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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. **661**

02/05/2015 Authored by O'Driscoll

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

1.1 A bill for an act
1.2 relating to retirement; Minnesota State Retirement System; various plans;
1.3 making changes of an administrative nature; clarifying coverage treatment of
1.4 former MSHS-Cambridge employees; revising disability to retirement transfer
1.5 dates for State Patrol plan disabilitants; correcting legislators plan postretirement
1.6 adjustment trigger; amending Minnesota Statutes 2014, sections 352.91,
1.7 subdivision 3e; 352B.10, subdivision 5; 352B.105; 356.415, subdivision 1a.

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

1.9 Section 1. Minnesota Statutes 2014, section 352.91, subdivision 3e, is amended to read:

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

1.16 (b) The employment positions are:

- 1.17 (1) behavior analyst 1;
- 1.18 (2) behavior analyst 2;
- 1.19 (3) behavior analyst 3;
- 1.20 (4) group supervisor;
- 1.21 (5) group supervisor assistant;
- 1.22 (6) human services support specialist;
- 1.23 (7) residential program lead;
- 1.24 (8) psychologist 2;
- 1.25 (9) recreation program assistant;

- 2.1 (10) recreation therapist senior;
 2.2 (11) registered nurse senior;
 2.3 (12) skills development specialist;
 2.4 (13) social worker senior;
 2.5 (14) social worker specialist; and
 2.6 (15) speech pathology specialist.

2.7 (c) A Department of Human Services employee who was employed at the Minnesota
 2.8 Specialty Health System-Cambridge immediately preceding the 2014 conversion to the
 2.9 community-based homes and was in covered correctional service at the time of the
 2.10 transition shall continue to be covered by the correctional employees retirement plan while
 2.11 employed and without a break in service with the Department of Human Services in the
 2.12 direct care and treatment ~~services administration~~ of patients.

2.13 **EFFECTIVE DATE.** This section is effective retroactively from August 1, 2014.

2.14 Sec. 2. Minnesota Statutes 2014, section 352B.10, subdivision 5, is amended to read:

2.15 Subd. 5. **Optional annuity.** A disabilitant may elect, in lieu of spousal survivorship
 2.16 coverage under section 352B.11, subdivision 2b, the normal disability benefit or an
 2.17 optional annuity as provided in section 352B.08, subdivision 3. The choice of an optional
 2.18 annuity must be made in writing, on a form prescribed by the executive director, and ~~must~~
 2.19 may be made before the commencement of the payment of the disability benefit, ~~or~~. If the
 2.20 disabilitant did not select an optional annuity at the time of application, the disabilitant
 2.21 may select an optional annuity under this section within 90 days before reaching age 55
 2.22 or within 90 days before reaching the five-year anniversary of the effective date of the
 2.23 disability benefit, whichever is later. The optional annuity is effective on the date on
 2.24 which the disability benefit begins to accrue, or the month following the attainment of age
 2.25 55 or following the five-year anniversary of the effective date of the disability benefit,
 2.26 whichever is later.

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

2.28 Sec. 3. Minnesota Statutes 2014, section 352B.105, is amended to read:

2.29 **352B.105 TERMINATION OF DISABILITY BENEFITS.**

2.30 **Subdivision 1. Post-June 30, 2015, disabilitants.** For disability benefits which
 2.31 begin to accrue after June 30, 2015, disability benefits payable under section 352B.10
 2.32 must terminate on the transfer date, which is the end of the month in which the disabilitant
 2.33 becomes ~~65~~ 55 years old or the five-year anniversary of the effective date of the disability

3.1 benefit, whichever is later. If the disabilitant is still disabled on the transfer date, the
 3.2 disabilitant must be deemed to be a retired member ~~and, if the disabilitant had chosen an~~
 3.3 ~~optional annuity under section 352B.10, subdivision 5, must receive an annuity under the~~
 3.4 ~~terms of the optional annuity previously chosen. If the disabilitant had not chosen an~~
 3.5 ~~optional annuity under section 352B.10, subdivision 5, the disabilitant may then choose to~~
 3.6 ~~receive either a normal retirement annuity computed under section 352B.08, subdivision~~
 3.7 ~~2, or an optional annuity as provided in section 352B.08, subdivision 3. An optional~~
 3.8 ~~annuity must be chosen within 90 days of attaining the transfer date. If an optional~~
 3.9 ~~annuity is chosen, the optional annuity accrues on the first of the month next following the~~
 3.10 ~~transfer date.~~

3.11 Subd. 2. Pre-July 1, 2015, disabilitants. For disability benefits which begin
 3.12 to accrue before July 1, 2015, disability benefits payable under section 352B.10 must
 3.13 terminate on the transfer date, which is the end of the month in which the disabilitant
 3.14 becomes 65 years old or the five-year anniversary of the effective date of the disability
 3.15 benefit, whichever is later. If the disabilitant is still disabled on the transfer date, the
 3.16 disabilitant must be deemed to be a retired member.

3.17 EFFECTIVE DATE. This section is effective July 1, 2015.

3.18 Sec. 4. Minnesota Statutes 2014, section 356.415, subdivision 1a, is amended to read:

3.19 Subd. 1a. **Annual postretirement adjustments; Minnesota State Retirement**
 3.20 **System plans other than State Patrol retirement plan.** (a) Retirement annuity, disability
 3.21 benefit, or survivor benefit recipients of the legislators retirement ~~plans~~ plan, including
 3.22 constitutional officers as specified in chapter 3A, the general state employees retirement
 3.23 plan, the correctional state employees retirement plan, the unclassified state employees
 3.24 retirement program, and the judges retirement plan are entitled to a postretirement
 3.25 adjustment annually on January 1, as follows:

3.26 (1) a postretirement increase of two percent must be applied each year, effective
 3.27 on January 1, to the monthly annuity or benefit of each annuitant or benefit recipient
 3.28 who has been receiving an annuity or a benefit for at least 18 full months before the
 3.29 January 1 increase; and

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

4.1 (b) The increases provided by this subdivision commence on January 1, 2011.
4.2 Increases under this subdivision for the general state employees retirement plan, the
4.3 correctional state employees retirement plan, or the judges retirement plan terminate on
4.4 December 31 of the calendar year in which two prior consecutive actuarial valuations
4.5 prepared by the approved actuary under sections 356.214 and 356.215 and the standards
4.6 for actuarial work promulgated by the Legislative Commission on Pensions and
4.7 Retirement ~~indicates~~ indicate that the market value of assets of the retirement plan
4.8 equals or exceeds 90 percent of the actuarial accrued liability of the retirement plan
4.9 and increases under subdivision 1 recommence after that date. Increases under this
4.10 subdivision for the legislators retirement plan ~~or the elected state~~ established under chapter
4.11 3a, including constitutional officers retirement plan specified in that chapter, terminate on
4.12 December 31 of the calendar year in which ~~the~~ two prior consecutive actuarial ~~valuation~~
4.13 valuations prepared by the approved actuary under sections 356.214 and 356.215 and the
4.14 standards for actuarial work promulgated by the Legislative Commission on Pensions
4.15 and Retirement ~~indicates~~ indicate that the market value of assets of the general state
4.16 employees retirement plan equals or exceeds 90 percent of the actuarial accrued liability
4.17 of the retirement plan and increases under subdivision 1 recommence after that date.

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

4.22 **EFFECTIVE DATE.** This section is effective retroactively from July 1, 2014.