability amount determined  
99.28 in item (iii) is amortized by the total level annual dollar or level percentage amortization  
99.29 contribution computed under item (v) must be calculated using the interest assumption  
99.30 specified in subdivision 8 in effect after any applicable change, rounded to the nearest  
99.31 integral number of years, but not to exceed 30 years from the end of the plan year in which  
99.32 the determination of the established date for full funding using the procedure set forth in this  
99.33 clause is made and not to be less than the period of years beginning in the plan year in which  
99.34 the determination of the established date for full funding using the procedure set forth in  
99.35 this clause is made and ending by the date for full funding in effect before the change; and

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

100.4 (d) For the MERF division of the Public Employees Retirement Association, the  
100.5 established date for full funding is June 30, 2031.

100.6 (e) For the general employees retirement plan of the Public Employees Retirement  
100.7 Association, the established date for full funding is June 30, 2031.

100.8 (f) For the Teachers Retirement Association, the established date for full funding is  
100.9 June 30, 2037.

100.10 (g) For the correctional state employees retirement plan of the Minnesota State  
100.11 Retirement System, the established date for full funding is June 30, 2038.

100.12 (h) For the judges retirement plan, the established date for full funding is June  
100.13 30, 2038.

100.14 (i) For the public employees police and fire retirement plan, the established date  
100.15 for full funding is June 30, 2038.

100.16 (j) For the St. Paul Teachers Retirement Fund Association, the established date for  
100.17 full funding is June 30 of the 25th year from the valuation date. In addition to other  
100.18 requirements of this chapter, the annual actuarial valuation must contain an exhibit  
100.19 indicating the funded ratio and the deficiency or sufficiency in annual contributions when  
100.20 comparing liabilities to the market value of the assets of the fund as of the close of the  
100.21 most recent fiscal year.

100.22 (k) For the general state employees retirement plan of the Minnesota State  
100.23 Retirement System, the established date for full funding is June 30, 2040.

100.24 (l) For the retirement plans for which the annual actuarial valuation indicates an  
100.25 excess of valuation assets over the actuarial accrued liability, the valuation assets in  
100.26 excess of the actuarial accrued liability must be recognized as a reduction in the current  
100.27 contribution requirements by an amount equal to the amortization of the excess expressed  
100.28 as a level percentage of pay over a 30-year period beginning anew with each annual  
100.29 actuarial valuation of the plan.

100.30 **EFFECTIVE DATE.** This section is effective July 1, 2014, and applies to actuarial  
100.31 valuation results prepared on or after that date.

100.32 Sec. 3. **REPEALER.**

100.33 Minnesota Statutes 2012, section 356.415, subdivision 3, is repealed.

101.1 **EFFECTIVE DATE.** This section is effective June 30, 2014, and applies to  
 101.2 actuarial valuation reports prepared on or after that date.

101.3 **ARTICLE 11**

101.4 **POSTRETIREMENT ADJUSTMENT TRIGGER PROCEDURES**

101.5 Section 1. Minnesota Statutes 2013 Supplement, section 354A.27, subdivision 6a,  
 101.6 is amended to read:

101.7 Subd. 6a. **Postretirement adjustment transition.** (a) If the funded ratio of the  
 101.8 retirement plan based on the actuarial value of assets is at least 90 percent as reported in  
 101.9 the two most recent actuarial ~~valuation~~ valuations prepared under sections 356.214 and  
 101.10 356.215, this subdivision expires and subsequent postretirement adjustments are governed  
 101.11 by subdivision 7.

101.12 (b) Each annuity or benefit recipient of the retirement plan who has been receiving  
 101.13 that annuity or benefit for at least 12 months as of the applicable January 1 is eligible to  
 101.14 receive a postretirement adjustment of one percent, payable on January 1.

101.15 **EFFECTIVE DATE.** This section is effective July 1, 2015, unless Minnesota  
 101.16 Statutes, section 354A.27, subdivision 6a, is repealed by action of the 2014 legislature.

101.17 Sec. 2. Minnesota Statutes 2012, section 354A.29, subdivision 8, is amended to read:

101.18 Subd. 8. **Calculation of postretirement adjustments; transitional provision.** (a)  
 101.19 For purposes of computing postretirement adjustments for eligible benefit recipients of  
 101.20 the St. Paul Teachers Retirement Fund Association, the accrued liability funding ratio  
 101.21 based on the actuarial value of assets of the plan as determined by the two most recent  
 101.22 actuarial ~~valuation~~ valuations prepared under sections 356.214 and 356.215 determines  
 101.23 the postretirement increase, as follows:

101.24	Funding ratio	Postretirement increase
101.25	Less than 80 percent	1 percent
101.26	At least 80 percent but less than 90	
101.27	percent	2 percent

101.28 (b) The amount determined under paragraph (a) is the full postretirement increase  
 101.29 to be applied as a permanent increase to the regular payment of each eligible member  
 101.30 on January 1 of the next calendar year. For any eligible member whose effective date  
 101.31 of benefit commencement occurred during the calendar year before the postretirement  
 101.32 increase is applied, the full increase amount must be prorated on the basis of whole  
 101.33 calendar quarters in benefit payment status in the calendar year prior to the January 1 on  
 101.34 which the postretirement increase is applied, calculated to the third decimal place.

102.1 (c) If the accrued liability funding ratio based on the actuarial value of assets is at  
102.2 least 90 percent in two consecutive actuarial valuations, this subdivision expires and  
102.3 subsequent postretirement increases must be paid as specified in subdivision 9.

102.4 **EFFECTIVE DATE.** This section is effective July 1, 2015.

102.5 Sec. 3. Minnesota Statutes 2013 Supplement, section 356.415, subdivision 1a, is  
102.6 amended to read:

102.7 Subd. 1a. **Annual postretirement adjustments; Minnesota State Retirement**  
102.8 **System plans other than State Patrol retirement plan.** (a) Retirement annuity, disability  
102.9 benefit, or survivor benefit recipients of the legislators retirement plans, including  
102.10 constitutional officers as specified in chapter 3A, the general state employees retirement  
102.11 plan, the correctional state employees retirement plan, the unclassified state employees  
102.12 retirement program, and the judges retirement plan are entitled to a postretirement  
102.13 adjustment annually on January 1, as follows:

102.14 (1) a postretirement increase of two percent must be applied each year, effective  
102.15 on January 1, to the monthly annuity or benefit of each annuitant or benefit recipient  
102.16 who has been receiving an annuity or a benefit for at least 18 full months before the  
102.17 January 1 increase; and

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

102.23 (b) The increases provided by this subdivision commence on January 1, 2011.  
102.24 Increases under this subdivision for the general state employees retirement plan, the  
102.25 correctional state employees retirement plan, or the judges retirement plan terminate on  
102.26 December 31 of the calendar year in which ~~the~~ two prior consecutive actuarial valuation  
102.27 valuations prepared by the approved actuary under sections 356.214 and 356.215 and the  
102.28 standards for actuarial work promulgated by the Legislative Commission on Pensions  
102.29 and Retirement indicates that the market value of assets of the retirement plan equals or  
102.30 exceeds 90 percent of the actuarial accrued liability of the retirement plan and increases  
102.31 under subdivision 1 recommence after that date. Increases under this subdivision for  
102.32 the legislators retirement plan or the elected state officers retirement plan terminate  
102.33 on December 31 of the calendar year in which the actuarial valuation prepared by the  
102.34 approved actuary under sections 356.214 and 356.215 and the standards for actuarial work  
102.35 promulgated by the Legislative Commission on Pensions and Retirement indicates that the

103.1 market value of assets of the general state employees retirement plan equals or exceeds  
103.2 90 percent of the actuarial accrued liability of the retirement plan and increases under  
103.3 subdivision 1 recommence after that date.

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

103.8 **EFFECTIVE DATE.** This section is effective July 1, 2014.

103.9 Sec. 4. Minnesota Statutes 2012, section 356.415, subdivision 1d, is amended to read:

103.10 Subd. 1d. **Teachers Retirement Association annual postretirement adjustments.**

103.11 (a) Retirement annuity, disability benefit, or survivor benefit recipients of the Teachers  
103.12 Retirement Association are entitled to a postretirement adjustment annually on January  
103.13 1, as follows:

103.14 (1) for January 1, 2011, and January 1, 2012, no postretirement increase is payable;

103.15 (2) for January 1, 2013, and each successive January 1 until funding stability is  
103.16 restored, a postretirement increase of two percent must be applied each year, effective  
103.17 on January 1, to the monthly annuity or benefit amount of each annuitant or benefit  
103.18 recipient who has been receiving an annuity or a benefit for at least 18 full months prior  
103.19 to the January 1 increase;

103.20 (3) for January 1, 2013, and each successive January 1 until funding stability is  
103.21 restored, for each annuitant or benefit recipient who has been receiving an annuity or a  
103.22 benefit for at least six full months before the January 1 increase, an annual postretirement  
103.23 increase of 1/12 of two percent for each month the person has been receiving an annuity or  
103.24 benefit must be applied, effective January 1, for which the person has been retired for at  
103.25 least six months but less than 18 months;

103.26 (4) for each January 1 following the restoration of funding stability, a postretirement  
103.27 increase of 2.5 percent must be applied each year, effective January 1, to the monthly  
103.28 annuity or benefit amount of each annuitant or benefit recipient who has been receiving an  
103.29 annuity or a benefit for at least 18 full months prior to the January 1 increase; and

103.30 (5) for each January 1 following the restoration of funding stability, for each  
103.31 annuitant or benefit recipient who has been receiving an annuity or a benefit for at least  
103.32 six full months before the January 1 increase, an annual postretirement increase of 1/12  
103.33 of 2.5 percent for each month the person has been receiving an annuity or benefit must  
103.34 be applied, effective January 1, for which the person has been retired for at least six  
103.35 months but less than 18 months.

104.1 (b) Funding stability is restored when the market value of assets of the Teachers  
104.2 Retirement Association equals or exceeds 90 percent of the actuarial accrued liabilities  
104.3 of the Teachers Retirement Association in the two most recent prior actuarial ~~valuation~~  
104.4 valuations prepared under section 356.215 and the standards for actuarial work by the  
104.5 approved actuary retained by the Teachers Retirement Association under section 356.214.

104.6 (c) An increase in annuity or benefit payments under this section must be made  
104.7 automatically unless written notice is filed by the annuitant or benefit recipient with the  
104.8 executive director of the Teachers Retirement Association requesting that the increase  
104.9 not be made.

104.10 (d) The retirement annuity payable to a person who retires before becoming eligible  
104.11 for Social Security benefits and who has elected the optional payment as provided in  
104.12 section 354.35 must be treated as the sum of a period-certain retirement annuity and a life  
104.13 retirement annuity for the purposes of any postretirement adjustment. The period-certain  
104.14 retirement annuity plus the life retirement annuity must be the annuity amount payable  
104.15 until age 62, 65, or normal retirement age, as selected by the member at retirement, for an  
104.16 annuity amount payable under section 354.35. A postretirement adjustment granted on  
104.17 the period-certain retirement annuity must terminate when the period-certain retirement  
104.18 annuity terminates.

104.19 **EFFECTIVE DATE.** This section is effective July 1, 2015.

104.20 Sec. 5. Minnesota Statutes 2013 Supplement, section 356.415, subdivision 1e, is  
104.21 amended to read:

104.22 Subd. 1e. **Annual postretirement adjustments; State Patrol retirement plan.**

104.23 (a) Retirement annuity, disability benefit, or survivor benefit recipients of the State Patrol  
104.24 retirement plan are entitled to a postretirement adjustment annually on January 1, as  
104.25 follows:

104.26 (1) a postretirement increase of one percent must be applied each year, effective on  
104.27 January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who  
104.28 has been receiving an annuity or a benefit for at least 18 full months before the January 1  
104.29 increase; and

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



105.1 (b) The increases provided by this subdivision commence on January 1, 2014.  
105.2 Increases under paragraph (a) for the State Patrol retirement plan terminate on December  
105.3 31 of the calendar year in which ~~the~~ two prior consecutive actuarial valuation valuations  
105.4 prepared by the approved actuary under sections 356.214 and 356.215 and the standards  
105.5 for actuarial work promulgated by the Legislative Commission on Pensions and  
105.6 Retirement indicates that the market value of assets of the retirement plan equals or  
105.7 exceeds 85 percent of the actuarial accrued liability of the retirement plan and increases  
105.8 under paragraph (c) recommence after that date.

105.9 (c) Retirement annuity, disability benefit, or survivor benefit recipients of the State  
105.10 Patrol retirement plan are entitled to a postretirement adjustment annually on January  
105.11 1, as follows:

105.12 (1) a postretirement increase of 1.5 percent must be applied each year, effective on  
105.13 January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who  
105.14 has been receiving an annuity or a benefit for at least 18 full months before the January 1  
105.15 increase; and

105.16 (2) for each annuitant or benefit recipient who has been receiving an annuity or a  
105.17 benefit for at least six full months, an annual postretirement increase of 1/12 of 1.5 percent  
105.18 for each month that the person has been receiving an annuity or benefit must be applied,  
105.19 effective January 1, following the calendar year in which the person has been retired for at  
105.20 least six months, but has been retired for less than 18 months.

105.21 (d) Increases under paragraph (c) for the State Patrol retirement plan terminate on  
105.22 December 31 of the calendar year in which ~~the~~ two prior consecutive actuarial valuation  
105.23 valuations prepared by the approved actuary under sections 356.214 and 356.215 and  
105.24 the standards for actuarial work adopted by the Legislative Commission on Pensions  
105.25 and Retirement indicates that the market value of assets of the retirement plan equals or  
105.26 exceeds 90 percent of the actuarial accrued liability of the retirement plan and increases  
105.27 under subdivision 1 recommence after that date.

105.28 (e) An increase in annuity or benefit payments under this subdivision must be made  
105.29 automatically unless written notice is filed by the annuitant or benefit recipient with the  
105.30 executive director of the applicable covered retirement plan requesting that the increase  
105.31 not be made.

105.32 **EFFECTIVE DATE.** This section is effective July 1, 2014.

105.33 Sec. 6. Minnesota Statutes 2013 Supplement, section 356.415, subdivision 1f, is  
105.34 amended to read:

106.1 Subd. 1f. **Annual postretirement adjustments; Minnesota State Retirement**  
106.2 **System judges retirement plan.** (a) The increases provided under this subdivision begin  
106.3 on January 1, 2014, and are in lieu of increases under subdivision 1 or 1a for retirement  
106.4 annuity, disability benefit, or survivor benefit recipients of the judges retirement plan.

106.5 (b) Retirement annuity, disability benefit, or survivor benefit recipients of the  
106.6 judges retirement plan are entitled to a postretirement adjustment annually on January  
106.7 1, as follows:

106.8 (1) a postretirement increase of 1.75 percent must be applied each year, effective  
106.9 on January 1, to the monthly annuity or benefit of each annuitant or benefit recipient  
106.10 who has been receiving an annuity or a benefit for at least 18 full months before the  
106.11 January 1 increase; and

106.12 (2) for each annuitant or benefit recipient who has been receiving an annuity or a  
106.13 benefit for at least six full months, an annual postretirement increase of 1/12 of 1.75  
106.14 percent for each month that the person has been receiving an annuity or benefit must be  
106.15 applied, effective January 1, following the calendar year in which the person has been  
106.16 retired for at least six months, but has been retired for less than 18 months.

106.17 (c) Increases under this subdivision terminate on December 31 of the calendar  
106.18 year in which ~~the two prior consecutive actuarial valuation~~ valuations prepared by the  
106.19 approved actuary under sections 356.214 and 356.215 and the standards for actuarial work  
106.20 promulgated by the Legislative Commission on Pensions and Retirement indicates that  
106.21 the market value of assets of the judges retirement plan equals or exceeds 70 percent of  
106.22 the actuarial accrued liability of the retirement plan. Increases under subdivision 1 or 1a,  
106.23 whichever is applicable, begin on the January 1 next following that date.

106.24 (d) An increase in annuity or benefit payments under this subdivision must be made  
106.25 automatically unless written notice is filed by the annuitant or benefit recipient with the  
106.26 executive director of the applicable covered retirement plan requesting that the increase  
106.27 not be made.

106.28 **EFFECTIVE DATE.** This section is effective July 1, 2014.

## 106.29 **ARTICLE 12**

### 106.30 **VOLUNTEER FIREFIGHTER RELIEF ASSOCIATION CHANGES**

106.31 Section 1. Minnesota Statutes 2013 Supplement, section 69.051, subdivision 1a,  
106.32 is amended to read:

106.33 Subd. 1a. **Financial statement.** (a) The board of each volunteer firefighters relief  
106.34 association, as defined in section 424A.001, subdivision 4, that is not required to file a

107.1 financial report and audit under subdivision 1 must prepare a detailed statement of the  
107.2 financial affairs for the preceding fiscal year of the relief association's special and general  
107.3 funds in the style and form prescribed by the state auditor. The detailed statement must  
107.4 show:

- 107.5 (1) the sources and amounts of all money received;
- 107.6 (2) all disbursements, accounts payable and accounts receivable;
- 107.7 (3) the amount of money remaining in the treasury;
- 107.8 (4) total assets, including a listing of all investments;
- 107.9 (5) the accrued liabilities; and
- 107.10 (6) all other items necessary to show accurately the revenues and expenditures and  
107.11 financial position of the relief association.

107.12 (b) The detailed financial statement required under paragraph (a) must be certified  
107.13 by ~~an independent~~ a certified public accountant or by the state auditor ~~or by the auditor or~~  
107.14 ~~accountant who regularly examines or audits the financial transactions of the municipality.~~  
107.15 In addition to certifying the financial condition of the special and general funds of the relief  
107.16 association, the accountant or auditor conducting the examination shall give an opinion  
107.17 as to the condition of the special and general funds of the relief association, and shall  
107.18 comment upon any exceptions to the report. The ~~independent~~ accountant ~~or auditor~~ must  
107.19 have at least five years of public accounting, auditing, or similar experience, and must not  
107.20 be an active, inactive, or retired member of the relief association or the fire department.

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

- 107.22 (1) the municipal clerk or clerk-treasurer of the municipality; or
- 107.23 (2) where applicable, by the municipal clerk or clerk-treasurer of the largest  
107.24 municipality in population which contracts with the independent nonprofit firefighting  
107.25 corporation if the relief association is a subsidiary of an independent nonprofit firefighting  
107.26 corporation and by the secretary of the independent nonprofit firefighting corporation; or
- 107.27 (3) by the chief financial official of the county in which the volunteer firefighter  
107.28 relief association is located or primarily located if the relief association is associated with  
107.29 a fire department that is not located in or associated with an organized municipality.

107.30 (d) The volunteer firefighters' relief association board must file the detailed statement  
107.31 required under paragraph (a) in the relief association office for public inspection and  
107.32 present it to the governing body of the municipality within 45 days after the close of the  
107.33 fiscal year, and must submit a copy of the detailed statement to the state auditor within 90  
107.34 days of the close of the fiscal year.

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

108.1 Sec. 2. Minnesota Statutes 2013 Supplement, section 69.051, subdivision 3, is  
108.2 amended to read:

108.3 Subd. 3. **Report by certain municipalities; exceptions.** (a) The chief  
108.4 administrative officer of each municipality which has an organized fire department but  
108.5 which does not have a firefighters' relief association governed by section 69.77 or sections  
108.6 424A.091 to 424A.095 and which is not exempted under paragraph (b) or (c) shall annually  
108.7 prepare a detailed financial report of the receipts and disbursements by the municipality  
108.8 for fire protection service during the preceding calendar year on a form prescribed by the  
108.9 state auditor. The financial report must contain any information which the state auditor  
108.10 deems necessary to disclose the sources of receipts and the purpose of disbursements for  
108.11 fire protection service. The financial report must be signed by the municipal clerk or  
108.12 clerk-treasurer of the municipality. The financial report must be filed by the municipal clerk  
108.13 or clerk-treasurer with the state auditor on or before July 1 annually. The municipality does  
108.14 not qualify initially to receive, and is not entitled subsequently to retain, state aid under  
108.15 this chapter if the financial reporting requirement or the applicable requirements of this  
108.16 chapter or any other statute or special law have not been complied with or are not fulfilled.

108.17 (b) Each municipality that has an organized fire department and provides retirement  
108.18 coverage to its firefighters through the voluntary statewide lump-sum volunteer firefighter  
108.19 retirement plan under chapter 353G qualifies to have fire state aid transmitted to and  
108.20 retained in the statewide lump-sum volunteer firefighter retirement fund without filing  
108.21 a detailed financial report if the executive director of the Public Employees Retirement  
108.22 Association certifies compliance by the municipality with the requirements of sections  
108.23 353G.04 and 353G.08, paragraph (e), and certifies conformity by the applicable fire chief  
108.24 with the requirements of section 353G.07.

108.25 (c) Each municipality qualifies to receive fire state aid under this chapter without  
108.26 filing a financial report under paragraph (a) if the municipality:

108.27 (1) has an organized fire department;

108.28 (2) does not have a volunteer firefighters relief association directly associated with  
108.29 its fire department;

108.30 (3) does not participate in the statewide lump-sum volunteer firefighter retirement  
108.31 plan under chapter 353G;

108.32 (4) provides retirement coverage to its firefighters through the public employees  
108.33 police and fire retirement plan under sections 353.63 to 353.68; and

108.34 (5) is certified by the executive director of the Public Employees Retirement  
108.35 Association to the state auditor to have had an employer contribution under section

109.1 353.65, subdivision 3, for its firefighters for the immediately prior calendar year equal to  
109.2 or greater than its fire state aid for the immediately prior calendar year.

109.3 **EFFECTIVE DATE.** This section is effective the day following final enactment  
109.4 and applies to fire state aid payable on October 1, 2014.

109.5 Sec. 3. Minnesota Statutes 2012, section 356A.06, subdivision 7, is amended to read:

109.6 Subd. 7. **Expanded list of authorized investment securities.** (a) **Authority.** A  
109.7 covered pension plan not described by subdivision 6, paragraph (a), is an expanded list  
109.8 plan and shall invest its assets as specified in this subdivision. The governing board of an  
109.9 expanded list plan may select and appoint investment agencies to act for or on its behalf.

109.10 (b) **Securities generally; investment forms.** An expanded list plan is authorized  
109.11 to purchase, sell, lend, and exchange the investment securities authorized under this  
109.12 subdivision, including puts and call options and future contracts traded on a contract  
109.13 market regulated by a governmental agency or by a financial institution regulated by  
109.14 a governmental agency. These securities may be owned directly or through shares  
109.15 in exchange-traded or mutual funds, or as units in commingled trusts, subject to any  
109.16 limitations specified in this subdivision.

109.17 (c) **Government obligations.** An expanded list plan is authorized to invest funds in  
109.18 governmental bonds, notes, bills, mortgages, and other evidences of indebtedness if the  
109.19 issue is backed by the full faith and credit of the issuer or the issue is rated among the top  
109.20 four quality rating categories by a nationally recognized rating agency. The obligations in  
109.21 which funds may be invested under this paragraph are guaranteed or insured issues of:

109.22 (1) the United States, one of its agencies, one of its instrumentalities, or an  
109.23 organization created and regulated by an act of Congress;

109.24 (2) the Dominion of Canada or one of its provinces if the principal and interest are  
109.25 payable in United States dollars;

109.26 (3) a state or one of its municipalities, political subdivisions, agencies, or  
109.27 instrumentalities; and

109.28 (4) a United States government-sponsored organization of which the United States is  
109.29 a member if the principal and interest are payable in United States dollars.

109.30 (d) **Investment-grade corporate obligations.** An expanded list plan is authorized  
109.31 to invest funds in bonds, notes, debentures, transportation equipment obligations, or  
109.32 any other longer term evidences of indebtedness issued or guaranteed by a corporation  
109.33 organized under the laws of the United States or any of its states, or the Dominion of  
109.34 Canada or any of its provinces if:

109.35 (1) the principal and interest are payable in United States dollars; and

110.1 (2) the obligations are rated among the top four quality categories by a nationally  
110.2 recognized rating agency.

110.3 (e) **Below-investment-grade corporate obligations.** An expanded list plan is  
110.4 authorized to invest in unrated corporate obligations or in corporate obligations that are  
110.5 not rated among the top four quality categories by a nationally recognized rating agency if:

110.6 (1) the aggregate value of these obligations does not exceed five percent of the  
110.7 covered pension plan's market value;

110.8 (2) the covered pension plan's participation is limited to 50 percent of a single  
110.9 offering subject to this paragraph; and

110.10 (3) the covered pension plan's participation is limited to 25 percent of an issuer's  
110.11 obligations subject to this paragraph.

110.12 (f) **Other obligations.** (1) An expanded list plan is authorized to invest funds in:

110.13 (i) bankers acceptances and deposit notes if issued by a United States bank that is  
110.14 rated in the highest four quality categories by a nationally recognized rating agency;

110.15 (ii) certificates of deposit if issued by a United States bank or savings institution  
110.16 rated in the highest four quality categories by a nationally recognized rating agency or  
110.17 whose certificates of deposit are fully insured by federal agencies, or if issued by a credit  
110.18 union in an amount within the limit of the insurance coverage provided by the National  
110.19 Credit Union Administration;

110.20 (iii) commercial paper if issued by a United States corporation or its Canadian  
110.21 subsidiary and if rated in the highest two quality categories by a nationally recognized  
110.22 rating agency;

110.23 (iv) mortgage securities and asset-backed securities if rated in the top four quality  
110.24 categories by a nationally recognized rating agency;

110.25 (v) repurchase agreements and reverse repurchase agreements if collateralized with  
110.26 letters of credit or securities authorized in this section;

110.27 (vi) guaranteed investment contracts if issued by an insurance company or a bank  
110.28 that is rated in the top four quality categories by a nationally recognized rating agency  
110.29 or alternative guaranteed investment contracts if the underlying assets comply with the  
110.30 requirements of this subdivision;

110.31 (vii) savings accounts if fully insured by a federal agency; and

110.32 (viii) guaranty fund certificates, surplus notes, or debentures if issued by a domestic  
110.33 mutual insurance company.

110.34 (2) Sections 16A.58, 16C.03, subdivision 4, and 16C.05 do not apply to certificates  
110.35 of deposit and collateralization agreements executed by the covered pension plan under  
110.36 clause (1), item (ii).

111.1 (3) In addition to investments authorized by clause (1), item (iv), an expanded list  
111.2 plan is authorized to purchase from the Minnesota Housing Finance Agency all or any part  
111.3 of a pool of residential mortgages, not in default, that has previously been financed by the  
111.4 issuance of bonds or notes of the agency. The covered pension plan may also enter into  
111.5 a commitment with the agency, at the time of any issue of bonds or notes, to purchase  
111.6 at a specified future date, not exceeding 12 years from the date of the issue, the amount  
111.7 of mortgage loans then outstanding and not in default that have been made or purchased  
111.8 from the proceeds of the bonds or notes. The covered pension plan may charge reasonable  
111.9 fees for any such commitment and may agree to purchase the mortgage loans at a price  
111.10 sufficient to produce a yield to the covered pension plan comparable, in its judgment,  
111.11 to the yield available on similar mortgage loans at the date of the bonds or notes. The  
111.12 covered pension plan may also enter into agreements with the agency for the investment  
111.13 of any portion of the funds of the agency. The agreement must cover the period of the  
111.14 investment, withdrawal privileges, and any guaranteed rate of return.

111.15 (g) **Corporate stocks.** An expanded list plan is authorized to invest in stocks or  
111.16 convertible issues of any corporation organized under the laws of the United States or any  
111.17 of its states, any corporation organized under the laws of the Dominion of Canada or any  
111.18 of its provinces, or any corporation listed on an exchange that is regulated by an agency of  
111.19 the United States or of the Canadian national government.

111.20 An investment in any corporation must not exceed five percent of the total  
111.21 outstanding shares of that corporation, except that an expanded list plan may hold up  
111.22 to 20 percent of the shares of a real estate investment trust and up to 20 percent of the  
111.23 shares of a closed mutual fund.

111.24 (h) **Other investments.** (1) In addition to the investments authorized in paragraphs  
111.25 (b) to (g), and subject to the provisions in clause (2), an expanded list plan is authorized  
111.26 to invest funds in:

111.27 (i) equity and debt investment businesses through participation in limited  
111.28 partnerships, trusts, private placements, limited liability corporations, limited liability  
111.29 companies, limited liability partnerships, and corporations;

111.30 (ii) real estate ownership interests or loans secured by mortgages or deeds of trust  
111.31 or shares of real estate investment trusts, through investment in limited partnerships,  
111.32 bank-sponsored collective funds, trusts, mortgage participation agreements, and insurance  
111.33 company commingled accounts, including separate accounts;

111.34 (iii) resource investments through limited partnerships, trusts, private placements,  
111.35 limited liability corporations, limited liability companies, limited liability partnerships,  
111.36 and corporations; and

112.1 (iv) international securities.

112.2 (2) The investments authorized in clause (1) must conform to the following  
112.3 provisions:

112.4 (i) the aggregate value of all investments made under clause (1), items (i), (ii), and  
112.5 (iii), may not exceed 35 percent of the market value of the fund for which the expanded  
112.6 list plan is investing;

112.7 (ii) there must be at least four unrelated owners of the investment other than the  
112.8 expanded list plan for investments made under clause (1), item (i), (ii), or (iii);

112.9 (iii) the expanded list plan's participation in an investment vehicle is limited to 20  
112.10 percent thereof for investments made under clause (1), item (i), (ii), or (iii);

112.11 (iv) the expanded list plan's participation in a limited partnership does not include a  
112.12 general partnership interest or other interest involving general liability. The expanded list  
112.13 plan may not engage in any activity as a limited partner which creates general liability; ~~and~~

112.14 (v) the aggregate value of all unrated obligations and obligations that are not rated  
112.15 among the top four quality categories by a nationally recognized rating agency authorized  
112.16 by paragraph (e) and clause (1), item (iv), must not exceed five percent of the covered  
112.17 plan's market value; and

112.18 (vi) for volunteer firefighter relief associations, emerging market equity and  
112.19 international debt investments authorized under clause (1), item (iv), must not exceed 15  
112.20 percent of the association's special fund market value.

112.21 (i) **Supplemental plan investments.** The governing body of an expanded list plan  
112.22 may certify assets to the State Board of Investment for investment under section 11A.17.

112.23 (j) **Asset mix limitations.** The aggregate value of an expanded list plan's  
112.24 investments under paragraphs (g) and (h) and equity investments under paragraph (i),  
112.25 regardless of the form in which these investments are held, must not exceed 85 percent of  
112.26 the covered plan's market value.

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

112.28 Sec. 4. Minnesota Statutes 2012, section 356A.06, subdivision 7a, is amended to read:

112.29 Subd. 7a. **Restrictions.** Any agreement to lend securities must be concurrently  
112.30 collateralized with cash or securities with a market value of not less than 100 percent of the  
112.31 market value of the loaned securities at the time of the agreement. For a covered pension  
112.32 authorized to purchase put and call options and futures contracts under subdivision 7, any  
112.33 agreement for put and call options and futures contracts may only be entered into with a  
112.34 fully offsetting amount of cash or securities. Only securities authorized by this section,



113.1 excluding those under subdivision 7, paragraph ~~(g)~~ (h), clause (1), items (i) to (iv), may be  
113.2 accepted as collateral or offsetting securities.

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

113.4 Sec. 5. Minnesota Statutes 2012, section 424A.015, is amended by adding a  
113.5 subdivision to read:

113.6 **Subd. 6. Governing benefit plan provisions.** A service pension or ancillary benefit  
113.7 payable under this chapter is governed by and must be calculated under the general statute,  
113.8 special law, relief association articles of incorporation, and relief association bylaw  
113.9 provisions applicable on the date on which the member separated from active service with  
113.10 the fire department and active membership in the relief association.

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

113.12 Sec. 6. Minnesota Statutes 2012, section 424A.016, subdivision 4, is amended to read:

113.13 **Subd. 4. Individual accounts.** (a) An individual account must be established for  
113.14 each firefighter who is a member of the relief association.

113.15 (b) To each individual active member account must be credited an equal share of:

113.16 (1) any amounts of fire state aid received by the relief association;

113.17 (2) any amounts of municipal contributions to the relief association raised from  
113.18 levies on real estate or from other available municipal revenue sources exclusive of fire  
113.19 state aid; and

113.20 (3) any amounts equal to the share of the assets of the special fund to the credit of:

113.21 (i) any former member who terminated active service with the fire department to  
113.22 which the relief association is associated before meeting the minimum service requirement  
113.23 provided for in subdivision 2, paragraph (b), and has not returned to active service with  
113.24 the fire department for a period no shorter than five years; or

113.25 (ii) any retired member who retired before obtaining a full nonforfeitable interest in  
113.26 the amounts credited to the individual member account under subdivision 2, paragraph  
113.27 (b), and any applicable provision of the bylaws of the relief association. In addition, any  
113.28 investment return on the assets of the special fund must be credited in proportion to the  
113.29 share of the assets of the special fund to the credit of each individual active member  
113.30 account. Administrative expenses of the relief association payable from the special  
113.31 fund may be deducted from individual accounts in a manner specified in the bylaws of  
113.32 the relief association.

114.1 (c) If the bylaws so permit and as the bylaws define, the relief association may credit  
114.2 any investment return on the assets of the special fund to the accounts of inactive members.

114.3 (d) Amounts to be credited to individual accounts must be allocated uniformly  
114.4 for all years of active service and allocations must be made for all years of service,  
114.5 except for caps on service credit if so provided in the bylaws of the relief association.  
114.6 Amounts forfeited under paragraph (b), clause (3), before a resumption of active service  
114.7 and membership under section 424A.01, subdivision 6, remain forfeited and may not be  
114.8 reinstated upon the resumption of active service and membership. The allocation method  
114.9 may utilize monthly proration for fractional years of service, as the bylaws or articles of  
114.10 incorporation of the relief association so provide. The bylaws or articles of incorporation  
114.11 may define a "month," but the definition must require a calendar month to have at least 16  
114.12 days of active service. If the bylaws or articles of incorporation do not define a "month," a  
114.13 "month" is a completed calendar month of active service measured from the member's  
114.14 date of entry to the same date in the subsequent month.

114.15 (e) At the time of retirement under subdivision 2 and any applicable provision of the  
114.16 bylaws of the relief association, a retiring member is entitled to that portion of the assets  
114.17 of the special fund to the credit of the member in the individual member account which is  
114.18 nonforfeitable under subdivision 3 and any applicable provision of the bylaws of the relief  
114.19 association based on the number of years of service to the credit of the retiring member.

114.20 (f) Annually, the secretary of the relief association shall certify the individual  
114.21 account allocations to the state auditor at the same time that the annual financial statement  
114.22 or financial report and audit of the relief association, whichever applies, is due under  
114.23 section 69.051.

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

114.25 Sec. 7. Minnesota Statutes 2013 Supplement, section 424A.016, subdivision 6, is  
114.26 amended to read:

114.27 Subd. 6. **Deferred service pensions.** (a) A member of a relief association is entitled  
114.28 to a deferred service pension if the member separates from active service and membership  
114.29 and has completed the minimum service and membership requirements in subdivision 2.  
114.30 The requirement that a member separate from active service and membership is waived  
114.31 for persons who have discontinued their volunteer firefighter duties and who are employed  
114.32 on a full-time basis under section 424A.015, subdivision 1.

114.33 (b) The deferred service pension is payable when the former member reaches at  
114.34 least age 50, or at least the minimum age specified in the bylaws governing the relief

115.1 association if that age is greater than age 50, and when the former member makes a valid  
115.2 written application.

115.3 (c) A defined contribution relief association may, if its governing bylaws so provide,  
115.4 credit interest or additional investment performance on the deferred lump-sum service  
115.5 pension during the period of deferral. If provided for in the bylaws, the interest must be  
115.6 paid:

115.7 (1) at the investment performance rate actually earned on that portion of the assets  
115.8 if the deferred benefit amount is invested by the relief association in a separate account  
115.9 established and maintained by the relief association;

115.10 (2) at the investment performance rate actually earned on that portion of the assets  
115.11 if the deferred benefit amount is invested in a separate investment vehicle held by the  
115.12 relief association; or

115.13 (3) at the investment return on the assets of the special fund of the defined contribution  
115.14 volunteer firefighter relief association in proportion to the share of the assets of the special  
115.15 fund to the credit of each individual deferred member account through the accounting date  
115.16 on which the investment return is recognized by and credited to the special fund.

115.17 (d) Unless the bylaws of a relief association that has elected to pay interest or  
115.18 additional investment performance on deferred lump-sum service pensions under  
115.19 paragraph (c) specifies a different interest or additional investment performance method,  
115.20 including the interest or additional investment performance period starting date and ending  
115.21 date, the interest or additional investment performance on a deferred service pension  
115.22 is creditable as follows:

115.23 (1) for a relief association that has elected to pay interest or additional investment  
115.24 performance under paragraph (c), clause (1) or (3), beginning on the date that the  
115.25 member separates from active service and membership and ending on the accounting  
115.26 date immediately before the deferred member commences receipt of the deferred service  
115.27 pension; or

115.28 (2) for a relief association that has elected to pay interest or additional investment  
115.29 performance under paragraph (c), clause (2), beginning on the date that the member  
115.30 separates from active service and membership and ending on the date that the separate  
115.31 investment vehicle is valued immediately before the date on which the deferred member  
115.32 commences receipt of the deferred service pension.

115.33 ~~(e) The deferred service pension is governed by and must be calculated under~~  
115.34 ~~the general statute, special law, relief association articles of incorporation, and relief~~  
115.35 ~~association bylaw provisions applicable on the date on which the member separated from~~  
115.36 ~~active service with the fire department and active membership in the relief association.~~

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

116.2 Sec. 8. Minnesota Statutes 2012, section 424A.016, subdivision 7, is amended to read:

116.3 Subd. 7. **Limitation on ancillary benefits.** (a) A defined contribution relief  
116.4 association may only pay an ancillary benefit which would constitute an authorized  
116.5 disbursement as specified in section 424A.05. The ancillary benefit for active members  
116.6 must equal the vested and nonvested amount of the individual account of the member.

116.7 (b) For deferred members, the ancillary benefit must equal the vested amount of  
116.8 the individual account of the member. For the recipient of installment payments of a  
116.9 service pension, the ancillary benefit must equal the remaining balance in the individual  
116.10 account of the recipient.

116.11 (c) If the bylaws permit and as defined by the bylaws, the relief association may pay  
116.12 an ancillary benefit to, or on behalf of, a member who is not active or deferred.

116.13 (d)(1) If a survivor or death benefit is payable under the articles of incorporation or  
116.14 bylaws, the benefit must be paid:

116.15 (i) as a survivor benefit to the surviving spouse of the deceased firefighter;

116.16 (ii) as a survivor benefit to the surviving children of the deceased firefighter if no  
116.17 surviving spouse;

116.18 (iii) as a survivor benefit to a designated beneficiary of the deceased firefighter if no  
116.19 surviving spouse or surviving children; or

116.20 (iv) as a death benefit to the estate of the deceased active or deferred firefighter if no  
116.21 surviving spouse, no surviving children, and no beneficiary designated.

116.22 (2) If there are no surviving children, the surviving spouse may waive, in writing,  
116.23 wholly or partially, the spouse's entitlement to a survivor benefit.

116.24 ~~(d)~~ (e) For purposes of this section, for a defined contribution volunteer fire relief  
116.25 association, a trust created under chapter 501B may be a designated beneficiary. If a trust  
116.26 payable to the surviving children organized under chapter 501B has been established as  
116.27 authorized by this section and there is no surviving spouse, the survivor benefit may be  
116.28 paid to the trust, notwithstanding the requirements of this section.

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

116.30 Sec. 9. Minnesota Statutes 2013 Supplement, section 424A.02, subdivision 3, is  
116.31 amended to read:

116.32 Subd. 3. **Flexible service pension maximums.** (a) Annually on or before August  
116.33 1 as part of the certification of the financial requirements and minimum municipal  
116.34 obligation determined under section 424A.092, subdivision 4, or 424A.093, subdivision

117.1 5, as applicable, the secretary or some other official of the relief association designated  
 117.2 in the bylaws of each defined benefit relief association shall calculate and certify to the  
 117.3 governing body of the applicable qualified municipality the average amount of available  
 117.4 financing per active covered firefighter for the most recent three-year period. The amount  
 117.5 of available financing includes any amounts of fire state aid received or receivable by the  
 117.6 relief association, any amounts of municipal contributions to the relief association raised  
 117.7 from levies on real estate or from other available revenue sources exclusive of fire state  
 117.8 aid, and one-tenth of the amount of assets in excess of the accrued liabilities of the relief  
 117.9 association calculated under section 424A.092, subdivision 2; 424A.093, subdivisions 2  
 117.10 and 4; or 424A.094, subdivision 2, if any.

117.11 (b) The maximum service pension which the defined benefit relief association has  
 117.12 authority to provide for in its bylaws for payment to a member retiring after the calculation  
 117.13 date when the minimum age and service requirements specified in subdivision 1 are met  
 117.14 must be determined using the table in paragraph (c) or (d), whichever applies.

117.15 (c) For a defined benefit relief association where the governing bylaws provide for  
 117.16 a monthly service pension to a retiring member, the maximum monthly service pension  
 117.17 amount per month for each year of service credited that may be provided for in the bylaws  
 117.18 is the greater of the service pension amount provided for in the bylaws on the date of the  
 117.19 calculation of the average amount of the available financing per active covered firefighter  
 117.20 or the maximum service pension figure corresponding to the average amount of available  
 117.21 financing per active covered firefighter:

117.22	Minimum Average Amount of Available	Maximum Service Pension Amount
117.23	Financing per Firefighter	Payable per Month for Each
117.24		Year of Service
117.25	\$ ...	\$ .25
117.26	41	.50
117.27	81	1.00
117.28	122	1.50
117.29	162	2.00
117.30	203	2.50
117.31	243	3.00
117.32	284	3.50
117.33	324	4.00
117.34	365	4.50
117.35	405	5.00
117.36	486	6.00
117.37	567	7.00
117.38	648	8.00
117.39	729	9.00

118.1	810	10.00
118.2	891	11.00
118.3	972	12.00
118.4	1053	13.00
118.5	1134	14.00
118.6	1215	15.00
118.7	1296	16.00
118.8	1377	17.00
118.9	1458	18.00
118.10	1539	19.00
118.11	1620	20.00
118.12	1701	21.00
118.13	1782	22.00
118.14	1823	22.50
118.15	1863	23.00
118.16	1944	24.00
118.17	2025	25.00
118.18	2106	26.00
118.19	2187	27.00
118.20	2268	28.00
118.21	2349	29.00
118.22	2430	30.00
118.23	2511	31.00
118.24	2592	32.00
118.25	2673	33.00
118.26	2754	34.00
118.27	2834	35.00
118.28	2916	36.00
118.29	2997	37.00
118.30	3078	38.00
118.31	3159	39.00
118.32	3240	40.00
118.33	3321	41.00
118.34	3402	42.00
118.35	3483	43.00
118.36	3564	44.00
118.37	3645	45.00
118.38	3726	46.00
118.39	3807	47.00
118.40	3888	48.00
118.41	3969	49.00
118.42	4050	50.00
118.43	4131	51.00

119.1	4212	52.00
119.2	4293	53.00
119.3	4374	54.00
119.4	4455	55.00
119.5	4536	56.00
119.6	<del>Effective beginning December 31, 2008</del>	
119.7	4617	57.00
119.8	4698	58.00
119.9	4779	59.00
119.10	4860	60.00
119.11	4941	61.00
119.12	5022	62.00
119.13	5103	63.00
119.14	5184	64.00
119.15	5265	65.00
119.16	<del>Effective beginning December 31, 2009</del>	
119.17	5346	66.00
119.18	5427	67.00
119.19	5508	68.00
119.20	5589	69.00
119.21	5670	70.00
119.22	5751	71.00
119.23	5832	72.00
119.24	5913	73.00
119.25	5994	74.00
119.26	<del>Effective beginning December 31, 2010</del>	
119.27	6075	75.00
119.28	6156	76.00
119.29	6237	77.00
119.30	6318	78.00
119.31	6399	79.00
119.32	6480	80.00
119.33	6561	81.00
119.34	6642	82.00
119.35	6723	83.00
119.36	<del>Effective beginning December 31, 2011</del>	
119.37	6804	84.00
119.38	6885	85.00
119.39	6966	86.00
119.40	7047	87.00
119.41	7128	88.00
119.42	7209	89.00
119.43	7290	90.00

120.1	7371	91.00
120.2	7452	92.00
120.3	<del>Effective beginning December 31, 2012</del>	
120.4	7533	93.00
120.5	7614	94.00
120.6	7695	95.00
120.7	7776	96.00
120.8	7857	97.00
120.9	7938	98.00
120.10	8019	99.00
120.11	8100	100.00
120.12	any amount in excess of	
120.13	8100	100.00

120.14 (d) For a defined benefit relief association in which the governing bylaws provide  
 120.15 for a lump-sum service pension to a retiring member, the maximum lump-sum service  
 120.16 pension amount for each year of service credited that may be provided for in the bylaws is  
 120.17 the greater of the service pension amount provided for in the bylaws on the date of the  
 120.18 calculation of the average amount of the available financing per active covered firefighter  
 120.19 or the maximum service pension figure corresponding to the average amount of available  
 120.20 financing per active covered firefighter for the applicable specified period:

120.21	Minimum Average Amount of Available	Maximum Lump-Sum Service
120.22	Financing per Firefighter	Pension Amount Payable for
120.23		Each Year of Service
120.24	\$ ...	\$ 10
120.25	11	20
120.26	16	30
120.27	23	40
120.28	27	50
120.29	32	60
120.30	43	80
120.31	54	100
120.32	65	120
120.33	77	140
120.34	86	160
120.35	97	180
120.36	108	200
120.37	131	240
120.38	151	280
120.39	173	320
120.40	194	360
120.41	216	400
120.42	239	440



121.1	259	480
121.2	281	520
121.3	302	560
121.4	324	600
121.5	347	640
121.6	367	680
121.7	389	720
121.8	410	760
121.9	432	800
121.10	486	900
121.11	540	1000
121.12	594	1100
121.13	648	1200
121.14	702	1300
121.15	756	1400
121.16	810	1500
121.17	864	1600
121.18	918	1700
121.19	972	1800
121.20	1026	1900
121.21	1080	2000
121.22	1134	2100
121.23	1188	2200
121.24	1242	2300
121.25	1296	2400
121.26	1350	2500
121.27	1404	2600
121.28	1458	2700
121.29	1512	2800
121.30	1566	2900
121.31	1620	3000
121.32	1672	3100
121.33	1726	3200
121.34	1753	3250
121.35	1780	3300
121.36	1820	3375
121.37	1834	3400
121.38	1888	3500
121.39	1942	3600
121.40	1996	3700
121.41	2023	3750
121.42	2050	3800
121.43	2104	3900

122.1	2158	4000
122.2	2212	4100
122.3	2265	4200
122.4	2319	4300
122.5	2373	4400
122.6	2427	4500
122.7	2481	4600
122.8	2535	4700
122.9	2589	4800
122.10	2643	4900
122.11	2697	5000
122.12	2751	5100
122.13	2805	5200
122.14	2859	5300
122.15	2913	5400
122.16	2967	5500
122.17	3021	5600
122.18	3075	5700
122.19	3129	5800
122.20	3183	5900
122.21	3237	6000
122.22	3291	6100
122.23	3345	6200
122.24	3399	6300
122.25	3453	6400
122.26	3507	6500
122.27	3561	6600
122.28	3615	6700
122.29	3669	6800
122.30	3723	6900
122.31	3777	7000
122.32	3831	7100
122.33	3885	7200
122.34	3939	7300
122.35	3993	7400
122.36	4047	7500
122.37	<del>Effective beginning December 31, 2008</del>	
122.38	4101	7600
122.39	4155	7700
122.40	4209	7800
122.41	4263	7900
122.42	4317	8000
122.43	4371	8100

123.1	4425	8200
123.2	4479	8300
123.3	<del>Effective beginning December 31, 2009</del>	
123.4	4533	8400
123.5	4587	8500
123.6	4641	8600
123.7	4695	8700
123.8	4749	8800
123.9	4803	8900
123.10	4857	9000
123.11	4911	9100
123.12	<del>Effective beginning December 31, 2010</del>	
123.13	4965	9200
123.14	5019	9300
123.15	5073	9400
123.16	5127	9500
123.17	5181	9600
123.18	5235	9700
123.19	5289	9800
123.20	5343	9900
123.21	5397	10,000
123.22	any amount in excess of	
123.23	5397	10,000

123.24 (e) For a defined benefit relief association in which the governing bylaws provide  
 123.25 for a monthly benefit service pension as an alternative form of service pension payment  
 123.26 to a lump-sum service pension, the maximum service pension amount for each pension  
 123.27 payment type must be determined using the applicable table contained in this subdivision.

123.28 (f) If a defined benefit relief association establishes a service pension in compliance  
 123.29 with the applicable maximum contained in paragraph (c) or (d) and the minimum average  
 123.30 amount of available financing per active covered firefighter is subsequently reduced  
 123.31 because of a reduction in fire state aid or because of an increase in the number of active  
 123.32 firefighters, the relief association may continue to provide the prior service pension  
 123.33 amount specified in its bylaws, but may not increase the service pension amount until  
 123.34 the minimum average amount of available financing per firefighter under the table in  
 123.35 paragraph (c) or (d), whichever applies, permits.

123.36 (g) No defined benefit relief association is authorized to provide a service pension in  
 123.37 an amount greater than the largest applicable flexible service pension maximum amount  
 123.38 even if the amount of available financing per firefighter is greater than the financing  
 123.39 amount associated with the largest applicable flexible service pension maximum.

124.1 (h) The method of calculating service pensions must be applied uniformly for all  
124.2 years of active service. Credit must be given for all years of active service except for caps  
124.3 on service credit if so provided in the bylaws of the relief association.

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

124.5 Sec. 10. Minnesota Statutes 2013 Supplement, section 424A.02, subdivision 7, is  
124.6 amended to read:

124.7 Subd. 7. **Deferred service pensions.** (a) A member of a defined benefit relief  
124.8 association is entitled to a deferred service pension if the member separates from active  
124.9 service and membership and has completed the minimum service and membership  
124.10 requirements in subdivision 1. The requirement that a member separate from active service  
124.11 and membership is waived for persons who have discontinued their volunteer firefighter  
124.12 duties and who are employed on a full-time basis under section 424A.015, subdivision 1.

124.13 (b) The deferred service pension is payable when the former member reaches at  
124.14 least age 50, or at least the minimum age specified in the bylaws governing the relief  
124.15 association if that age is greater than age 50, and when the former member makes a valid  
124.16 written application.

124.17 (c) A defined benefit relief association that provides a lump-sum service pension  
124.18 governed by subdivision 3 may, when its governing bylaws so provide, pay interest on the  
124.19 deferred lump-sum service pension during the period of deferral. If provided for in the  
124.20 bylaws, interest must be paid in one of the following manners:

124.21 (1) at the investment performance rate actually earned on that portion of the assets  
124.22 if the deferred benefit amount is invested by the relief association in a separate account  
124.23 established and maintained by the relief association;

124.24 (2) at the investment performance rate actually earned on that portion of the assets  
124.25 if the deferred benefit amount is invested in a separate investment vehicle held by the  
124.26 relief association; or

124.27 (3) at an interest rate of up to five percent, compounded annually, as set by the  
124.28 board of trustees.

124.29 (d) Any change in the interest rate set by the board of ~~directors~~ trustees under  
124.30 paragraph (c), clause (3), must be ratified by the governing body of the municipality  
124.31 served by the fire department to which the relief association is directly associated, or by  
124.32 the independent nonprofit firefighting corporation, as applicable.

124.33 (e) Interest under paragraph (c), clause (3), is payable beginning on the January 1  
124.34 next following the date on which the deferred service pension interest rate as set by the  
124.35 board of trustees was ratified by the governing body of the municipality served by the fire

125.1 department to which the relief association is directly associated, or by the independent  
125.2 nonprofit firefighting corporation, as applicable.

125.3 (f) Unless the bylaws of a relief association that has elected to pay interest or  
125.4 additional investment performance on deferred lump-sum service pensions under  
125.5 paragraph (c) specifies a different interest or additional investment performance method,  
125.6 including the interest or additional investment performance period starting date and ending  
125.7 date, the interest or additional investment performance on a deferred service pension  
125.8 is creditable as follows:

125.9 (1) for a relief association that has elected to pay interest or additional investment  
125.10 performance under paragraph (c), clause (1) or (3), beginning on the first day of the  
125.11 month next following the date on which the member separates from active service and  
125.12 membership and ending on the last day of the month immediately before the month in  
125.13 which the deferred member commences receipt of the deferred service pension; or

125.14 (2) for a relief association that has elected to pay interest or additional investment  
125.15 performance under paragraph (c), clause (2), beginning on the date that the member  
125.16 separates from active service and membership and ending on the date that the separate  
125.17 investment vehicle is valued immediately before the date on which the deferred member  
125.18 commences receipt of the deferred service pension.

125.19 (g) For a deferred service pension that is transferred to a separate account established  
125.20 and maintained by the relief association or separate investment vehicle held by the relief  
125.21 association, the deferred member bears the full investment risk subsequent to transfer and  
125.22 in calculating the accrued liability of the volunteer firefighters relief association that pays  
125.23 a lump-sum service pension, the accrued liability for deferred service pensions is equal  
125.24 to the separate relief association account balance or the fair market value of the separate  
125.25 investment vehicle held by the relief association.

125.26 ~~(h) The deferred service pension is governed by and must be calculated under~~  
125.27 ~~the general statute, special law, relief association articles of incorporation, and relief~~  
125.28 ~~association bylaw provisions applicable on the date on which the member separated from~~  
125.29 ~~active service with the fire department and active membership in the relief association.~~

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

125.31 Sec. 11. Minnesota Statutes 2012, section 424A.05, subdivision 3, is amended to read:

125.32 Subd. 3. **Authorized disbursements from special fund.** Disbursements from the  
125.33 special fund may not be made for any purpose other than one of the following:

125.34 (1) for the payment of service pensions to retired members of the relief association if  
125.35 authorized and paid under law and the bylaws governing the relief association;

126.1 (2) for the purchase of an annuity for the applicable person under section 424A.015,  
 126.2 subdivision 3, for the transfer of service pension or benefit amounts to the applicable  
 126.3 person's individual retirement account under section 424A.015, subdivision 4, or to the  
 126.4 applicable person's account in the Minnesota deferred compensation plan under section  
 126.5 424A.015, subdivision 5;

126.6 (3) for the payment of temporary or permanent disability benefits to disabled  
 126.7 members of the relief association if authorized and paid under law and specified in amount  
 126.8 in the bylaws governing the relief association;

126.9 (4) for the payment of survivor benefits or for the payment of a death benefit to the  
 126.10 estate of the deceased active or deferred firefighter, if authorized and paid under law and  
 126.11 specified in amount in the bylaws governing the relief association;

126.12 (5) for the payment of the fees, dues and assessments to the Minnesota State Fire  
 126.13 Department Association and to the Minnesota ~~Area Relief~~ State Fire Chiefs Association  
 126.14 ~~Coalition~~ in order to entitle relief association members to membership in and the benefits  
 126.15 of these associations or organizations;

126.16 (6) for the payment of insurance premiums to the state Volunteer Firefighters Benefit  
 126.17 Association, or an insurance company licensed by the state of Minnesota offering casualty  
 126.18 insurance, in order to entitle relief association members to membership in and the benefits  
 126.19 of the association or organization; and

126.20 (7) for the payment of administrative expenses of the relief association as authorized  
 126.21 under section 69.80.

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

126.23 Sec. 12. Minnesota Statutes 2012, section 424A.08, is amended to read:

126.24 **424A.08 MUNICIPALITY WITHOUT RELIEF ASSOCIATION;**  
 126.25 **AUTHORIZED DISBURSEMENTS.**

126.26 (a) Any ~~qualified~~ municipality which is entitled to receive fire state aid but which  
 126.27 has no volunteer firefighters' relief association directly associated with its fire department  
 126.28 and which has no full-time firefighters with retirement coverage by the public employees  
 126.29 police and fire retirement plan shall deposit the fire state aid in a special account  
 126.30 established for that purpose in the municipal treasury. Disbursement from the special  
 126.31 account may not be made for any purpose except:

126.32 (1) payment of the fees, dues and assessments to the Minnesota State Fire  
 126.33 Department Association and to the state Volunteer Firefighters' Benefit Association in  
 126.34 order to entitle its firefighters to membership in and the benefits of these state associations;

127.1 (2) payment of the cost of purchasing and maintaining needed equipment for the  
127.2 fire department; and

127.3 (3) payment of the cost of construction, acquisition, repair, or maintenance of  
127.4 buildings or other premises to house the equipment of the fire department.

127.5 (b) A ~~qualified~~ municipality which is entitled to receive fire state aid, which has no  
127.6 volunteer firefighters' relief association directly associated with its fire department, which  
127.7 does not participate in the voluntary statewide lump-sum volunteer firefighter retirement  
127.8 plan under chapter 353G, and which has full-time firefighters with retirement coverage  
127.9 by the public employees police and fire retirement plan may disburse the fire state aid as  
127.10 provided in paragraph (a), for the payment of the employer contribution requirement with  
127.11 respect to firefighters covered by the public employees police and fire retirement plan under  
127.12 section 353.65, subdivision 3, or for a combination of the two types of disbursements.

127.13 (c) A municipality that has no volunteer firefighters' relief association directly  
127.14 associated with it and that participates in the voluntary statewide lump-sum volunteer  
127.15 firefighter retirement plan under chapter 353G shall transmit any fire state aid that it  
127.16 receives to the voluntary statewide lump-sum volunteer firefighter retirement fund.

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

127.18 Sec. 13. Minnesota Statutes 2013 Supplement, section 424A.092, subdivision 6,  
127.19 is amended to read:

127.20 Subd. 6. **Municipal ratification for plan amendments.** If the special fund of  
127.21 the relief association does not have a surplus over full funding under subdivision 3,  
127.22 paragraph (c), clause (5), and if the municipality is required to provide financial support  
127.23 to the special fund of the relief association under this section, the adoption of or any  
127.24 amendment to the articles of incorporation or bylaws of a relief association which  
127.25 increases or otherwise affects the retirement coverage provided by or the service pensions  
127.26 or retirement benefits payable from the special fund of any relief association to which this  
127.27 section applies is not effective until it is ratified by the governing body of the municipality  
127.28 ~~in which the relief association is located~~ served by the fire department to which the  
127.29 relief association is directly associated or by the independent nonprofit firefighting  
127.30 corporation, as applicable, and the officers of a relief association shall not seek municipal  
127.31 ratification prior to preparing and certifying an estimate of the expected increase in the  
127.32 accrued liability and annual accruing liability of the relief association attributable to the  
127.33 amendment. If the special fund of the relief association has a surplus over full funding  
127.34 under subdivision 3, paragraph (c), clause (5), and if the municipality is not required to  
127.35 provide financial support to the special fund of the relief association under this section,

128.1 the relief association may adopt or amend its articles of incorporation or bylaws which  
128.2 increase or otherwise affect the retirement coverage provided by or the service pensions  
128.3 or retirement benefits payable from the special fund of the relief association which are  
128.4 effective without municipal ratification so long as this does not cause the amount of the  
128.5 resulting increase in the accrued liability of the special fund of the relief association to  
128.6 exceed 90 percent of the amount of the surplus over full funding reported in the prior year  
128.7 and this does not result in the financial requirements of the special fund of the relief  
128.8 association exceeding the expected amount of the future fire state aid to be received by  
128.9 the relief association as determined by the board of trustees following the preparation  
128.10 of an estimate of the expected increase in the accrued liability and annual accruing  
128.11 liability of the relief association attributable to the change. If a relief association adopts or  
128.12 amends its articles of incorporation or bylaws without municipal ratification under this  
128.13 subdivision, and, subsequent to the amendment or adoption, the financial requirements  
128.14 of the special fund of the relief association under this section are such so as to require  
128.15 financial support from the municipality, the provision which was implemented without  
128.16 municipal ratification is no longer effective without municipal ratification and any service  
128.17 pensions or retirement benefits payable after that date may be paid only in accordance with  
128.18 the articles of incorporation or bylaws as amended or adopted with municipal ratification.

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

128.20 Sec. 14. Minnesota Statutes 2013 Supplement, section 424A.093, subdivision 2,  
128.21 is amended to read:

128.22 Subd. 2. **Determination of actuarial condition and funding costs.** A relief  
128.23 association to which this section applies shall obtain an actuarial valuation showing the  
128.24 condition of the special fund of the relief association as of December 31, 1978, and at  
128.25 least as of December 31 every four years thereafter. The valuation shall be prepared in  
128.26 accordance with the provisions of sections 356.215, subdivision 8, and 356.216 and any  
128.27 applicable standards for actuarial work established by the Legislative Commission on  
128.28 Pensions and Retirement, except that the figure for normal cost shall be expressed as a  
128.29 level dollar amount, and the amortization contribution shall be the level dollar amount  
128.30 calculated to amortize any current unfunded accrued liability by at least the date of full  
128.31 funding specified in subdivision 4, clause (b). Each valuation shall be filed with the  
128.32 governing body of the municipality ~~in which the relief association is located~~ served by the  
128.33 fire department to which the relief association is directly associated or by the independent  
128.34 nonprofit firefighting corporation, as applicable, and with the state auditor, not later than  
128.35 July 1 of the year next following the date as of which the actuarial valuation is prepared.



129.1 Any relief association which is operating under a special law which requires that actuarial  
129.2 valuations be obtained at least every four years and be prepared in accordance with  
129.3 applicable actuarial standards set forth in statute may continue to have actuarial valuations  
129.4 made according to the time schedule set forth in the special legislation subject to the  
129.5 provisions of subdivision 3.

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

129.7 Sec. 15. Minnesota Statutes 2013 Supplement, section 424A.093, subdivision 6,  
129.8 is amended to read:

129.9 Subd. 6. **Municipal ratification for plan amendments.** If the special fund of the  
129.10 relief association does not have a surplus over full funding under subdivision 4, and  
129.11 if the municipality is required to provide financial support to the special fund of the  
129.12 relief association under this section, the adoption of or any amendment to the articles of  
129.13 incorporation or bylaws of a relief association which increases or otherwise affects the  
129.14 retirement coverage provided by or the service pensions or retirement benefits payable  
129.15 from the special fund of any relief association to which this section applies is not effective  
129.16 until it is ratified by the governing body of the municipality ~~in which the relief association~~  
129.17 ~~is located~~ served by the fire department to which the relief association is directly associated  
129.18 or by the independent nonprofit firefighting corporation, as applicable. If the special  
129.19 fund of the relief association has a surplus over full funding under subdivision 4, and if  
129.20 the municipality is not required to provide financial support to the special fund of the  
129.21 relief association under this section, the relief association may adopt or amend its articles  
129.22 of incorporation or bylaws which increase or otherwise affect the retirement coverage  
129.23 provided by or the service pensions or retirement benefits payable from the special fund  
129.24 of the relief association which are effective without municipal ratification so long as this  
129.25 does not cause the amount of the resulting increase in the accrued liability of the special  
129.26 fund of the relief association to exceed 90 percent of the amount of the surplus over full  
129.27 funding reported in the prior year and this does not result in the financial requirements of  
129.28 the special fund of the relief association exceeding the expected amount of the future fire  
129.29 state aid to be received by the relief association as determined by the board of trustees  
129.30 following the preparation of an updated actuarial valuation including the proposed change  
129.31 or an estimate of the expected actuarial impact of the proposed change prepared by the  
129.32 actuary of the relief association. If a relief association adopts or amends its articles of  
129.33 incorporation or bylaws without municipal ratification pursuant to this subdivision, and,  
129.34 subsequent to the amendment or adoption, the financial requirements of the special fund  
129.35 of the relief association under this section are such so as to require financial support from

130.1 the municipality, the provision which was implemented without municipal ratification is  
130.2 no longer effective without municipal ratification and any service pensions or retirement  
130.3 benefits payable after that date may be paid only in accordance with the articles of  
130.4 incorporation or bylaws as amended or adopted with municipal ratification.

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

130.6 Sec. 16. Minnesota Statutes 2013 Supplement, section 424A.094, subdivision 2,  
130.7 is amended to read:

130.8 Subd. 2. **Determination of actuarial condition and funding costs.** Each  
130.9 independent nonprofit firefighting corporation to which this section applies shall determine  
130.10 the actuarial condition and the funding costs of the subsidiary relief association using  
130.11 the following procedure:

130.12 (1) An independent nonprofit firefighting corporation which has a subsidiary relief  
130.13 association which pays a monthly benefit service pension shall procure an actuarial  
130.14 valuation of the special fund of the subsidiary relief association at the same times and  
130.15 in the same manner as specified in section 424A.093, subdivisions 2 and 3, and an  
130.16 independent nonprofit firefighting corporation which has a subsidiary relief association  
130.17 which pays a lump-sum service pension shall determine the accrued liability of the special  
130.18 fund of the relief association in accordance with section 424A.092, subdivision 2.

130.19 (2) The financial requirements of the special fund of the subsidiary relief association  
130.20 which pays a monthly benefit service pension shall be determined in the same manner  
130.21 as specified in section 424A.093, subdivision 4, and the financial requirements of the  
130.22 special fund of the subsidiary relief association shall be determined in the same manner as  
130.23 specified in section 424A.092, subdivision 3.

130.24 (3) The minimum obligation of the independent nonprofit firefighting corporation on  
130.25 behalf of the special fund of the subsidiary relief association shall be determined in the  
130.26 same manner as specified in section 424A.092, subdivision 4, or 424A.093, subdivision 5,  
130.27 as applicable.

130.28 (4) The independent nonprofit firefighting corporation shall appropriate annually  
130.29 from the income of the corporation an amount at least equal to the minimum obligation  
130.30 of the independent nonprofit firefighting corporation on behalf of the special fund of  
130.31 the subsidiary relief association.

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

131.1 Sec. 17. Minnesota Statutes 2013 Supplement, section 424A.10, subdivision 2, is  
131.2 amended to read:

131.3 Subd. 2. **Payment of supplemental benefit.** (a) Upon the payment by a volunteer  
131.4 firefighters' relief association or by the voluntary statewide lump-sum volunteer firefighter  
131.5 retirement plan of a lump-sum distribution to a qualified recipient, the association must  
131.6 pay a supplemental benefit to the qualified recipient. Notwithstanding any law to the  
131.7 contrary, the relief association must pay the supplemental benefit out of its special fund  
131.8 and the voluntary statewide lump-sum volunteer firefighter retirement plan must pay  
131.9 the supplemental benefit out of the voluntary statewide lump-sum volunteer firefighter  
131.10 retirement plan. This benefit is an amount equal to ten percent of the regular lump-sum  
131.11 distribution that is paid on the basis of the recipient's service as a volunteer firefighter.  
131.12 In no case may the amount of the supplemental benefit exceed \$1,000. A supplemental  
131.13 benefit under this paragraph may not be paid to a survivor of a deceased active or deferred  
131.14 volunteer firefighter in that capacity.

131.15 (b) Upon the payment by a relief association or the retirement plan of a lump-sum  
131.16 survivor benefit to a survivor of a deceased active volunteer firefighter or of a deceased  
131.17 deferred volunteer firefighter, the association must pay a supplemental survivor benefit to  
131.18 the survivor of the deceased active or deferred volunteer firefighter from the special fund  
131.19 of the relief association and the retirement plan must pay a supplemental survivor benefit  
131.20 to the survivor of the deceased active or deferred volunteer firefighter from the retirement  
131.21 fund if chapter 353G so provides. The amount of the supplemental survivor benefit is 20  
131.22 percent of the survivor benefit, but not to exceed \$2,000.

131.23 (c) For purposes of this section, the term "regular lump-sum distribution" means the  
131.24 pretax lump-sum distribution excluding any interest that may have been credited during a  
131.25 volunteer firefighter's period of deferral.

131.26 (d) An individual may receive a supplemental benefit under paragraph (a) or under  
131.27 paragraph (b), but not under both paragraphs with respect to one lump-sum volunteer  
131.28 firefighter benefit.

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

131.30 Sec. 18. Minnesota Statutes 2012, section 424B.12, is amended to read:

131.31 **424B.12 MIXED CONSOLIDATING RELIEF ASSOCIATIONS; BENEFIT**  
131.32 **PLAN; FUNDING.**

131.33 Subdivision 1. **Applicability.** This section applies where one or more of the  
131.34 volunteer firefighters' relief associations involved in the consolidation are defined benefit

132.1 relief associations as defined in section 424A.001, subdivision 1b, and one or more of  
 132.2 the volunteer firefighters' relief associations involved in the consolidation are defined  
 132.3 contribution relief associations as defined in section 424A.001, subdivision 1c.

132.4 Subd. 2. **Benefit plan.** The articles of incorporation or bylaws of the successor  
 132.5 relief association must specify whether the relief association is a defined benefit relief  
 132.6 association or whether the relief association is a defined contribution relief association. If  
 132.7 the successor relief association is a defined benefit relief association, the relief association  
 132.8 benefits must comply with sections 424A.02 and ~~424B.11~~, subdivision 1a 424B.10. If  
 132.9 the successor relief association is a defined contribution relief association, the relief  
 132.10 association must comply with sections 424A.016 and ~~424B.12~~ 424B.11, subdivision 2.

132.11 Subd. 3. **Funding.** If the successor relief association is a defined benefit relief  
 132.12 association, the relief association funding is governed by section ~~424B.11~~ 424B.10,  
 132.13 subdivision 2. If the successor relief association is a defined contribution relief association,  
 132.14 the relief association funding is governed by section ~~424B.12~~ 424B.11, subdivision 3.

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

## 132.16 ARTICLE 13

### 132.17 MISCELLANEOUS RETIREMENT PROVISIONS

132.18 Section 1. Minnesota Statutes 2012, section 11A.17, subdivision 1, is amended to read:

132.19 Subdivision 1. **Purpose; accounts; continuation.** (a) The purpose of the  
 132.20 supplemental investment fund is to provide an investment vehicle for the assets of various  
 132.21 public retirement plans and funds.

132.22 (b) ~~The fund consists of eight investment accounts: an income share account, a~~  
 132.23 ~~growth share account, an international share account, a money market account, a fixed~~  
 132.24 ~~interest account, a bond market account, a common stock index account, and a volunteer~~  
 132.25 ~~firefighter account.~~ The state board shall determine and make available investment  
 132.26 accounts within the supplemental investment fund. These accounts shall include an  
 132.27 appropriate array of diversified investment options for participants of the public retirement  
 132.28 plans under subdivision 5.

132.29 (c) The assets of the supplemental investment fund is a continuation of the  
 132.30 supplemental retirement fund in existence on January 1, 1980 must be invested by the  
 132.31 state board in types of investments permitted under section 11A.24.

132.32 (d) The state board shall make available a volunteer firefighter account for the  
 132.33 voluntary statewide lump-sum volunteer firefighter retirement plan under section 353G.02.

132.34 **EFFECTIVE DATE.** This section is effective July 1, 2014.

133.1 Sec. 2. Minnesota Statutes 2012, section 11A.17, subdivision 9, is amended to read:

133.2 Subd. 9. **Valuation of investment shares.** (a) The value of investment shares in  
133.3 ~~the income share account, the growth share account, the international share account,~~  
133.4 ~~the bond market account, and the common stock index~~ for each investment account,  
133.5 excluding a money market account, must be determined by dividing the total market  
133.6 value of the securities constituting the respective account by the total number of shares  
133.7 then outstanding in the investment account.

133.8 (b) The value of investment shares in the a money market account ~~and the fixed~~  
133.9 ~~interest account is~~ must be \$1 a share. ~~Terms as to withdrawal schedules will be agreed~~  
133.10 ~~upon by the public retirement fund and the state board.~~

133.11 **EFFECTIVE DATE.** This section is effective July 1, 2014.

133.12 Sec. 3. Minnesota Statutes 2012, section 352.115, subdivision 8, is amended to read:

133.13 Subd. 8. **Accrual of annuity.** ~~State employees shall apply for an annuity.~~ The  
133.14 application for an annuity must not be made more than ~~90~~ 60 days before the time the state  
133.15 employee is eligible to retire by reason of both age and service requirements ~~or former~~  
133.16 state employee elects to begin collecting a retirement annuity. If the director determines an  
133.17 applicant for annuity has fulfilled the legal requirements for an annuity, the director shall  
133.18 authorize the annuity payment in accordance with this chapter and payment must be made  
133.19 as authorized. An annuity shall begin to accrue no earlier than 180 days before the date the  
133.20 application is filed with the director, but not before the day following the termination of  
133.21 state service or before the day the employee is eligible to retire by reason of both age and  
133.22 service requirements. The retirement annuity shall cease with the last payment which had  
133.23 accrued during the lifetime of the retired employee unless an optional annuity provided in  
133.24 section 352.116, subdivision 3, had been selected and had become payable. The joint and  
133.25 last survivor annuity shall cease with the last payment received by the survivor during  
133.26 the lifetime of the survivor. If a retired employee had not selected an optional annuity, or  
133.27 a survivor annuity is not payable under the option, and a spouse survives, the spouse is  
133.28 entitled only to the annuity for the calendar month in which the retired employee died.  
133.29 If an optional annuity is payable after the death of the retired employee, the survivor is  
133.30 entitled to the annuity for the calendar month in which the retired employee died.

133.31 **EFFECTIVE DATE.** This section is effective July 1, 2014.

133.32 Sec. 4. Minnesota Statutes 2012, section 352.115, subdivision 10, is amended to read:

134.1 Subd. 10. **Reemployment of annuitant.** (a) Except for salary or wages received  
134.2 as a temporary employee of the legislature during a legislative session, if any retired  
134.3 employee again becomes entitled to receive salary or wages from any employer who  
134.4 employs state employees as that term is defined in section 352.01, subdivision 2, in a  
134.5 position covered by this chapter, the annuity or retirement allowance must cease ~~when~~ the  
134.6 first of the month following the month that the retired employee has earned an amount  
134.7 equal to the annual maximum earnings allowable for that age for the continued receipt of  
134.8 full benefit amounts monthly under the federal old age, survivors, and disability insurance  
134.9 program as set by the secretary of health and human services under United States Code,  
134.10 title 42, section 403, in any calendar year. If the retired employee has not yet reached the  
134.11 minimum age for the receipt of Social Security benefits, the maximum earnings for the  
134.12 retired employee are equal to the annual maximum earnings allowable for the minimum  
134.13 age for the receipt of Social Security benefits.

134.14 (b) The balance of the annual retirement annuity after cessation must be handled or  
134.15 disposed of as provided in section 356.47.

134.16 (c) The annuity must be resumed ~~when~~ the first of the month following the month  
134.17 that state service ends, or, if the retired employee is still employed at the beginning of the  
134.18 next calendar year, at the beginning of that calendar year, and payment must again end  
134.19 when the retired employee has earned the applicable reemployment earnings maximum  
134.20 specified in this subdivision. If the retired employee is granted a sick leave without pay,  
134.21 but not otherwise, the annuity or retirement allowance must be resumed during the period  
134.22 of sick leave.

134.23 (d) No payroll deductions for the retirement fund may be made from the earnings of  
134.24 a reemployed retired employee.

134.25 (e) No change may be made in the monthly amount of an annuity or retirement  
134.26 allowance because of the reemployment of an annuitant.

134.27 (f) If a reemployed annuitant whose annuity is suspended under paragraph (a)  
134.28 is having insurance premium amounts withheld under section 356.87, subdivision 2,  
134.29 insurance premium amounts must continue to be withheld and transferred from the  
134.30 suspended portion of the annuity. The balance of the annual retirement annuity after  
134.31 cessation, after deduction of the insurance premium amounts, must be treated as specified  
134.32 in paragraph (b).

134.33 (g) If a reemployed annuitant whose annuity is suspended under paragraph (a)  
134.34 has a former spouse receiving a portion of the annuity allowable under section 518.58,  
134.35 subdivision 1, the portion payable to the former spouse must continue to be paid.

134.36 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2014.

135.1 Sec. 5. Minnesota Statutes 2012, section 352.965, subdivision 4, is amended to read:

135.2 Subd. 4. **Plan investments.** ~~(a) Available investments under the plan may include:~~  
135.3 ~~are those investments chosen by the State Board of Investment under section 356.645 for~~  
135.4 ~~the plan.~~

135.5 ~~(1) shares in the Minnesota supplemental investment fund established in section~~  
135.6 ~~11A.17 that are selected to be offered under the plan by the State Board of Investment;~~

135.7 ~~(2) saving accounts in federally insured financial institutions;~~

135.8 ~~(3) life insurance contracts, fixed annuity, and variable annuity contracts from~~  
135.9 ~~companies that are subject to regulation by the commissioner of commerce;~~

135.10 ~~(4) investment options from open-end investment companies registered under the~~  
135.11 ~~federal Investment Company Act of 1940, United States Code, title 15, sections 80a-1~~  
135.12 ~~to 80a-64;~~

135.13 ~~(5) investment options from a firm that is a registered investment advisor under the~~  
135.14 ~~Investment Advisers Act of 1940, United States Code, title 15, sections 80b-1 to 80b-21;~~

135.15 ~~(6) investment options of a bank as defined in United States Code, title 15, section~~  
135.16 ~~80b-2, subsection (a), paragraph (2), or a bank holding company as defined in the Bank~~  
135.17 ~~Holding Company Act of 1956, United States Code, title 12, section 1841, subsection~~  
135.18 ~~(a), paragraph (1); or~~

135.19 ~~(7) a combination of clause (1), (2), (3), (4), (5), or (6), as provided by the plan as~~  
135.20 ~~specified by the participant.~~

135.21 ~~(b) All amounts contributed to the deferred compensation plan and all earnings~~  
135.22 ~~on those amounts must be held for the exclusive benefit of the plan participants and~~  
135.23 ~~beneficiaries. These amounts must be held in trust, in custodial accounts, or in qualifying~~  
135.24 ~~annuity contracts as required by federal law in accordance with section 356A.06,~~  
135.25 ~~subdivision 1. This subdivision does not authorize an employer contribution, except as~~  
135.26 ~~authorized in section 356.24, subdivision 1, paragraph (a), clause (5). The state, political~~  
135.27 ~~subdivision, or other employing unit is not responsible for any loss that may result from~~  
135.28 ~~investment of the deferred compensation.~~

135.29 **EFFECTIVE DATE.** This section is effective July 1, 2014.

135.30 Sec. 6. Minnesota Statutes 2012, section 352.965, is amended by adding a subdivision  
135.31 to read:

135.32 Subd. 4a. **Exclusive benefit.** All amounts contributed to the deferred compensation  
135.33 plan and all earnings on those amounts must be held for the exclusive benefit of the plan  
135.34 participants and beneficiaries. These amounts must be held in trust, in custodial accounts,

136.1 or in qualifying annuity contracts as required by federal law in accordance with section  
136.2 356A.06, subdivision 1.

136.3 **EFFECTIVE DATE.** This section is effective July 1, 2014.

136.4 Sec. 7. Minnesota Statutes 2012, section 352.965, is amended by adding a subdivision  
136.5 to read:

136.6 **Subd. 4b. Employer contribution prohibition.** Except as authorized in section  
136.7 356.24, subdivision 1, clause (5), employer contributions are prohibited.

136.8 **EFFECTIVE DATE.** This section is effective July 1, 2014.

136.9 Sec. 8. Minnesota Statutes 2012, section 352.98, subdivision 2, is amended to read:

136.10 **Subd. 2. Contracting authorized.** (a) The executive director shall administer  
136.11 the plan and contract with public and private entities to provide investment services,  
136.12 record keeping, benefit payments, and other functions necessary for the administration of  
136.13 the plan. If allowed by

136.14 (b) As specified in section 356.645, the Minnesota State Board of Investment, the  
136.15 Minnesota State Board of Investment supplemental investment funds may be offered as  
136.16 shall determine an appropriate selection of investment options under that shall be offered  
136.17 by the health care savings plan or plans.

136.18 **EFFECTIVE DATE.** This section is effective July 1, 2014.

136.19 Sec. 9. Minnesota Statutes 2012, section 352D.04, is amended by adding a subdivision  
136.20 to read:

136.21 **Subd. 1a. State Board of Investment selection of investment products.** As  
136.22 specified in section 356.645, the State Board of Investment shall select investment  
136.23 products to be available to participants in the retirement program provided by this chapter.

136.24 **EFFECTIVE DATE.** This section is effective July 1, 2014.

136.25 Sec. 10. Minnesota Statutes 2012, section 352D.04, is amended by adding a  
136.26 subdivision to read:

136.27 **Subd. 1b. Participant selection of investments.** (a) A program participant may  
136.28 elect to participate in one or more of the investment products made available under the  
136.29 program by specifying the percentage of the participant's contributions under subdivision  
136.30 2 to be used to purchase shares in the applicable products.



137.1 (b) Before making an allocation election, or if the participant fails to specify an  
137.2 allocation, the executive director shall, on behalf of that participant, purchase shares  
137.3 in a default investment alternative. The investment alternative must be specified by  
137.4 the Minnesota State Retirement System Board from the available investment options  
137.5 authorized under subdivision 1a.

137.6 (c) A participant may revise the investment allocation for subsequent purchase of  
137.7 shares, and a participant or former participant may also change the investment options  
137.8 selected for all or a portion of shares previously purchased.

137.9 (d) Any investment allocation selection authorized under this subdivision, whether  
137.10 relating to subsequent purchases of new shares or reallocating the existing portfolio,  
137.11 must be conducted at times and under procedures prescribed by the executive director.  
137.12 Any allocation or allocation revisions are effective at the end of the most recent United  
137.13 States investment market day, unless subject to trading restrictions imposed on certain  
137.14 investment options.

137.15 **EFFECTIVE DATE.** This section is effective July 1, 2014.

137.16 Sec. 11. Minnesota Statutes 2012, section 353.27, subdivision 4, is amended to read:

137.17 Subd. 4. **Employer reporting requirements; contributions; member status.**

137.18 (a) A representative authorized by the head of each department shall deduct employee  
137.19 contributions from the salary of each public employee who qualifies for membership in  
137.20 the general employees retirement plan of the Public Employees Retirement Association  
137.21 or in the public employees police and fire retirement plan under this chapter or chapter  
137.22 353D or 353E at the rate under section 353.27, 353.65, 353D.03, or 353E.03, whichever is  
137.23 applicable, that is in effect on the date the salary is paid. The employer representative must  
137.24 also remit payment in a manner prescribed by the executive director for the aggregate  
137.25 amount of the employee contributions and the required employer contributions to be  
137.26 received by the association within 14 calendar days after each pay date. If the payment is  
137.27 less than the amount required, the employer must pay the shortage amount to the association  
137.28 and collect reimbursement of any employee contribution shortage paid on behalf of a  
137.29 member through subsequent payroll withholdings from the wages of the employee.  
137.30 Payment of shortages in employee contributions and associated employer contributions, if  
137.31 applicable, must include interest at the rate specified in section 353.28, subdivision 5, if not  
137.32 received within 30 days following the date the amount was initially due under this section.

137.33 (b) The head of each department or the person's designee shall submit for each  
137.34 pay period to the association a salary deduction report in the format prescribed by the  
137.35 executive director. The report must be received by the association within 14 calendar

138.1 days after each pay date or the employer may be assessed a fine of \$5 per calendar day  
138.2 until the association receives the required data. Data required as part of salary deduction  
138.3 reporting must include, but are not limited to:

138.4 (1) the legal names and Social Security numbers of employees who are members;

138.5 (2) the amount of each employee's salary deduction;

138.6 (3) the amount of salary defined in section 353.01, subdivision 10, earned in the pay  
138.7 period from which each deduction was made, including a breakdown of the portion of the  
138.8 salary that represents overtime pay that the employee was paid for additional hours worked  
138.9 beyond the regularly scheduled hours, pay for unused compensatory time, and the salary  
138.10 amount earned by a reemployed annuitant under section 353.37, subdivision 1, or 353.371,  
138.11 subdivision 1, or by a disabled member under section 353.33, subdivision 7 or 7a;

138.12 (4) the beginning and ending dates of the payroll period covered and the date of  
138.13 actual payment; and

138.14 (5) adjustments or corrections covering past pay periods as authorized by the  
138.15 executive director.

138.16 (c) Employers must furnish the data required for enrollment for each new or  
138.17 reinstated employee who qualifies for membership in the general employees retirement  
138.18 plan of the Public Employees Retirement Association or in the public employees police  
138.19 and fire retirement plan in the format prescribed by the executive director. The required  
138.20 enrollment data on new members must be submitted to the association prior to or  
138.21 concurrent with the submission of the initial employee salary deduction. Also, the  
138.22 employer shall report to the association all member employment status changes, such as  
138.23 leaves of absence, terminations, and death, and shall report the effective dates of those  
138.24 changes, on an ongoing basis for the payroll cycle in which they occur. If an employer  
138.25 fails to comply with the reporting requirements under this paragraph, the executive  
138.26 director may assess a fine of \$25 for each failure if the association staff has notified the  
138.27 employer of the noncompliance and attempted to obtain the missing data or form from the  
138.28 employer for a period of more than three months.

138.29 (d) The employer shall furnish data, forms, and reports as may be required by  
138.30 the executive director for proper administration of the retirement system. Before  
138.31 implementing new or different computerized reporting requirements, the executive  
138.32 director shall give appropriate advance notice to governmental subdivisions to allow time  
138.33 for system modifications.

138.34 (e) Notwithstanding paragraph (a), the executive director may provide for less  
138.35 frequent reporting and payments for small employers.

139.1 (f) The executive director may establish reporting procedures and methods as  
139.2 required to review compliance by employers with the salary and contribution reporting  
139.3 requirements in this chapter. A review of the payroll records of a participating employer  
139.4 may be conducted by the association on a periodic basis or as a result of concerns known  
139.5 to exist within a governmental subdivision. An employer under review must extract  
139.6 requested data and provide records to the association after receiving reasonable advanced  
139.7 notice. Failure to provide requested information or materials will result in the employer  
139.8 being liable to the association for any expenses associated with a field audit, which may  
139.9 include staff salaries, administrative expenses, and travel expenses.

139.10 **EFFECTIVE DATE.** This section is effective January 1, 2015.

139.11 Sec. 12. Minnesota Statutes 2012, section 353.37, is amended by adding a subdivision  
139.12 to read:

139.13 **Subd. 6. Treatment in certain divorce situations.** Notwithstanding other  
139.14 subdivisions of this section, if a reemployed annuitant whose annuity is suspended or  
139.15 reduced under this section has a former spouse receiving a portion of the annuity under  
139.16 section 518.58, subdivision 1, the portion payable to the former spouse must not be  
139.17 suspended or deferred.

139.18 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2014.

139.19 Sec. 13. Minnesota Statutes 2012, section 353.371, is amended by adding a subdivision  
139.20 to read:

139.21 **Subd. 8. Program expiration.** (a) Initial postretirement option employment  
139.22 agreements must not be entered into after June 30, 2019.

139.23 (b) This section expires on June 30, 2024.

139.24 **EFFECTIVE DATE.** This section is effective July 1, 2014.

139.25 Sec. 14. Minnesota Statutes 2013 Supplement, section 353.651, subdivision 4, is  
139.26 amended to read:

139.27 **Subd. 4. Early retirement.** (a) A person who becomes a public employees police  
139.28 and fire retirement plan member after June 30, 2007, or a former member who is reinstated  
139.29 as a member of the plan after that date, who is at least 50 years of age and is at least  
139.30 partially vested under section 353.01, subdivision 47, upon the termination of public  
139.31 service employees police and fire retirement plan membership before July 1, 2014, ~~if the~~  
139.32 ~~person is other than a county sheriff or after January 4, 2015, if the person is a county~~

140.1 ~~sheriff~~ is entitled upon application to a retirement annuity equal to the normal annuity  
140.2 calculated under subdivision 3, reduced by two-tenths of one percent for each month that  
140.3 the member is under age 55 at the time of retirement.

140.4 (b) Upon the termination of public service employees police and fire retirement  
140.5 plan membership before July 1, 2014, ~~if the person is other than a county sheriff or~~  
140.6 ~~upon the termination of public service before January 5, 2015, if the person is a county~~  
140.7 ~~sheriff~~, any public employees police and fire retirement plan member who first became  
140.8 a member of the plan before July 1, 2007, and who is not specified in paragraph (a),  
140.9 upon attaining at least 50 years of age with at least three years of allowable service is  
140.10 entitled upon application to a retirement annuity equal to the normal annuity calculated  
140.11 under subdivision 3, reduced by one-tenth of one percent for each month that the member  
140.12 is under age 55 at the time of retirement.

140.13 (c) A person ~~other than a county sheriff~~ who is a member of the public employees  
140.14 police and fire retirement plan on or after July 1, 2014, ~~or a county sheriff who is a~~  
140.15 ~~member of the public employees police and fire retirement plan on or after January 5,~~  
140.16 ~~2015,~~ and who is at least 50 years old and is at least partially vested under section 353.01,  
140.17 subdivision 47, and whose benefit effective date is after July 1, 2014, ~~if other than a~~  
140.18 ~~county sheriff or after January 4, 2015, if a county sheriff~~ and on or before July 1, 2019, is  
140.19 entitled upon application to a retirement annuity equal to the normal annuity calculated  
140.20 under subdivision 3, reduced for each month the member is under age 55 at the time of  
140.21 retirement by applying a blended monthly rate that is equivalent to the sum of:

140.22 (1) one-sixtieth of the annual rate of five percent, prorated for each month the  
140.23 person's benefit effective date is after July 1, 2014, ~~or after December 31, 2014, whichever~~  
140.24 ~~applies~~; and

140.25 (2) one-sixtieth of the annual rate provided under paragraph (a) or (b), whichever  
140.26 applies, for each month the person's benefit effective date is before July 1, 2019.

140.27 (d) A person ~~other than a county sheriff~~ who is a member of the public employees  
140.28 police and fire retirement plan on or after July 1, 2014, ~~or a county sheriff who is a member~~  
140.29 ~~of the public employees police and fire retirement plan on or after January 5, 2015,~~ and  
140.30 who is at least 50 years old and is at least partially vested under section 353.01, subdivision  
140.31 47, whose benefit effective date is after July 1, 2019, is entitled, upon application, to a  
140.32 retirement annuity equal to the normal annuity calculated under subdivision 3, reduced by  
140.33 five percent annually, prorated for each month that the member is under age 55.

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

140.35 Sec. 15. Minnesota Statutes 2012, section 353D.05, subdivision 1, is amended to read:

141.1 Subdivision 1. **Investment.** As further specified under this section, employing unit  
141.2 contributions, after the deduction of an amount for administrative expenses, and individual  
141.3 participant contributions must be remitted to invested in the participant's account or  
141.4 accounts in investment products authorized by the association that are made available  
141.5 for this purpose by the State Board of Investment for investment in the Minnesota  
141.6 supplemental investment fund established by under section 11A.17 356.645.

141.7 **EFFECTIVE DATE.** This section is effective July 1, 2014.

141.8 Sec. 16. Minnesota Statutes 2012, section 353D.05, is amended by adding a  
141.9 subdivision to read:

141.10 **Subd. 1a. Participant selection of investments.** (a) A plan participant may elect  
141.11 to allocate contributions, made by and on behalf of the participant, in one or more of the  
141.12 investment products authorized by the association to be made available under the plan,  
141.13 by specifying the percentage of the participant's contributions to be used to purchase  
141.14 shares in the authorized products.

141.15 (b) If contributions are received before the participant has made an allocation  
141.16 election, or if the participant fails to specify an allocation, the executive director shall,  
141.17 on behalf of that participant, purchase shares in a default investment alternative. The  
141.18 investment option must be specified by the Public Employees Retirement Association board  
141.19 of trustees from the designated available investment options authorized under this section.

141.20 (c) A participant may revise the investment allocation for subsequent purchase of  
141.21 shares, and a participant or former participant may also change the investment options  
141.22 selected for all or a portion of shares previously purchased.

141.23 (d) Any investment allocation selection authorized under this subdivision, whether  
141.24 relating to subsequent purchases of new shares or reallocating the existing portfolio, must  
141.25 be conducted at times and under procedures prescribed by the executive director.

141.26 **EFFECTIVE DATE.** This section is effective July 1, 2014.

141.27 Sec. 17. Minnesota Statutes 2012, section 354.44, subdivision 5, is amended to read:

141.28 **Subd. 5. Resumption of teaching service after retirement.** (a) Any person who  
141.29 retired under the provisions of this chapter and has thereafter resumed teaching in any  
141.30 employer unit to which this chapter applies is eligible to continue to receive payments  
141.31 in accordance with the annuity except that all or a portion of the annuity payments must  
141.32 be deferred during the calendar year immediately following the fiscal year in which the  
141.33 person's salary from the teaching service is in an amount greater than \$46,000. The

142.1 amount of the annuity deferral is one-half of the salary amount in excess of \$46,000 and  
 142.2 must be deducted from the annuity payable for the calendar year immediately following  
 142.3 the fiscal year in which the excess amount was earned.

142.4 (b) If the person is retired for only a fractional part of the fiscal year during the initial  
 142.5 year of retirement, the maximum reemployment salary exempt from triggering a deferral  
 142.6 as specified in this subdivision must be prorated for that fiscal year.

142.7 (c) After a person has reached the Social Security normal retirement age, no deferral  
 142.8 requirement is applicable regardless of the amount of salary.

142.9 (d) The amount of the retirement annuity deferral must be handled or disposed  
 142.10 of as provided in section 356.47.

142.11 (e) For the purpose of this subdivision, salary from teaching service includes all  
 142.12 salary or income earned as a teacher as defined in section 354.05, subdivision 2, paragraph  
 142.13 (a), clause (1). Salary from teaching service also includes, but is not limited to:

142.14 (1) all income for services performed as a consultant ~~or an~~ independent contractor  
 142.15 ~~for~~, or third-party supplier, or as a employee of a consultant, independent contractor, or  
 142.16 third-party supplier, to an employer unit covered by the provisions of this chapter; and

142.17 (2) the greater of either the income received or an amount based on the rate paid with  
 142.18 respect to an administrative position, consultant, ~~or independent contractor~~, or third-party  
 142.19 supplier, or as an employee of a consultant, independent contractor, or third-party supplier,  
 142.20 in an employer unit with approximately the same number of pupils and at the same level  
 142.21 as the position occupied by the person who resumes teaching service.

142.22 (f) Notwithstanding other paragraphs of this subdivision, if the reemployed annuitant  
 142.23 has a former spouse receiving a portion of the annuity under section 518.58, subdivision 1,  
 142.24 the portion payable to the former spouse must not be deferred.

142.25 **EFFECTIVE DATE.** This section is effective July 1, 2014.

142.26 Sec. 18. Minnesota Statutes 2012, section 354.48, subdivision 6a, is amended to read:

142.27 Subd. 6a. **Medical adviser; duties.** ~~The state commissioner of health or a~~  
 142.28 ~~licensed physician on the staff of the Department of Health who is designated by the~~  
 142.29 ~~commissioner is the medical adviser of~~ The executive director may contract with an  
 142.30 accredited independent organization specializing in disability determinations, licensed  
 142.31 physicians, or physicians on the staff of the commissioner of health as designated by the  
 142.32 commissioner, to be the medical advisor to the executive director. The medical adviser  
 142.33 shall designate licensed physicians, licensed chiropractors, or licensed psychologists with  
 142.34 respect to a mental impairment, who shall examine applicants for disability benefits. The  
 142.35 medical adviser shall pass upon all expert reports based on any examinations performed

143.1 in order to determine whether a teacher is totally and permanently disabled as defined in  
143.2 section 354.05, subdivision 14. The medical adviser shall also investigate all health and  
143.3 medical statements and certificates by or on behalf of a teacher in connection with a  
143.4 disability benefit, and shall report in writing to the director setting forth any conclusions  
143.5 and recommendations on all matters referred to the medical adviser.

143.6 **EFFECTIVE DATE.** This section is effective July 1, 2014.

143.7 Sec. 19. Minnesota Statutes 2013 Supplement, section 356.415, subdivision 1c,  
143.8 is amended to read:

143.9 Subd. 1c. **Annual postretirement adjustments; PERA-police and fire.** (a)

143.10 Retirement annuity, disability benefit, or survivor benefit recipients of the public  
143.11 employees police and fire retirement plan are entitled to a postretirement adjustment  
143.12 annually on January 1, until funding stability is restored, as follows:

143.13 (1) for each annuitant or benefit recipient whose annuity or benefit effective date is  
143.14 on or before June 1, 2014, who has been receiving the annuity or benefit for at least 12  
143.15 full months as of the immediate preceding June 30, an amount equal to one percent in  
143.16 each year; or

143.17 (2) for each annuitant or benefit recipient whose annuity or benefit effective date is  
143.18 on or before June 1, 2014, who has been receiving the annuity or benefit for at least one  
143.19 full month, but not less than 11 months, as of the immediate preceding June 30, an amount  
143.20 equal to 1/12 of one percent for each month of annuity or benefit receipt; and

143.21 (3) for each annuitant or benefit recipient whose annuity or benefit effective date is  
143.22 after June 1, 2014, unless section 26 applies, who will have been receiving an annuity  
143.23 or benefit for at least 36 full months as of the immediate preceding June 30, an amount  
143.24 equal to one percent; or

143.25 (4) for each annuitant or benefit recipient whose annuity or benefit effective date is  
143.26 after June 1, 2014, unless section 26 applies, who has been receiving the annuity or benefit  
143.27 for at least 25 full months, but less than 36 months as of the immediate preceding June 30,  
143.28 an amount equal to 1/12 of one percent for each full month of annuity or benefit receipt  
143.29 during the fiscal year in which the annuity or benefit was effective.

143.30 (b) Retirement annuity, disability benefit, or survivor benefit recipients of the public  
143.31 employees police and fire retirement plan are entitled to a postretirement adjustment  
143.32 annually on each January 1 following the restoration of funding stability as defined under  
143.33 paragraph (c) and during the continuation of funding stability as defined under paragraph  
143.34 (c), as follows:

144.1 (1) for each annuitant or benefit recipient who has been receiving the annuity or  
144.2 benefit for at least 36 full months as of the immediate preceding June 30, an amount  
144.3 equal to the percentage increase in the Consumer Price Index for urban wage earners and  
144.4 clerical workers all items index published by the Bureau of Labor Statistics of the United  
144.5 States Department of Labor between the immediate preceding June 30 and the June 30  
144.6 occurring 12 months previous, but not to exceed 2.5 percent; and

144.7 (2) for each annuitant or benefit recipient who has been receiving the annuity  
144.8 or benefit for at least 25 full months, but less than 36 full months, as of the immediate  
144.9 preceding June 30, an amount equal to 1/12 of the percentage increase in the Consumer  
144.10 Price Index for urban wage earners and clerical workers all items index published by  
144.11 the Bureau of Labor Statistics of the United States Department of Labor between the  
144.12 immediate preceding June 30 and the June 30 occurring 12 months previous for each full  
144.13 month of annuity or benefit receipt during the fiscal year in which the annuity or benefit  
144.14 was effective, but not to exceed 1/12 of 2.5 percent for each full month of annuity or  
144.15 benefit receipt during the fiscal year in which the annuity or benefit was effective.

144.16 (c) Funding stability is restored when the market value of assets of the public  
144.17 employees police and fire retirement plan equals or exceeds 90 percent of the actuarial  
144.18 accrued liabilities of the applicable plan in the two most recent consecutive actuarial  
144.19 valuations prepared under section 356.215 and under the standards for actuarial work of  
144.20 the Legislative Commission on Pensions and Retirement by the approved actuary retained  
144.21 by the Public Employees Retirement Association under section 356.214.

144.22 (d) After having met the definition of funding stability under paragraph (c), a full  
144.23 or prorated increase, as provided in paragraph (a), clause (1), (2), (3), or (4), whichever  
144.24 applies, rather than adjustments under paragraph (b), is again applied in a subsequent year  
144.25 or years if the market value of assets of the public employees police and fire retirement  
144.26 plan equals or is less than:

144.27 (1) 85 percent of the actuarial accrued liabilities of the applicable plan for two  
144.28 consecutive actuarial valuations; or

144.29 (2) 80 percent of the actuarial accrued liabilities of the applicable plan for the most  
144.30 recent actuarial valuation.

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

144.35 **EFFECTIVE DATE.** This section is effective the day following final enactment  
144.36 **and the amendments to this section expire on February 2, 2015.**



145.1 Sec. 20. Minnesota Statutes 2012, section 356.635, subdivision 6, is amended to read:

145.2 Subd. 6. **Eligible retirement plan.** (a) An "eligible retirement plan" is:

145.3 (1) an individual retirement account under section 408(a) or 408A of the federal  
145.4 Internal Revenue Code;

145.5 (2) an individual retirement annuity plan under section 408(b) of the federal Internal  
145.6 Revenue Code;

145.7 (3) an annuity plan under section 403(a) of the federal Internal Revenue Code;

145.8 (4) a qualified trust plan under section 401(a) of the federal Internal Revenue Code  
145.9 that accepts the distributee's eligible rollover distribution;

145.10 (5) an annuity contract under section 403(b) of the federal Internal Revenue Code;

145.11 (6) an eligible deferred compensation plan under section 457(b) of the federal  
145.12 Internal Revenue Code, which is maintained by a state or local government and which  
145.13 agrees to separately account for the amounts transferred into the plan; or

145.14 (7) in the case of an eligible rollover distribution to a nonspousal beneficiary, an  
145.15 individual account or annuity treated as an inherited individual retirement account under  
145.16 section 402(c)(11) of the federal Internal Revenue Code.

145.17 (b) For distributions of after-tax contributions which are not includable in gross  
145.18 income, the after-tax portion may be transferred only to an individual retirement account  
145.19 or annuity described in section 408(a) or (b) of the federal Internal Revenue Code, to a  
145.20 Roth individual retirement account described in section 408A of the federal Internal  
145.21 Revenue Code, or to a qualified plan described in either section 401(a) of the federal  
145.22 Internal Revenue Code or 403(a) to an annuity contract described in section 403(b) of  
145.23 the federal Internal Revenue Code, that agrees to separately account for the amounts  
145.24 transferred, including separately accounting for the portion of the distribution which is  
145.25 includable in gross income and the portion of the distribution which is not includable.

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

145.27 Sec. 21. **[356.645] INVESTMENT OF VARIOUS DEFINED CONTRIBUTION**  
145.28 **PLAN ASSETS.**

145.29 The State Board of Investment shall determine the investments to be made available  
145.30 to plan participants in plans defined in sections 352.965 and 352.98 and chapters 352D  
145.31 and 353D. Investments made available to plan participants must include at least one  
145.32 or more of the following:

145.33 (1) shares in the Minnesota supplemental investment fund established in section  
145.34 11A.17;

145.35 (2) saving accounts in federally insured financial institutions;

146.1 (3) life insurance contracts, fixed annuity contracts, and variable annuity contracts  
146.2 from companies that are subject to regulation by the commissioner of commerce;

146.3 (4) investment options from open-end investment companies registered under the  
146.4 federal Investment Company Act of 1940, United States Code, title 15, sections 80a-1  
146.5 to 80a-64;

146.6 (5) investment options from a firm that is a registered investment adviser under  
146.7 the Investment Advisers Act of 1940, United States Code, title 15, sections 80b-1 to  
146.8 80b-21; and

146.9 (6) investment options of a bank as defined in United States Code, title 15, section  
146.10 80b-2, subsection (a), paragraph (2), or a bank holding company as defined in the Bank  
146.11 Holding Company Act of 1956, United States Code, title 12, section 1841, subsection  
146.12 (a), paragraph (1).

146.13 **EFFECTIVE DATE.** This section is effective July 1, 2014.

146.14 Sec. 22. **[356.646] PLAN PARTICIPANT INVESTMENT RESPONSIBILITY.**

146.15 Subdivision 1. **Member investment responsibility.** The state, State Board of  
146.16 Investment and its executive director and staff, plan administrators and their staff, and  
146.17 participating public employers are not liable and are not responsible for any investment  
146.18 losses due to choices made by participants or due to qualified default investment  
146.19 alternatives.

146.20 Subd. 2. **Application.** This section applies to the:

146.21 (1) Minnesota state deferred compensation plan, established under section 352.965;

146.22 (2) health care savings plan, established under section 352.98;

146.23 (3) unclassified employees retirement program, established under chapter 352D;

146.24 (4) public employees defined contribution plan, established under chapter 353D;

146.25 (5) individual retirement account plan, established under chapter 354B;

146.26 (6) higher education supplemental retirement plan, established under chapter 354C;

146.27 and

146.28 (7) Arts Board and Humanities Commission individual retirement account plan,  
146.29 established under chapter 354D.

146.30 **EFFECTIVE DATE.** This section is effective July 1, 2014.

146.31 Sec. 23. Minnesota Statutes 2013 Supplement, section 356.91, is amended to read:

146.32 **356.91 VOLUNTARY MEMBERSHIP DUES DEDUCTION.**

147.1 (a) Upon written authorization of a person receiving an annuity from a public pension  
147.2 fund administered by the Minnesota State Retirement System~~or~~, the Public Employees  
147.3 Retirement Association, or the Teachers Retirement Association, the executive director of  
147.4 the public pension fund shall deduct from the retirement annuity an amount requested by  
147.5 the annuitant to be paid as membership dues or other payments to any labor organization  
147.6 that is an exclusive bargaining agent representing public employees or an organization  
147.7 representing retired public employees of which the annuitant is a member and shall, on a  
147.8 monthly basis, pay the amount to the organization so designated by the annuitant.

147.9 (b) A pension fund and the plan fiduciaries which authorize or administer deductions  
147.10 of dues payments under paragraph (a) are not liable for failure to properly deduct or transmit  
147.11 the dues amounts, provided that the fund and the fiduciaries have acted in good faith.

147.12 (c) Any labor organization that is an exclusive bargaining agent representing public  
147.13 employees or an organization representing retired public employees may conduct blind  
147.14 mailings to the annuitants of a retirement system specified in paragraph (a) by requesting  
147.15 that the retirement system mail voluntary membership information and dues deduction  
147.16 cards to annuitants. Such mailings shall not be for the purpose of supporting or opposing  
147.17 any candidate, political party, or ballot measure. The organization requesting the blind  
147.18 mailing shall pay all costs associated with these mailings, including but not limited to  
147.19 copying, labeling, mailing, postage, and record keeping. In lieu of administering a blind  
147.20 mailing in-house, a retirement system may transmit annuitant data necessary for conducting  
147.21 a blind mailing to a mail center pursuant to a secure data share agreement with the mail  
147.22 center which provides that neither the organization nor any other entity shall have direct  
147.23 access to the data transmitted by the retirement system. The retirement system shall have  
147.24 no obligation to approve or disapprove, or otherwise be responsible for, the content of the  
147.25 mailings. No organization shall conduct more than two blind mailings per calendar year.

147.26 **EFFECTIVE DATE.** This section is effective July 2, 2015.

147.27 Sec. 24. Laws 2009, chapter 169, article 5, section 2, the effective date, as amended by  
147.28 Laws 2010, chapter 359, article 5, section 27, is amended to read:

147.29 **EFFECTIVE DATE.** This section is effective the day following final enactment  
147.30 ~~and expires on June 30, 2014. Individuals must not be appointed to a postretirement~~  
147.31 ~~option position after that date.~~

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

148.1 Sec. 25. COUNTY SHERIFF TEMPORARY EARLY RETIREMENT148.2 PROVISION.148.3 Subdivision 1. **Application.** (a) This section applies to a county sheriff who:148.4 (1) terminates membership in the public employees police and fire retirement plan  
148.5 after June 30, 2014, and by the final day in office in January 2015 as reported by the county;148.6 (2) is at least age 50 but less than age 55 on the date of termination;148.7 (3) is at least partially vested under Minnesota Statutes, section 353.01, subdivision  
148.8 47, and meets all applicable requirements for receipt of an early retirement annuity from  
148.9 the plan; and148.10 (4) has as the benefit effective date the day following termination of public  
148.11 employees police and fire retirement plan membership.148.12 (b) Notwithstanding any provision of Minnesota Statutes, section 353.651,  
148.13 subdivision 4, to the contrary, the early retirement annuity applicable to an eligible person  
148.14 under paragraph (a) is the applicable benefit specified in subdivision 2.148.15 Subd. 2. **Early retirement annuity.** (a) If an eligible person became a public  
148.16 employees police and fire retirement plan member after June 30, 2007, or was a former  
148.17 member who was reinstated as a member after that date, the person is entitled, upon  
148.18 application, to the normal annuity calculated under Minnesota Statutes, section 353.651,  
148.19 subdivision 3, reduced by two-tenths of one percent for each month that the member  
148.20 is under age 55 at the time of retirement.148.21 (b) If an eligible person became a public employees police and fire retirement plan  
148.22 member before July 1, 2007, and is covered under paragraph (a), the person is entitled,  
148.23 upon application, to the normal annuity calculated under Minnesota Statutes, section  
148.24 353.651, subdivision 3, reduced by one-tenth of one percent for each month that the  
148.25 member is under age 55 at the time of retirement.148.26 (c) If an eligible person is not fully vested, the annuity computed under this section  
148.27 must be reduced accordingly.148.28 Subd. 3. **Expiration.** This section expires January 1, 2016.148.29 **EFFECTIVE DATE.** This section is effective the day following final enactment.148.30 Sec. 26. COUNTY SHERIFF TEMPORARY PROVISION; APPLICATION OF  
148.31 POSTRETIREMENT ADJUSTMENT WAITING PERIOD.148.32 Subdivision 1. **Application.** Notwithstanding any provision of Minnesota Statutes,  
148.33 section 356.415, subdivision 1c, paragraph (a), to the contrary, this section applies to a  
148.34 county sheriff who:

- 149.1 (1) terminates membership in the public employees police and fire retirement plan  
149.2 after June 30, 2014, and by the final day in office in January 2015 as reported by the county;  
149.3 (2) is at least age 50 on the date of membership termination;  
149.4 (3) is at least partially vested under Minnesota Statutes, section 353.01, subdivision  
149.5 47, and meets all applicable requirements for receipt of a retirement annuity from the  
149.6 public employees police and fire retirement plan; and  
149.7 (4) has as the effective date for the commencement of the retirement annuity the day  
149.8 following the date on which termination of public employees police and fire retirement  
149.9 plan membership occurs.

149.10 **Subd. 2. Waiting period for initial postretirement adjustment eligibility.** A  
149.11 person to whom subdivision 1 applies is eligible to receive the initial postretirement  
149.12 adjustment under Minnesota Statutes, section 356.415, subdivision 1c, paragraph (a),  
149.13 clause (1) or (2), whichever applies, rather than under Minnesota Statutes, section  
149.14 356.415, subdivision 1c, paragraph (a), clause (3) or (4).

149.15 **Subd. 3. Expiration.** This section expires February 2, 2015.

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

149.17 **Sec. 27. REPEALER.**

149.18 Minnesota Statutes 2012, sections 11A.17, subdivision 4; 352.965, subdivision 5;  
149.19 352D.04, subdivision 1; and 353D.05, subdivision 2, are repealed.

149.20 **EFFECTIVE DATE.** This section is effective July 1, 2014.

## 149.21 **ARTICLE 14**

### 149.22 **ONE PERSON AND SMALL GROUP RETIREMENT PROVISIONS**

149.23 **Section 1. PERA-POLICE AND FIRE; DISABILITY BENEFIT APPLICATION**  
149.24 **DEADLINE EXTENSION FOR CERTAIN WADENA COUNTY SHERIFF'S**  
149.25 **DEPUTIES.**

149.26 (a) Notwithstanding any provision of Minnesota Statutes, section 353.031 or  
149.27 353.656, to the contrary, an eligible person described in paragraph (b) is authorized to  
149.28 file an application for a disability benefit from the public employees police and fire  
149.29 retirement plan retroactively from the date of a shooting event in which the person was  
149.30 involved on March 11, 2006.

149.31 (b) An eligible person is a person who:

149.32 (1) was born on August 11, 1971;

149.33 (2) was initially employed as a deputy sheriff by Wadena County on March 9, 2006;

150.1 (3) was, by virtue of law enforcement employment, a member of the public  
150.2 employees police and fire retirement plan;

150.3 (4) was involved in the nonfatal shooting incident of a gun-wielding suspect near  
150.4 Sebelia, Minnesota, on March 11, 2006, without being physically injured;

150.5 (5) resigned from the Wadena County sheriff's department in October 2010 after  
150.6 being treated for mental health issues for the prior six months; and

150.7 (6) failed to apply for a mental health-related disability benefit by the November 11,  
150.8 2007, deadline for applying for a disability benefit from the public employees police and  
150.9 fire retirement plan based on the March 11, 2006, shooting incident.

150.10 (c) If the eligible person files a disability benefit application under paragraph (a)  
150.11 on or before the expiration date specified in paragraph (d), and if the eligible person is  
150.12 determined by the Public Employees Retirement Association as being disabled while in  
150.13 the line of duty as a result of the March 11, 2006, shooting incident, the eligible person  
150.14 is entitled to receive a duty disability benefit from the public employees police and fire  
150.15 retirement plan under Minnesota Statutes, section 353.656, subdivision 1 or 1a, including  
150.16 retroactive benefit payments from April 1, 2006.

150.17 (d) The authority for the eligible person to file a disability benefit application under  
150.18 paragraph (a) expires on July 1, 2015.

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

150.20 **Sec. 2. PERMITTING THE PURCHASE OF SALARY CREDIT BY CERTAIN**  
150.21 **CURRENT AND FORMER CITY OF DULUTH OR DULUTH AIRPORT**  
150.22 **AUTHORITY EMPLOYEES COVERED BY THE GENERAL EMPLOYEES**  
150.23 **RETIREMENT PLAN OR THE PUBLIC EMPLOYEES POLICE AND FIRE**  
150.24 **RETIREMENT PLAN.**

150.25 Subdivision 1. **Authorization.** Due to a Court of Appeals determination that certain  
150.26 salary-supplement payments, provided to certain city of Duluth and Duluth Airport  
150.27 Authority employees and deposited in the employee's deferred compensation account,  
150.28 should have been considered salary for pension purposes, an eligible person is authorized  
150.29 to receive the treatment specified in this section if the eligible person chooses to make the  
150.30 employee contribution equivalent payment specified in this section.

150.31 Subd. 2. **Eligible person.** (a) An eligible person:

150.32 (1) is a current or former employee of the city of Duluth or the Duluth Airport  
150.33 Authority, employed by that governmental subdivision between August 1, 2007, and  
150.34 December 31, 2011;

151.1 (2) was a participating member of the general employees retirement plan of the  
151.2 Public Employees Retirement Association or the public employees police and fire  
151.3 retirement plan for that employment; and

151.4 (3) had employer-paid amounts made to the person's deferred compensation account  
151.5 for which contributions were not made to the applicable Public Employees Retirement  
151.6 Association plan fund between August 1, 2007, and December 31, 2011, or the date of  
151.7 the employee's termination of public service under Minnesota Statutes, section 353.01,  
151.8 subdivision 11a, whichever is earlier, due to an erroneous application of law under which  
151.9 the Public Employees Retirement Association executive director and board concluded  
151.10 that these employer-paid amounts were not salary for pension purposes under Minnesota  
151.11 Statutes, section 353.01, subdivision 10.

151.12 (b) A surviving spouse, as defined in this paragraph, is an eligible person for  
151.13 purposes of this section. A surviving spouse means:

151.14 (1) the surviving spouse of an eligible person as defined in paragraph (a) who, at  
151.15 the time of the eligible person's death, was a deferred annuitant of a Public Employees  
151.16 Retirement Association plan specified in this section;

151.17 (2) the surviving spouse of an eligible person as defined in paragraph (a) receiving  
151.18 benefits under a joint and survivor annuity from a Public Employees Retirement  
151.19 Association plan specified in this section; or

151.20 (3) the surviving spouse of an eligible person as defined in paragraph (a) receiving a  
151.21 survivor benefit under Minnesota Statutes, section 353.657.

151.22 Subd. 3. **Employee contributions.** An eligible person may make payment of an  
151.23 employee contribution equivalent amount to the fund of the general employees retirement  
151.24 plan of the Public Employees Retirement Association or the public employees police  
151.25 and fire retirement plan, whichever provided the coverage. The employee contribution  
151.26 equivalent amount is the amount of employee contributions that would have been made  
151.27 by the employee based on the employer-paid amounts made to the person's deferred  
151.28 compensation account for the period specified in subdivision 2, and the employee  
151.29 contribution rates to the applicable Public Employees Retirement Association plan during  
151.30 that period. If an employee contribution equivalent amount is paid, it must be made in  
151.31 full and in a lump sum.

151.32 Subd. 4. **Employer contributions.** (a) If an eligible person makes the employee  
151.33 equivalent contribution under subdivision 3, the city of Duluth or the Duluth Airport  
151.34 Authority, whichever is the applicable employing unit, may make the corresponding  
151.35 employer contributions, plus any employer supplemental and employer additional  
151.36 contributions required by law during the applicable time period.

152.1 (b) Any contributions specified under this subdivision must be based on the  
152.2 employer-paid amounts referred to in subdivision 2, and the contribution rates applicable  
152.3 during the time period for regular employer contributions, and any employer supplemental  
152.4 and employer additional contributions, if applicable.

152.5 (c) Within 30 days of receipt by the executive director of the Public Employees  
152.6 Retirement Association of employee equivalent contributions under subdivision 3,  
152.7 the executive director shall notify the city of Duluth or the Duluth Airport Authority,  
152.8 whichever is the applicable employer, of amounts due under this subdivision. If the  
152.9 employer chooses to make the payment specified in this subdivision, payment shall be  
152.10 remitted by the applicable employer to the executive director for deposit in the applicable  
152.11 fund within 30 days of notification. If payment is not made in full within that time period,  
152.12 the executive director shall collect the necessary amounts by applying Minnesota Statutes,  
152.13 section 353.28, subdivision 6.

152.14 Subd. 5. **Benefit adjustments.** Upon receipt of the applicable employee equivalent  
152.15 contribution under subdivision 3 from an eligible person, the executive director shall  
152.16 revise the records of the Public Employees Retirement Association and grant the person  
152.17 the additional salary credit. If a retirement, disability, or survivor annuity has commenced,  
152.18 the executive director must adjust the benefit being paid to include in the calculation the  
152.19 additional salary on which contributions were paid, and the adjusted benefit must be paid  
152.20 retroactive from the effective date of the initial benefit payment under the annuity.

152.21 Subd. 6. **Restrictions.** This section does not apply if service credit and other rights  
152.22 under the plan were forfeited by taking a refund.

152.23 Subd. 7. **Treatment of interest.** Notwithstanding any provision in Minnesota  
152.24 Statutes, chapter 353, to the contrary, all payments specified in this section made by an  
152.25 eligible person to the executive director for deposit in the applicable Public Employees  
152.26 Retirement Association fund are to be made without interest. Any payments required from  
152.27 the employer under this section are also without interest, provided the employer makes  
152.28 the payment to the executive director within 30 days of notification. Interest shall be  
152.29 charged, as specified in Minnesota Statutes, section 353.28, on any employer obligations  
152.30 not paid within the 30-day period.

152.31 Subd. 8. **Notification; counseling.** The executive director shall notify all active  
152.32 members, deferred members, retirees, and survivors to whom this section may apply and  
152.33 shall provide counseling regarding the implications of this section, including payment  
152.34 requirements and likely adjustments in current or future benefit amounts if employee  
152.35 equivalent contributions as specified in this section are made.



153.1 Subd. 9. **Expiration of salary credit purchase authority.** Payment of employee  
153.2 contribution equivalent amounts, as authorized under this section, is prohibited after  
153.3 October 31, 2014.

153.4 Subd. 10. **Ratification.** Actions taken before the effective date of this section by  
153.5 the executive director and board of the Public Employees Retirement Association, the  
153.6 city of Duluth, the Duluth Airport Authority, and eligible persons which are otherwise  
153.7 consistent with this section are ratified.

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

153.9 Sec. 3. **PERA-GENERAL; HENNEPIN COUNTY ELECTED SERVICE**  
153.10 **CREDIT PURCHASE.**

153.11 (a) Notwithstanding any provision of Minnesota Statutes, chapters 353 and 353D,  
153.12 or other law to the contrary, an eligible person described in paragraph (b) is entitled to  
153.13 purchase allowable service credit from the coordinated program of the general employees  
153.14 retirement plan of the Public Employees Retirement Association for the period of service  
153.15 as an elected county commissioner for Hennepin County that is not otherwise covered  
153.16 under Minnesota Statutes, chapter 353, if the eligible person makes the payment required  
153.17 under paragraph (d).

153.18 (b) An eligible person is a person who:

153.19 (1) was born on November 18, 1946; and

153.20 (2) was first elected as a Hennepin County commissioner in November 1978 and  
153.21 was sworn in as a commissioner on January 2, 1979.

153.22 (c) If the eligible person described in paragraph (b) elects to participate in the general  
153.23 employees retirement plan of the Public Employees Retirement Association governed by  
153.24 Minnesota Statutes, chapter 353, effective on the first day of the month next following the  
153.25 effective date of this section, the eligible person may apply to the executive director of  
153.26 the Public Employees Retirement Association to make the service credit purchase under  
153.27 this section. The application must be in writing and must be accompanied with necessary  
153.28 documentation of the applicability of this section and of any other relevant information  
153.29 that the executive director may require.

153.30 (d) Allowable service credit under Minnesota Statutes, section 353.01, subdivision  
153.31 16, must be granted by the coordinated program of the general employees retirement plan  
153.32 of the Public Employees Retirement Association to the eligible person upon the receipt  
153.33 of the prior service credit purchase payment amount required under Minnesota Statutes,  
153.34 section 356.551. The payment obligation must be offset first by a transfer of the account  
153.35 balance to the credit of the eligible person from the defined contribution plan of the Public

154.1 Employees Retirement Association. If that transfer is insufficient, the balance of the  
154.2 service credit purchase payment may be made from amounts to the credit of the eligible  
154.3 person under Minnesota Statutes, section 352.965 or 383B.46.

154.4 (e) If, before July 1, 2018, the interest rate actuarial assumption, the mortality  
154.5 actuarial assumption, or both actuarial assumptions of the general employees retirement  
154.6 plan of the Public Employees Retirement Association are modified and the net result of  
154.7 any modification is to increase the actuarial accrued liability of the retirement plan, the  
154.8 eligible person, as a condition of a continued receipt of an annuity from the retirement  
154.9 plan, shall reimburse the retirement fund for the amount of the increase in required  
154.10 reserves for the annuity, determined as the difference between the present value of the  
154.11 annuity on the effective date of the assumption change or changes before the assumption  
154.12 change or changes and after the assumption change or changes. The executive director  
154.13 shall certify the amount due, if any, to the eligible person and payment is due 30 days later.

154.14 (f) Authority for an eligible person to make the prior service credit purchase  
154.15 under this section expires on December 31, 2015, or upon the termination of service as  
154.16 a Hennepin County commissioner, whichever is earlier.

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

154.18 Sec. 4. **PERA-P&F; MILLE LACS BAND PRIOR SERVICE CREDIT**  
154.19 **PURCHASE AUTHORIZED.**

154.20 (a) An eligible person described in paragraph (b) is entitled to purchase allowable  
154.21 service credit in the public employees police and fire retirement plan for the period  
154.22 specified in paragraph (c) by remitting the payment calculated under paragraph (d).

154.23 (b) An eligible person is a person who:

154.24 (1) was born on June 28, 1966;

154.25 (2) was initially employed as a full-time police officer by the Mille Lacs tribal  
154.26 police department on October 29, 1998;

154.27 (3) was initially employed as a part-time police officer by the city of Onamia on  
154.28 July 28, 2002;

154.29 (4) was initially employed as a part-time police officer by the city of Pierz on March  
154.30 14, 2013; and

154.31 (5) is an active member of the public employees police and fire retirement plan.

154.32 (c) The period of Mille Lacs tribal police department employment available for  
154.33 purchase is the two-year period of Mille Lacs tribal police department employment  
154.34 immediately preceding initial active membership in the public employees police and fire  
154.35 retirement plan in that capacity.

155.1 (d) The full actuarial value prior service credit purchase payment amount must be  
155.2 calculated under Minnesota Statutes, section 356.551.

155.3 (e) The eligible person must provide the executive director of the Public Employees  
155.4 Retirement Association with any relevant requested information pertaining to the service  
155.5 credit purchase.

155.6 (f) Authority to make a service credit purchase under this section expires on June 30,  
155.7 2015, or upon the eligible person's termination from public employment as defined under  
155.8 Minnesota Statutes, section 353.01, subdivision 11a, whichever occurs earlier.

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

155.10 **Sec. 5. TEACHERS RETIREMENT ASSOCIATION; PROSPECTIVE**  
155.11 **TEACHERS RETIREMENT ASSOCIATION COVERAGE; PURCHASE OF**  
155.12 **PAST SERVICE CREDIT.**

155.13 (a) An eligible person described in paragraph (b) is authorized to become a  
155.14 coordinated member of the Teachers Retirement Association and to purchase service  
155.15 and salary credit in the Teachers Retirement Association coordinated plan retroactively  
155.16 from January 1, 1995, upon making an election under paragraph (c) and upon making all  
155.17 required payments under paragraphs (d) and (e).

155.18 (b) An eligible person is a person who:

155.19 (1) was born on October 29, 1957;

155.20 (2) has been employed at Mesabi Range Community and Technical College as  
155.21 an instructor since 1993;

155.22 (3) in 1994 was classified in the unlimited part-time category;

155.23 (4) became eligible for and was covered by the higher education individual  
155.24 retirement account plan in January 1994; and

155.25 (5) was not offered an election of Teachers Retirement Association coverage, as  
155.26 required under Laws 1994, chapter 508, article 1, section 10.

155.27 (c) To be eligible for coverage by the Teachers Retirement Association, an eligible  
155.28 person must submit a written application to the executive director of the Teachers  
155.29 Retirement Association on a form provided by the Teachers Retirement Association. The  
155.30 application must include all documentation of the applicability of this section and any  
155.31 other relevant information that the executive director may require. Teachers Retirement  
155.32 Association plan membership commences as of September 1, 2014, for an applicable  
155.33 eligible person, and past salary and service credit is granted from January 1, 1995,  
155.34 as specified in this section, following receipt by the executive director of the written  
155.35 application specified in this paragraph and receipt of the payments specified in paragraphs

156.1 (d) and (e). The authority granted by this section is voided if the applicable eligible  
156.2 individual terminates from Minnesota State Colleges and Universities system employment  
156.3 prior to receipt by the executive director of the Teachers Retirement Association of the  
156.4 application specified in this paragraph and amounts specified in paragraphs (d) and (e).  
156.5 Coverage by the Teachers Retirement Association is in lieu of coverage by the individual  
156.6 retirement account plan.

156.7 (d) If an eligible person makes an election under paragraph (c), the eligible person  
156.8 shall make, before September 1, 2014, a contribution equal to the excess, if any, of the  
156.9 employee contributions that the individual would have made if the Teachers Retirement  
156.10 Association had provided coverage from January 1, 1995, rather than the individual  
156.11 retirement account plan. These additional contribution amounts shall include 8.5 percent  
156.12 annual compound interest computed from the date the contribution would have been made  
156.13 if deducted from salary until paid. The total amount to be paid under this paragraph shall  
156.14 be determined by the executive director of the Teachers Retirement Association and  
156.15 written notification of the amount required under this paragraph should be transmitted  
156.16 to the eligible individual.

156.17 (e) If payment is made under paragraph (d), the value of the applicable eligible  
156.18 person's higher education individual retirement account plan account shall be determined  
156.19 as of September 1, 2014, and that account value shall be transferred to the Teachers  
156.20 Retirement Association on or before September 15, 2014.

156.21 (f) The Teachers Retirement Association shall determine the full actuarial value  
156.22 imposed upon the Teachers Retirement Association under this section due to the salary  
156.23 and service credit purchase.

156.24 (g) From the total amount computed under paragraph (f), the executive director of the  
156.25 Teachers Retirement Association shall subtract the amounts received under paragraphs (d)  
156.26 and (e). The Minnesota State Colleges and Universities system is authorized to transmit the  
156.27 remaining amount, if any, to the executive director of the Teachers Retirement Association.

156.28 (h) Any payment amount specified from the Minnesota State Colleges and  
156.29 Universities system under paragraph (g) shall be transmitted to the Teachers Retirement  
156.30 Association within one month following receipt of amounts transmitted under paragraphs  
156.31 (d) and (e), and following notification from the executive director of the Teachers  
156.32 Retirement Association. If a payment from the Minnesota State Colleges and Universities  
156.33 system specified under paragraph (g) is not made, the executive director of the Teachers  
156.34 Retirement Association must notify the commissioner of Minnesota Management and  
156.35 Budget of this fact and that commissioner must order that amounts specified under  
156.36 paragraph (g) shall be deducted from appropriations or state aid to the Minnesota

- 157.1 State Colleges and Universities system and be transmitted to the Teachers Retirement
- 157.2 Association.
- 157.3 **EFFECTIVE DATE.** This section is effective the day following final enactment.

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**11A.17 MINNESOTA SUPPLEMENTAL INVESTMENT FUND.**

Subd. 4. **Investment.** The assets of the supplemental investment fund must be invested by the state board subject to section 11A.24; provided, however, that:

- (1) the bond market account and the money market account must be invested entirely in debt obligations;
- (2) the growth share account and the common stock index account may be invested entirely in corporate stocks;
- (3) the international share account may be invested entirely in international stocks; and
- (4) the fixed interest account may be invested in guaranteed investment contracts and debt obligations.

**352.965 MINNESOTA STATE DEFERRED COMPENSATION PLAN.**

Subd. 5. **State Board of Investment to determine investments.** (a) The State Board of Investment shall determine the investment products to be made available under the plan and may retain appropriate consulting services to assist in making the selections. At a minimum, the State Board of Investment shall consider the following:

- (1) the experience and ability of the financial institution to provide benefits and products that are suited to meet the needs of plan participants;
- (2) the relationship of those benefits and products provided by the financial institution to their cost;
- (3) the financial strength and stability of the financial institution; and
- (4) the fees and expenses associated with the investment products in comparison to other products of similar risk and rates of return.

(b) If the State Board of Investment so elects, it may solicit bids for options under subdivision 4, clauses (2), (3), (4), (5), and (6). The State Board of Investment may retain consulting services to assist in soliciting and evaluating bids and in the periodic review of companies offering options under subdivision 4, clauses (3), (4), (5), and (6). The periodic review must occur at least every two years. The State Board of Investment may annually establish a budget for its costs in soliciting, evaluation, and periodic review processes. All options in subdivision 4 must be presented in an unbiased manner and in a manner that conforms to rules adopted by the executive director, be reported on a periodic basis to all participants in the deferred compensation plan, and not be the subject of unreasonable solicitation of participants in the plan. The State Board of Investment may charge a proportional share of all costs related to the periodic review to each company currently under contract and may charge a proportional share of all costs related to soliciting and evaluating bids to each company selected by the State Board of Investment.

(c) Under the procedures set forth in the plan document, participants may select the funds or combination of funds within which to invest and may reallocate those investments as provided in the plan document and procedures established by the executive director.

(d) This section does not authorize an employer contribution, except as authorized in section 356.24, subdivision 1, paragraph (a), clause (5).

(e) The state, the Minnesota State Retirement System, the executive director and board of directors of the system, the State Board of Investment, and participating public employers are not liable and not responsible for any loss that may result from investment of the deferred compensation or the investment choices made by the participants.

**352D.04 INVESTMENT OPTIONS.**

Subdivision 1. **Investment options.** (a) A person exercising an option to participate in the retirement program provided by this chapter may elect to purchase shares in one or a combination of the income share account, the growth share account, the international share account, the money market account, the bond market account, the fixed interest account, or the common stock index account established in section 11A.17. The person may elect to participate in one or more of the investment accounts in the fund by specifying, in a manner prescribed by the executive director, the percentage of the person's contributions provided in subdivision 2 to be used to purchase shares in each of the accounts.

(b) A participant may, in a manner prescribed by the executive director, choose their investment allocation for subsequent purchases of shares. Until a different written indication is made by the participant, the executive director shall purchase shares in the supplemental fund as selected by the participant. If no initial option is chosen, 100 percent income shares must be

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purchased for a participant. A change in choice of investment option is effective at the end of the most recent United States investment market day.

(c) A participant or former participant may also change the investment options selected for all or a portion of the participant's shares previously purchased in accounts, subject to the trading restrictions imposed on the investment option.

#### **353D.05 INVESTMENT OF FUNDS.**

Subd. 2. **Investment options.** (a) A participant may elect to purchase shares in the income share account, the growth share account, the international share account, the money market account, the bond market account, the fixed interest account, or the common stock index account established by section 11A.17, or a combination of those accounts. The participant may elect to purchase shares in a combination of those accounts by specifying the percentage of the total contributions to be used to purchase shares in each of the accounts.

(b) A participant or a former participant may indicate in writing a choice of options for subsequent purchases of shares. After a choice is made, until the participant or former participant makes a different written indication, the executive director of the association shall purchase shares in the supplemental investment account or accounts specified by the participant. If no initial option is indicated by a participant or the specifications made by the participant exceeds 100 percent to be invested in more than one account, the executive director shall invest all contributions made by or on behalf of a participant in the income share account. If the specifications are less than 100 percent, the executive director shall invest the remaining percentage in the income share account.

(c) Shares in the fixed interest account attributable to any guaranteed investment contract as of July 1, 1994, may not be withdrawn from the fund or transferred to another account until the guaranteed investment contract has expired, unless the participant qualifies for a benefit payment under section 353D.07.

(d) A participant or former participant may also change the investment options selected for all or a portion of the individual's previously purchased shares in accounts, subject to the provisions of paragraph (c) concerning the fixed interest account.

(e) The change or selection of an investment option or the transfer of all or a portion of the deceased or former participant's shares in the income share, growth share, common stock index, bond market, international share, money market, or fixed interest accounts must not be made following death of the participant or former participant.

#### **354A.021 TEACHERS RETIREMENT FUND ASSOCIATIONS IN CITIES OF THE FIRST CLASS.**

Subd. 5. **Tax-sheltered annuity program and fund.** A teachers retirement fund association may establish a tax-sheltered annuity program and fund meeting the requirements of section 403(b) of the Internal Revenue Code of 1986, as amended, which must include all assets which were acquired for the specific purpose of being credited to the program and fund and to which must be credited all employee contributions and employer contributions, if negotiated under a collective bargaining agreement, designated for this purpose and all interest income attributable to the assets of the program and fund.

#### **354A.108 PAYMENT BY TEACHERS COLLECTING WORKERS' COMPENSATION.**

(a) A member of the Duluth Teachers Retirement Fund Association who is receiving temporary workers' compensation payments related to the member's teaching service and who either is receiving a reduced salary from the employer or is receiving no salary from the employer is entitled to receive allowable service credit for the period of time that the member is receiving the workers' compensation payments upon making the required payment amount.

(b) The required amount payable by the member must be calculated first by determining the differential salary amount, which is the difference between the salary received, if any, during the period of time that the member is collecting workers' compensation payments, and the salary that the member received for an identical length period immediately before collecting the workers' compensation payments. The member shall pay an amount equal to the employee contribution rate under section 354A.12, subdivision 1, multiplied by the differential salary amount.

(c) If the member makes the employer payment under this section, the employing unit shall make an employer payment to the Duluth Teachers Retirement Fund Association equal to the employer contribution rate under section 354A.12, subdivision 2a, multiplied by the differential salary amount.



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(d) Payments made under this subdivision are payable without interest if paid by June 30 of the year during which the workers' compensation payments are received by the member. If paid after June 30, payments made under this subdivision must include interest at the rate of 8.5 percent per year. Payment under this section must be completed within one year of the termination of the workers' compensation payments to the member.

#### **354A.24 DULUTH TEACHERS RETIREMENT FUND ASSOCIATION COORDINATED PROGRAMS.**

There is established within the Duluth Teachers Retirement Fund Association for teachers who are covered by an agreement or modification made between the state and the Secretary of Health, Education and Welfare making the provisions of the federal Old Age, Survivors and Disability Insurance Act applicable to teachers covered by the teachers retirement fund association, two coordinated programs:

(1) an old law coordinated program to provide retirement coverage for teachers who were first employed prior to July 1, 1981 and do not elect to be covered by the new law coordinated program, which program shall be a continuation of the retirement program in existence prior to July 1, 1978; and

(2) a new law coordinated program to provide retirement coverage for teachers who were first employed on or subsequent to July 1, 1981 or for teachers who were first employed prior to July 1, 1981 and elect to be covered by the new law coordinated program. The provisions governing the old law coordinated program shall be the portions of this chapter which do not apply specifically to a coordinated program or a coordinated or former coordinated member, the articles of incorporation and bylaws in effect as of March 31, 1975, the provisions of Laws 1976, chapter 238, section 15, and any applicable amendments to the articles of incorporation or bylaws of the teachers retirement fund association adopted subsequent to July 1, 1979 in accordance with the provisions of section 354A.12, subdivision 4. The provisions governing the new law coordinated program shall be sections 354A.31 to 354A.41 and any other applicable portions of this chapter, the provisions of Laws 1981, chapter 269, sections 9 and 10, and any applicable amendments to the articles of incorporation or bylaws of the teachers retirement fund association adopted subsequent to July 1, 1981 in accordance with the provisions of section 354A.12, subdivision 4.

#### **354A.27 DULUTH TEACHERS RETIREMENT FUND ASSOCIATION; POSTRETIREMENT ADJUSTMENT MECHANISM.**

Subd. 5. **Eligibility for and payment of postretirement adjustments.** (a) Annually, after June 30, the board of trustees of the Duluth Teachers Retirement Fund Association determines the amount of any postretirement adjustment using the procedures in this subdivision and subdivision 6 or 7, whichever is applicable.

(b) Each person who has been receiving an annuity or benefit under the articles of incorporation, bylaws, or under this section for at least 12 months as of the date of the postretirement adjustment shall be eligible for a postretirement adjustment. The postretirement adjustment shall be payable each January 1. The postretirement adjustment shall be a permanent percentage increase as specified under subdivision 6 or 7, whichever is applicable, applied to the annuity or benefit to which the person is entitled one month prior to the payment of the postretirement adjustment.

Subd. 6a. **Postretirement adjustment transition.** (a) If the funded ratio of the retirement plan based on the actuarial value of assets 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 adjustments are governed by subdivision 7.

(b) Each annuity or benefit recipient of the retirement plan who has been receiving that annuity or benefit for at least 12 months as of the applicable January 1 is eligible to receive a postretirement adjustment of one percent, payable on January 1.

Subd. 7. **Calculation of postretirement adjustments.** (a) This subdivision applies if subdivision 6a has expired.

(b) A percentage adjustment must be computed and paid under this subdivision to eligible persons under subdivision 5. This adjustment is determined by reference to the Consumer Price Index for urban wage earners and clerical workers all items index as reported by the Bureau of Labor Statistics within the United States Department of Labor each year as part of the determination of annual cost-of-living adjustments to recipients of federal old-age, survivors, and disability insurance. For calculations of cost-of-living adjustments under paragraph (c), the term "average third quarter Consumer Price Index value" means the sum of the monthly index

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values as initially reported by the Bureau of Labor Statistics for the months of July, August, and September, divided by 3.

(c) Before January 1 of each year, the executive director must calculate the amount of the cost-of-living adjustment by dividing the most recent average third quarter index value by the same average third quarter index value from the previous year, subtract one from the resulting quotient, and express the result as a percentage amount, which must be rounded to the nearest one-tenth of one percent.

(d) The amount calculated under paragraph (c) is the full cost-of-living adjustment to be applied as a permanent increase to the regular payment of each eligible member on January 1 of the next calendar year. For any eligible member whose effective date of benefit commencement occurred during the calendar year before the cost-of-living adjustment is applied, the full increase amount must be prorated on the basis of whole calendar quarters in benefit payment status in the calendar year prior to the January 1 on which the cost-of-living adjustment is applied, calculated to the third decimal place.

(e) The adjustment must not be less than zero nor greater than five percent.

(f) If the funding ratio of the plan as determined in the most recent actuarial valuation using the actuarial value of assets is less than 80 percent there will be no postretirement adjustment the following January 1.

#### **354A.31 COORDINATED PROGRAM RETIREMENT BENEFITS.**

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

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

(c) This paragraph, in conjunction with subdivision 6, applies to a person who first became a member or a member in a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, unless paragraph (d), in conjunction with subdivision 7, produces a higher annuity amount, in which case paragraph (d) applies. The retirement annuity formula percentage for purposes of this paragraph is 1.2 percent per year for each year of coordinated program service for the first ten years rendered through June 30, 2013, and the percent specified in section 356.315, subdivision 1a, per year for each year of coordinated program service rendered after June 30, 2013, and 1.7 percent for each subsequent year of coordinated program service through June 30, 2013, and the percent specified in section 356.315, subdivision 2b, per year for each year of coordinated program service rendered after June 30, 2013.

(d) This paragraph applies to a person who is at least 55 years old and who first becomes a member after June 30, 1989, and to any other member who is at least 55 years old and whose annuity amount, when calculated under this paragraph and in conjunction with subdivision 7, is higher than it is when calculated under paragraph (c) in conjunction with subdivision 6. The retirement annuity formula percentage for purposes of this paragraph is 1.7 percent for each year of coordinated program service through June 30, 2013, and the percent specified in section 356.315, subdivision 2b, per year for each year of coordinated program service rendered after June 30, 2013.

#### **356.415 POSTRETIREMENT ADJUSTMENTS; STATEWIDE RETIREMENT PLANS.**

Subd. 3. **Actuarial valuation reports until funding is stabilized.** Notwithstanding any provision of section 356.215, subdivision 8, to the contrary, until the actuarial valuations, prepared annually by the approved actuary under sections 356.214 and 356.215 and the standards for actuarial work promulgated by the Legislative Commission on Pensions and Retirement, indicate that the market value of assets of the applicable covered plans equals or exceeds 90 percent of the actuarial accrued liabilities, the actuarial valuation reports must utilize a postretirement interest rate assumption that is equal to the difference between the preretirement interest rate assumption provided in section 356.215, subdivision 8, and the stated annual postretirement adjustment rate provided under this section, as applicable to each covered plan.