

1.1 A bill for an act

1.2 relating to retirement; Duluth Teachers Retirement Fund Association; increasing
1.3 accrual rates and contributions; lowering normal retirement ages; revising
1.4 post-retirement adjustment procedures; reducing deferred annuity augmentation;
1.5 eliminating interest on reemployed annuitant accounts; amending Minnesota
1.6 Statutes 2008, sections 354A.011, subdivision 15a; 354A.12, subdivision 1;
1.7 354A.27, subdivisions 5, 6, by adding a subdivision; 354A.31, subdivisions 1, 4a,
1.8 7; 354A.35, subdivision 1; 354A.37, subdivisions 2, 3, 4; 356.47, subdivision 3;
1.9 Minnesota Statutes 2009 Supplement, section 354A.12, subdivision 2a; repealing
1.10 Minnesota Statutes 2008, section 354A.27, subdivision 1.

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

1.12 Section 1. Minnesota Statutes 2008, section 354A.011, subdivision 15a, is amended to
1.13 read:

1.14 Subd. 15a. **Normal retirement age.** (a) "Normal retirement age" means age
1.15 65 for a person who first became a member of the coordinated program of the St. Paul
1.16 Teachers Retirement Fund Association or the new law coordinated program of the Duluth
1.17 Teachers Retirement Fund Association or a member of a pension fund listed in section
1.18 356.30, subdivision 3, before July 1, 1989. ~~For a person who first became a member of the~~
1.19 ~~coordinated program of the St. Paul Teachers Retirement Fund Association or the new law~~
1.20 ~~coordinated program of the Duluth Teachers Retirement Fund Association after June 30,~~
1.21 ~~1989, normal retirement age means the higher of age 65 or retirement age, as defined in~~
1.22 ~~United States Code, title 42, section 416(l), as amended, but not to exceed age 66.~~

1.23 (b) For a person who is a member of the basic program of the St. Paul Teachers
1.24 Retirement Fund Association or the old law coordinated program of the Duluth Teachers
1.25 Retirement Fund Association, normal retirement age means the age at which a teacher
1.26 becomes eligible for a normal retirement annuity computed upon meeting the age and

2.1 service requirements specified in the applicable provisions of the articles of incorporation
2.2 or bylaws of the respective teachers retirement fund association.

2.3 (c) Unless paragraph (d) applies, for a person who first became a member of the
2.4 coordinated program of the St. Paul Teachers Retirement Fund Association or the new
2.5 law coordinated program of the Duluth Teachers Retirement Fund Association after
2.6 June 30, 1989, normal retirement age means the higher of age 65 or normal retirement
2.7 age as defined in United States Code, title 42, section 416(1), as amended, but not to
2.8 exceed age 66.

2.9 (d) Commencing on the date employee contributions are first payable under section
2.10 354A.12, subdivision 1, paragraph (c), for a person who first became a member of the new
2.11 law coordinated program of the Duluth Teachers Retirement Fund Association after June
2.12 30, 1989, normal retirement age means age 65, and for a person who is a member of the
2.13 Duluth Teachers Retirement Fund Association, regardless of the date of hire, the normal
2.14 retirement age is age 62 if the person has at least 30 years of service.

2.15 **EFFECTIVE DATE.** This section is effective July 1, 2010.

2.16 Sec. 2. Minnesota Statutes 2008, section 354A.12, subdivision 1, is amended to read:

2.17 Subdivision 1. **Employee contributions.** (a) The contribution required to be paid
2.18 by each member of a teachers retirement fund association ~~shall not be less than~~ is the
2.19 percentage of total salary specified below for the applicable association and program:

Association and Program	Percentage of Total Salary
Duluth Teachers Retirement Fund Association	
old law and new law	
coordinated programs	5.5 percent
<u>before July 1, 2011</u>	<u>5.5 percent</u>
<u>from July 1, 2011, until June 30, 2012</u>	<u>6.0 percent</u>
<u>from July 1, 2012, until either paragraph (b) or</u>	
<u>(c) is first applicable</u>	<u>6.5 percent</u>
St. Paul Teachers Retirement Fund Association	
basic program	8 percent
coordinated program	5.5 percent

2.31 (b) The contribution required to be paid by each member of the Duluth Teachers
2.32 Retirement Fund Association old law and new law coordinated programs is 7.0 percent of
2.33 that salary, beginning July 1 of the second year following the year the actuarial accrued
2.34 liability funding ratio of the plan, according to the official actuarial valuation prepared
2.35 under sections 356.214 and 356.215, is at least 90 percent but less than 95 percent.

3.1 (c) The contribution required to be paid by each member of the Duluth Teachers
 3.2 Retirement Fund Association old law and new law coordinated programs is 7.5 percent
 3.3 of that salary, beginning July 1 of the second year following the year the actuarial
 3.4 accrued liability funding ratio of the plan, according to the official actuarial valuation
 3.5 prepared under sections 356.214 and 356.215, is at least 95 percent. Beginning on the date
 3.6 contributions are first paid under this paragraph, authority to make contributions under
 3.7 paragraph (b) is voided.

3.8 (d) Contributions shall be made by deduction from salary and must be remitted
 3.9 directly to the respective teachers retirement fund association at least once each month.

3.10 (e) When an employee contribution rate changes for a fiscal year, the new
 3.11 contribution rate is effective for the entire salary paid by the employer with the first
 3.12 payroll cycle reported.

3.13 **EFFECTIVE DATE.** This section is effective July 1, 2010.

3.14 Sec. 3. Minnesota Statutes 2009 Supplement, section 354A.12, subdivision 2a, is
 3.15 amended to read:

3.16 Subd. 2a. **Employer regular and additional contributions.** (a) The employing
 3.17 units shall make the following employer contributions to teachers retirement fund
 3.18 associations:

3.19 (1) for any coordinated member of one of the following teachers retirement fund
 3.20 associations in a city of the first class, the employing unit shall make a regular employer
 3.21 contribution to the respective retirement fund association in an amount equal to the
 3.22 designated percentage of the salary of the coordinated member as provided below:

3.23	Duluth Teachers Retirement Fund	
3.24	Association	4.50 percent
3.25	<u>before July 1, 2011</u>	<u>5.79 percent</u>
3.26	<u>from July 1, 2011, until June 30, 2012</u>	<u>6.29 percent</u>
3.27	<u>from July 1, 2012, until the date employee</u>	
3.28	<u>contributions are determined under</u>	
3.29	<u>subdivision 1, paragraph (b) or (c)</u>	<u>6.79 percent</u>
3.30	<u>beginning on the date employee</u>	
3.31	<u>contributions are payable under subdivision</u>	
3.32	<u>1, paragraph (b)</u>	<u>7.29 percent</u>
3.33	<u>beginning on the date employee</u>	
3.34	<u>contributions are payable under subdivision</u>	
3.35	<u>1, paragraph (c)</u>	<u>7.79 percent</u>
3.36	St. Paul Teachers Retirement Fund	
3.37	Association	4.50 percent

4.1 (2) for any basic member of the St. Paul Teachers Retirement Fund Association, the
 4.2 employing unit shall make a regular employer contribution to the respective retirement
 4.3 fund in an amount equal to 8.00 percent of the salary of the basic member;

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

4.7 (4) for a coordinated member of ~~a teachers retirement fund association in a city of~~
 4.8 ~~the first class~~ the St. Paul Teachers Retirement Fund Association, the employing unit shall
 4.9 make an additional employer contribution to the respective fund in an amount equal to the
 4.10 applicable percentage of the coordinated member's salary, as provided below:

4.11	Duluth Teachers Retirement Fund	
4.12	Association	1.29 percent
4.13	St. Paul Teachers Retirement Fund	
4.14	Association	3.84 percent

4.15 (b) The regular and additional employer contributions must be remitted directly to
 4.16 the respective teachers retirement fund association at least once each month. Delinquent
 4.17 amounts are payable with interest under the procedure in subdivision 1a.

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

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

4.24 **EFFECTIVE DATE.** This section is effective July 1, 2010.

4.25 Sec. 4. Minnesota Statutes 2008, section 354A.27, subdivision 5, is amended to read:

4.26 Subd. 5. ~~Calculation~~ **Eligibility for and payment of postretirement adjustments.**

4.27 (a) Annually, after June 30, the board of trustees of the Duluth Teachers Retirement Fund
 4.28 Association determines the amount of any postretirement adjustment using the procedures
 4.29 in this subdivision and subdivision 6 or 7, whichever is applicable.

4.30 (b) Each person who has been receiving an annuity or benefit under the articles
 4.31 of incorporation, bylaws, or under this section for at least 12 months as of the date of
 4.32 the postretirement adjustment shall be eligible for a postretirement adjustment. The
 4.33 postretirement adjustment shall be payable each January 1. The postretirement adjustment
 4.34 shall be ~~equal to two percent of~~ a permanent percentage increase as specified under

5.1 subdivision 6 or 7, whichever is applicable, applied to the annuity or benefit to which the
 5.2 person is entitled one month prior to the payment of the postretirement adjustment.

5.3 **EFFECTIVE DATE.** This section is effective July 1, 2010.

5.4 Sec. 5. Minnesota Statutes 2008, section 354A.27, subdivision 6, is amended to read:

5.5 Subd. 6. **Additional increase Calculation of postretirement adjustments;**
 5.6 **transitional provision.** ~~(a) In addition to the postretirement increases granted under~~
 5.7 ~~subdivision 5, an additional percentage increase must be computed and paid under this~~
 5.8 ~~subdivision.~~

5.9 ~~(b) The board of trustees shall determine the number of annuitants or benefit~~
 5.10 ~~recipients who have been receiving an annuity or benefit for at least 12 months as of the~~
 5.11 ~~current June 30. These recipients are entitled to receive the surplus investment earnings~~
 5.12 ~~additional postretirement increase.~~

5.13 ~~(c) Annually, as of each June 30, the board shall determine the five-year annualized~~
 5.14 ~~rate of return attributable to the assets of the Duluth Teachers Retirement Fund Association~~
 5.15 ~~under the formula or formulas specified in section 11A.04, clause (11).~~

5.16 ~~(d) The board shall determine the amount of excess five-year annualized rate of~~
 5.17 ~~return over the preretirement interest assumption as specified in section 356.215.~~

5.18 ~~(e) The additional percentage increase must be determined by multiplying the~~
 5.19 ~~quantity one minus the rate of contribution deficiency, as specified in the most recent~~
 5.20 ~~actuarial report of the actuary retained under section 356.214, times the rate of return~~
 5.21 ~~excess as determined in paragraph (d).~~

5.22 ~~(f) The additional increase is payable to all eligible annuitants or benefit recipients~~
 5.23 ~~on the following January 1.~~

5.24 (a) For purposes of computing postretirement adjustments after the effective date
 5.25 of this section for eligible benefit recipients of the Duluth Teachers Retirement Fund
 5.26 Association, the funding ratio of the plan, as determined by dividing the market value of
 5.27 assets by the actuarial accrued liability as reported in the most recent actuarial valuation
 5.28 prepared under sections 356.214 and 356.215, determines the postretirement increase
 5.29 as follows:

	<u>Funding Ratio</u>	<u>Postretirement Increase</u>
5.30	<u>less than 80 percent</u>	<u>0 percent</u>
5.31	<u>at least 80 percent but less than 90</u>	
5.32	<u>percent</u>	<u>1 percent</u>
5.33	<u>at least 90 percent</u>	<u>2 percent</u>
5.34		

6.1 (b) If the funding ratio of the plan based on actuarial value, rather than market value,
6.2 is at least 90 percent as reported in the most recent actuarial valuation prepared under
6.3 sections 356.214 and 356.215, this subdivision expires and subsequent postretirement
6.4 increases must be paid as specified under subdivision 7.

6.5 **EFFECTIVE DATE.** This section is effective July 1, 2010.

6.6 Sec. 6. Minnesota Statutes 2008, section 354A.27, is amended by adding a subdivision
6.7 to read:

6.8 Subd. 7. **Calculation of postretirement adjustments.** (a) This subdivision applies
6.9 if subdivision 6 has expired.

6.10 (b) A percentage adjustment must be computed and paid under this subdivision
6.11 to eligible persons in subdivision 5. This adjustment is determined by reference to the
6.12 Consumer Price Index for urban wage earners and clerical workers all items index as
6.13 reported by the Bureau of Labor Statistics within the United States Department of Labor
6.14 each year as part of the determination of annual cost-of-living adjustments to recipients
6.15 of federal old-age, survivors, and disability insurance. For calculations of cost-of-living
6.16 adjustments under paragraph (c), the term "average third quarter Consumer Price Index
6.17 value" means the sum of the monthly index values as initially reported by the Bureau of
6.18 Labor Statistics for the months of July, August, and September, divided by 3.

6.19 (c) Before January 1 of each year, the executive director must calculate the amount
6.20 of the cost-of-living adjustment by dividing the most recent average third quarter index
6.21 value by the same average third quarter index value from the previous year, subtract one
6.22 from the resulting quotient, and express the result as a percentage amount, which must be
6.23 rounded to the nearest one-tenth of one percent.

6.24 (d) The amount calculated under paragraph (c) is the full cost-of-living adjustment
6.25 to be applied as a permanent increase to the regular payment of each eligible member
6.26 on January 1 of the next calendar year. For any eligible member whose effective date
6.27 of benefit commencement occurred during the calendar year before the cost-of-living
6.28 adjustment is applied, the full increase amount must be prorated on the basis of whole
6.29 calendar quarters in benefit payment status in the calendar year prior to the January 1 on
6.30 which the cost-of-living adjustment is applied, calculated to the third decimal place.

6.31 (e) The adjustment must not be less than zero nor greater than five percent.

6.32 (f) If the funding ratio of the plan as determined in the most recent actuarial
6.33 valuation using the actuarial value of assets is less than 80 percent there will be no
6.34 postretirement adjustment the following January 1.

7.1 **EFFECTIVE DATE.** This section is effective July 1, 2010.

7.2 Sec. 7. Minnesota Statutes 2008, section 354A.31, subdivision 1, is amended to read:

7.3 Subdivision 1. **Age and service requirements.** Any coordinated member or former
7.4 coordinated member of the St. Paul Teachers Retirement Fund Association who has
7.5 ceased to render teaching service for the school district in which the teachers retirement
7.6 fund association exists and who has either attained the age of at least 55 years with not
7.7 less than three years of allowable service credit or received credit for not less than 30
7.8 years of allowable service regardless of age, shall be entitled upon written application to a
7.9 retirement annuity. Any coordinated member or former coordinated member of the Duluth
7.10 Teachers Retirement Fund Association who has ceased to render teaching service for the
7.11 school district in which the teacher retirement fund association exists and who has either
7.12 attained the age of at least 55 years with not less than three years of allowable service
7.13 credit if the member became an employee before July 1, 2010, or not less than five years
7.14 of allowable service credit if the member became an employee after June 30, 2010, or
7.15 received service credit for not less than 30 years of allowable service regardless of age,
7.16 shall be entitled upon written application to a retirement annuity.

7.17 **EFFECTIVE DATE.** This section is effective July 1, 2010.

7.18 Sec. 8. Minnesota Statutes 2008, section 354A.31, subdivision 4a, is amended to read:

7.19 Subd. 4a. **Computation of normal coordinated retirement annuity; Duluth**
7.20 **fund.** (a) This subdivision applies to the new law coordinated program of the Duluth
7.21 Teachers Retirement Fund Association.

7.22 (b) The normal coordinated retirement annuity is an amount equal to a retiring
7.23 coordinated member's average salary under section 354A.011, subdivision 7a, multiplied
7.24 by the retirement annuity formula percentage.

7.25 (c) This paragraph, in conjunction with subdivision 6, applies to a person who first
7.26 became a member or a member in a pension fund listed in section 356.30, subdivision 3,
7.27 before July 1, 1989, unless paragraph (d), in conjunction with subdivision 7, produces a
7.28 higher annuity amount, in which case paragraph (d) applies. The retirement annuity
7.29 formula percentage for purposes of this paragraph is the percent specified in section
7.30 356.315, subdivision 1, per year for each year of coordinated service for the first ten years
7.31 and the percent specified in section 356.315, subdivision 2, for each subsequent year of
7.32 coordinated service. For service rendered after July 1 of the year in which employee
7.33 contributions are first determined under section 354A.12, subdivision 1, paragraph (b), the
7.34 retirement annuity formula percent for purposes of this paragraph is the percent specified

8.1 in section 356.315, subdivision 1a, per year for each year of coordinated service for the
8.2 first ten years and the percent specified in section 356.315, subdivision 2b, for each
8.3 subsequent year of coordinated service.

8.4 (d) This paragraph applies to a person who is at least 55 years old and who first
8.5 becomes a member after June 30, 1989, and to any other member who is at least 55 years
8.6 old and whose annuity amount, when calculated under this paragraph and in conjunction
8.7 with subdivision 7, is higher than it is when calculated under paragraph (c) in conjunction
8.8 with subdivision 6. The retirement annuity formula percentage for purposes of this
8.9 paragraph is the percent specified in section 356.315, subdivision 2, for each year of
8.10 coordinated service. For service rendered after July 1 of the year in which employee
8.11 contributions are first determined under section 354A.12, subdivision 1, paragraph (b),
8.12 the retirement annuity formula percentage for purposes of this paragraph is the percent
8.13 specified in section 356.315, subdivision 2b, for each year of service. Beginning on the
8.14 date employee contributions are first determined under section 354A.12, subdivision
8.15 1, paragraph (c), the minimum age requirement of this paragraph does not apply if the
8.16 member has 30 or more years of service.

8.17 **EFFECTIVE DATE.** This section is effective July 1, 2010.

8.18 Sec. 9. Minnesota Statutes 2008, section 354A.31, subdivision 7, is amended to read:

8.19 Subd. 7. **Actuarial reduction for early retirement.** (a) This subdivision applies to
8.20 a person who has become at least 55 years old and first becomes a coordinated member
8.21 after June 30, 1989, and to any other coordinated member who has become at least 55
8.22 years old and whose annuity is higher when calculated using the retirement annuity
8.23 formula percentage in subdivision 4, paragraph (d), and subdivision 4a, paragraph (d), in
8.24 conjunction with this subdivision than when calculated under subdivision 4, paragraph (c),
8.25 or subdivision 4a, paragraph (c), in conjunction with subdivision 6.

8.26 (b) A coordinated member who retires before the full benefit age as defined by
8.27 section 354A.011, subdivision 15a, shall be paid the retirement annuity calculated using
8.28 the retirement annuity formula percentage in subdivision 4, paragraph (d), or subdivision
8.29 4a, paragraph (d), reduced so that the reduced annuity is the actuarial equivalent of the
8.30 annuity that would be payable to the member if the member deferred receipt of the annuity
8.31 and the annuity amount were augmented at an annual rate of three percent compounded
8.32 annually from the day the annuity begins to accrue until the normal retirement age if the
8.33 employee became an employee before July 1, 2006, and at 2.5 percent compounded
8.34 annually from the day the annuity begins to accrue until the normal retirement age if the
8.35 person initially becomes a teacher after June 30, 2006.

9.1 (c) Beginning on the date employee contributions are first determined under section
9.2 354A.12, subdivision 1, paragraph (c), if a member of the Duluth Teachers Retirement
9.3 Fund Association has 30 or more years of service credit, the minimum age requirement of
9.4 this subdivision does not apply.

9.5 **EFFECTIVE DATE.** This section is effective July 1, 2010.

9.6 Sec. 10. Minnesota Statutes 2008, section 354A.35, subdivision 1, is amended to read:

9.7 Subdivision 1. **Death before retirement; refund.** If a coordinated member
9.8 or former coordinated member dies prior to retirement or prior to the receipt of any
9.9 retirement annuity or other benefit payment which is or may be payable and a surviving
9.10 spouse optional annuity is not payable pursuant to subdivision 2, a refund shall be paid to
9.11 the person's surviving spouse, or if there is none, to the person's designated beneficiary,
9.12 or if there is none, to the legal representative of the person's estate. For a coordinated
9.13 member or former coordinated member of the St. Paul Teachers Retirement Fund
9.14 Association, the refund shall be in an amount equal to the person's accumulated employee
9.15 contributions plus interest at the rate of six percent per annum compounded annually. For
9.16 a coordinated member or former coordinated member of the Duluth Teachers Retirement
9.17 Fund Association, the refund shall be in an amount equal to the person's accumulated
9.18 employee contributions plus interest at the rate of six percent per annum compounded
9.19 annually to July 1, 2010, and four percent per annum compounded annually thereafter.

9.20 **EFFECTIVE DATE.** This section is effective July 1, 2010.

9.21 Sec. 11. Minnesota Statutes 2008, section 354A.37, subdivision 2, is amended to read:

9.22 Subd. 2. **Eligibility for deferred retirement annuity.** (a) Any coordinated member
9.23 who ceases to render teaching services for the school district in which the teachers
9.24 retirement fund association is located, with sufficient allowable service credit to meet
9.25 the minimum service requirements specified in section 354A.31, subdivision 1, shall be
9.26 entitled to a deferred retirement annuity in lieu of a refund pursuant to subdivision 1. The
9.27 deferred retirement annuity shall be computed pursuant to section 354A.31 and shall be
9.28 augmented as provided in this subdivision. The deferred annuity shall commence upon
9.29 application after the person on deferred status attains at least the minimum age specified in
9.30 section 354A.31, subdivision 1.

9.31 (b) The monthly annuity amount that had accrued when the member ceased to
9.32 render teaching service must be augmented from the first day of the month following the
9.33 month during which the member ceased to render teaching service to the effective date

10.1 of retirement. There is no augmentation if this period is less than three months. For a
10.2 member of the St. Paul Teachers Retirement Fund Association, the rate of augmentation
10.3 is three percent compounded annually until January 1 of the year following the year in
10.4 which the former member attains age 55, and five percent compounded annually after that
10.5 date to the effective date of retirement if the employee became an employee before July
10.6 1, 2006, and at 2.5 percent compounded annually if the employee becomes an employee
10.7 after June 30, 2006. For a member of the Duluth Teachers Retirement Fund Association,
10.8 the rate of augmentation is three percent compounded annually until January 1 of the year
10.9 following the year in which the former member attains age 55, five percent compounded
10.10 annually after that date to July 1, 2010, and two percent compounded annually after that
10.11 date to the effective date of retirement if the employee became an employee before
10.12 July 1, 2006, and at 2.5 percent compounded annually to July 1, 2010, and two percent
10.13 compounded annually after that date to the effective date of retirement if the employee
10.14 becomes an employee after June 30, 2006. If a person has more than one period of
10.15 uninterrupted service, a separate average salary determined under section 354A.31 must
10.16 be used for each period, and the monthly annuity amount related to each period must be
10.17 augmented as provided in this subdivision. The sum of the augmented monthly annuity
10.18 amounts determines the total deferred annuity payable. If a person repays a refund, the
10.19 service restored by the repayment must be considered as continuous with the next period
10.20 of service for which the person has credit with the fund. If a person does not render
10.21 teaching services in any one fiscal year or more consecutive fiscal years and then resumes
10.22 teaching service, the formula percentages used from the date of resumption of teaching
10.23 service are those applicable to new members. The mortality table and interest assumption
10.24 used to compute the annuity are the table established by the fund to compute other
10.25 annuities, and the interest assumption under section 356.215 in effect when the member
10.26 retires. A period of uninterrupted service for the purpose of this subdivision means a
10.27 period of covered teaching service during which the member has not been separated from
10.28 active service for more than one fiscal year.

10.29 (c) The augmentation provided by this subdivision applies to the benefit provided
10.30 in section 354A.35, subdivision 2. The augmentation provided by this subdivision does
10.31 not apply to any period in which a person is on an approved leave of absence from an
10.32 employer unit.

10.33 **EFFECTIVE DATE.** This section is effective July 1, 2010.

10.34 Sec. 12. Minnesota Statutes 2008, section 354A.37, subdivision 3, is amended to read:

11.1 Subd. 3. **Computation of refund amount.** A former coordinated member of the
11.2 St. Paul Teachers Retirement Fund Association who qualifies for a refund pursuant to
11.3 under subdivision 1 shall receive a refund equal to the amount of the former coordinated
11.4 member's accumulated employee contributions with interest at the rate of six percent per
11.5 annum compounded annually. A former coordinated member of the Duluth Teachers
11.6 Retirement Fund Association who qualifies for a refund under subdivision 1 shall receive
11.7 a refund equal to the amount of the former coordinated member's accumulated employee
11.8 contributions with interest at the rate of six percent per annum compounded annually to
11.9 July 1, 2010, and four percent per annum compounded annually thereafter.

11.10 **EFFECTIVE DATE.** This section is effective July 1, 2010.

11.11 Sec. 13. Minnesota Statutes 2008, section 354A.37, subdivision 4, is amended to read:

11.12 Subd. 4. **Certain refunds at normal retirement age.** Any coordinated member
11.13 who has attained the normal retirement age with less than ten years of allowable service
11.14 credit and has terminated active teaching service shall be entitled to a refund in lieu of
11.15 a proportionate annuity pursuant to section 356.32. The refund for a member of the St.
11.16 Paul Teachers Retirement Fund Association shall be equal to the coordinated member's
11.17 accumulated employee contributions plus interest at the rate of six percent compounded
11.18 annually. The refund for a member of the Duluth Teachers Retirement Fund Association
11.19 shall be equal to the coordinated member's accumulated employee contributions plus
11.20 interest at the rate of six percent compounded annually to July 1, 2010, and four percent
11.21 per annum compounded annually thereafter.

11.22 **EFFECTIVE DATE.** This section is effective July 1, 2010.

11.23 Sec. 14. Minnesota Statutes 2008, section 356.47, subdivision 3, is amended to read:

11.24 Subd. 3. **Payment.** (a) Beginning one year after the reemployment withholding
11.25 period ends relating to the reemployment that gave rise to the limitation, and the filing
11.26 of a written application, the retired member is entitled to the payment, in a lump sum,
11.27 of the value of the person's amount under subdivision 2, plus interest at the compound
11.28 annual rate of six percent from the date that the amount was deducted from the retirement
11.29 annuity to the date of payment. For a retired member of the Duluth Teachers Retirement
11.30 Fund Association, there shall be no interest accrual on the value of the person's account
11.31 under subdivision 2 after June 30, 2010.

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

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

12.5 (d) In lieu of the direct payment of the person's amount under subdivision 2, on
12.6 or after the payment date under paragraph (a), if the federal Internal Revenue Code so
12.7 permits, the retired member may elect to have all or any portion of the payment amount
12.8 under this section paid in the form of a direct rollover to an eligible retirement plan as
12.9 defined in section 402(c) of the federal Internal Revenue Code that is specified by the
12.10 retired member. If the retired member dies with a balance remaining payable under this
12.11 section, the surviving spouse of the retired member, or if none, the deceased person's
12.12 designated beneficiary, or if none, the administrator of the deceased person's estate may
12.13 elect a direct rollover under this paragraph.

12.14 **EFFECTIVE DATE.** This section is effective July 1, 2010.

12.15 Sec. 15. **REPEALER.**

12.16 Minnesota Statutes 2008, section 354A.27, subdivision 1, is repealed.

12.17 **EFFECTIVE DATE.** This section is effective July 1, 2010.