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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 3675

02/13/2024 Authored by Wolgamott, Keeler, Rarick and Virnig The bill was read for the first time and referred to the Committee on State and Local Government Finance and Policy

1.1 A bill for an act
1.2 relating to retirement; Minnesota State Retirement System; general state employees
1.3 retirement plan; providing an unreduced early retirement annuity to select
1.4 Department of Corrections employees if the employee is at least 62 years old or
1.5 has at least 30 years of service; amending Minnesota Statutes 2022, section 352.116,
1.6 subdivision 1a, by adding a subdivision.

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

1.8 Sec. 1. Minnesota Statutes 2022, section 352.116, subdivision 1a, is amended to read:

1.9 Subd. 1a. Actuarial reduction for early retirement. (a) This subdivision applies to a
1.10 person who has become at least 55 years old and first became a covered employee after
1.11 June 30, 1989, and to any other covered employee who has become at least 55 years old
1.12 and whose annuity is higher when calculated under section 352.115, subdivision 3, paragraph
1.13 (b), in conjunction with this subdivision than when calculated under section 352.115,
1.14 subdivision 3, paragraph (a), in conjunction with subdivision 1. Except as provided under
1.15 subdivision 1b, a covered employee who retires before the normal retirement age shall be
1.16 paid the normal retirement annuity provided in section 352.115, subdivisions 2 and 3,
1.17 paragraph (b), reduced as described in paragraph (b) or (c), as applicable.

1.18 (b) For covered employees who retire on or after July 1, 2019, the reduced annuity is
1.19 the actuarial equivalent of the annuity that would be payable to the employee if the employee
1.20 deferred receipt of the annuity until normal retirement age and the annuity amount were
1.21 augmented at the applicable annual rate, compounded annually, from the day the annuity
1.22 begins to accrue until the normal retirement age. The applicable annual rate is the rate in
1.23 effect on the employee's effective date of retirement and shall be considered as fixed for

2.1 the employee for the period until the employee reaches normal retirement age. The applicable
2.2 annual rates are the following:

2.3 (1) until June 30, 2019, three percent if the employee became an employee before July
2.4 1, 2006, and 2.5 percent if the employee became an employee after June 30, 2006;

2.5 (2) beginning July 1, 2019, through June 30, 2024, a rate that changes each month, on
2.6 the first day of the month, starting with the rate in clause (1), as applicable to the employee,
2.7 and reducing the rate to zero in equal monthly increments over the five-year period; and

2.8 (3) after June 30, 2024, zero percent.

2.9 After June 30, 2024, actuarial equivalent, for the purpose of determining the reduced
2.10 annuity commencing before normal retirement age under this clause, shall not take into
2.11 account any augmentation.

2.12 (c) For covered employees who retire before July 1, 2019, the reduced annuity is the
2.13 actuarial equivalent of the annuity that would be payable to the employee if the employee
2.14 deferred receipt of the annuity until normal retirement age and the annuity amount were
2.15 augmented at an annual rate of three percent, compounded annually, from the day the annuity
2.16 begins to accrue until normal retirement age if the employee became an employee before
2.17 July 1, 2006, and at an annual rate of 2.5 percent, compounded annually, from the day the
2.18 annuity begins to accrue until normal retirement age if the employee became an employee
2.19 after June 30, 2006.

2.20 **EFFECTIVE DATE.** This section is effective July 1, 2024.

2.21 Sec. 2. Minnesota Statutes 2022, section 352.116, is amended by adding a subdivision to
2.22 read:

2.23 **Subd. 1b. Unreduced annuity for select Department of Corrections employees.** An
2.24 employee is entitled to receive the retirement annuity provided in section 352.115, subdivision
2.25 3, without any reduction for reason of early retirement if the employee first became a covered
2.26 employee after June 30, 1989, and, on the date the employee terminates employment, the
2.27 employee:

2.28 (1) is employed by the Department of Corrections as a corrections agent responsible for
2.29 probation or parole services; and

2.30 (2) is at least 62 years old or has at least 30 years of service.

2.31 **EFFECTIVE DATE.** This section is effective July 1, 2024.