

**356.351 RETIREMENT INCENTIVE.**

Subdivision 1. **Eligibility.** (a) An eligible appointing authority may offer the early retirement incentive in this section to an employee who:

(1) has at least 15 years of allowable service in one or more of the funds listed in section 356.30, subdivision 3, or has at least 15 years of coverage by the individual retirement account plan governed by chapter 354B and upon retirement is immediately eligible for a retirement annuity or benefit from one or more of these funds;

(2) terminates service after the effective date of this section, and before July 15, 2009; and

(3) is not in receipt of a public retirement plan retirement annuity, retirement allowance, or service pension during the month preceding the termination of qualified employment.

(b) An eligible appointing authority is any Minnesota governmental employing unit which employs one or more employees with retirement coverage by a retirement plan listed in section 356.30 by virtue of that employment.

(c) An elected official is not eligible to receive an incentive under this section.

Subd. 2. **Incentive.** (a) For an employee eligible under subdivision 1, if approved under paragraph (b), the employer may provide an amount up to \$17,000, to an employee who terminates service, to be used:

(1) unless the appointing authority has designated the use under clause (2) or the use under clause (3) for the initial retirement incentive applicable to that employing entity under Laws 2007, chapter 134, after May 26, 2007, for deposit in the employee's account in the health care savings plan established by section 352.98;

(2) notwithstanding section 352.01, subdivision 11, or 354.05, subdivision 13, whichever applies, if the appointing authority has designated the use under this clause for the initial retirement incentive applicable to that employing entity under Laws 2007, chapter 134, after May 26, 2007, for purchase of service credit for unperformed service sufficient to enable the employee to retire under section 352.116, subdivision 1, paragraph (b); 353.30; 354.44, subdivision 6, paragraph (b), or 354A.31, subdivision 6, paragraph (b), whichever applies; or

(3) if the appointing authority has designated the use under this clause for the initial retirement incentive applicable to the employing entity under Laws 2007, chapter 134, after May 26, 2007, for purchase of a lifetime annuity or an annuity for a specific number of years from the applicable retirement plan to provide additional benefits, as provided in paragraph (d).

(b) Approval to provide the incentive must be obtained from the commissioner of finance if the eligible employee is a state employee and must be obtained from the applicable governing board with respect to any other employing entity. An employee is eligible for the payment under paragraph (a), clause (2), if the employee uses money from a deferred compensation account that, combined with the payment under paragraph (a), clause (2), would be sufficient to purchase enough service credit to qualify for retirement under section 352.116, subdivision 1, paragraph (b); 353.30, subdivision 1a; 354.44, subdivision 6, paragraph (b), or 354A.31, subdivision 6, paragraph (b), whichever applies.

(c) The cost to purchase service credit under paragraph (a), clause (2), must be made in accordance with section 356.551.

(d) The annuity purchase under paragraph (a), clause (3), must be made using annuity factors derived from the applicable factors used by the applicable retirement plan to transfer amounts to the Minnesota postretirement investment fund and to calculate optional annuity forms. The purchased annuity must be the actuarial equivalent of the incentive amount.

**Subd. 3. Designation of positions; employer discretion.** (a) Before offering an incentive under this section, an appointing authority must be experiencing employee layoffs due to budget shortfalls or a reorganization that would be offset by offering the incentive. The appointing authority must document that the incentive payment is equal to or less than the cost of the employee layoff. The appointing authority must designate the job classifications or positions within the job classifications that qualify for the incentive. The appointing authority may modify this designation at any time. Designation of positions eligible for the incentive under this section, participation of individual employees, and the amount of the payment under this section are at the sole discretion of the appointing authority. Unilateral implementation of this section by the employer is not an unfair labor practice under chapter 179A.

(b) An employee who is eligible for an incentive under this section, who is offered an incentive by the appointing authority, and who accepts the incentive offer must do so in writing. A copy of the acceptance document must be provided by the appointing authority to the applicable retirement plan within 15 days of its execution.

**Subd. 4. Reemployment prohibition.** No appointing authority referenced in subdivision 1 is permitted to employ or retain as a consultant an individual who received an early retirement incentive under this section for a period of three years after the receipt of the incentive. This provision does not prohibit a school district from employing as a substitute teacher an individual who received an early retirement incentive under this section.

Subd. 5. **Utilization report.** On August 1, 2008, and annually thereafter, the commissioner of finance, with respect to the executive branch of state government, the commissioner of education, with respect to school districts, and the chancellor of the Minnesota State Colleges and Universities System, with respect to the system, shall report to the chair of the house of representatives Finance Committee, the chair of the house of representatives Governmental Operations, Reform, Technology and Elections Committee, the chair of the senate Finance Committee, the chair of the senate State and Local Government Operations and Oversight Committee, and the executive director of the Legislative Commission on Pensions and Retirement on the utilization of the early retirement incentive. The report must include the total number of employees who utilized the incentive, the age of each retiring employee, the length of service of each retiring employee, the incentive amount paid to each retiring employee, the amount of salary savings through the previous June 30 obtained for each retiring employee, and the amount of any other financial or budgetary impact related to each retiring employee.

**History:** 2006 c 271 art 3 s 43; 2007 c 134 art 11 s 11; 2008 c 204 s 42

**NOTE:** This section as added by Laws 2006, chapter 271, article 3, section 43, as amended by Laws 2007, chapter 134, article 11, section 11, expires July 15, 2009. Laws 2006, chapter 271, article 3, section 43, as amended by Laws 2007, chapter 134, article 11, section 11, the effective date.