

1.1 moves to amend S.F. No. 2573; H.F. No. 2953, as follows:

1.2 Delete everything after the enacting clause and insert:

1.3 "Section 1. Minnesota Statutes 2008, section 3A.02, subdivision 4, is amended to read:

1.4 Subd. 4. **Deferred annuities augmentation.** (a) The deferred retirement allowance
1.5 of any former legislator must be augmented as provided herein.

1.6 (b) The required reserves applicable to the deferred retirement allowance,
1.7 determined as of the date the benefit begins to accrue using an appropriate mortality table
1.8 and an interest assumption of six percent, must be augmented from the first of the month
1.9 following the termination of active service, or July 1, 1973, whichever is later, to the first
1.10 day of the month in which the allowance begins to accrue, at the following annually
1.11 compounded rate or rates:

1.12 (1) five percent until January 1, 1981;

1.13 (2) three percent from January 1, 1981, or from the first day of the month following
1.14 the termination of active service, whichever is later, until January 1 of the year in which
1.15 the former legislator attains age 55 or until January 1, 2011, whichever is earlier; ~~and~~

1.16 (3) five percent from the period end date under clause (2) ~~to~~ until the effective date
1.17 of retirement or until January 1, 2011, whichever is earlier; and

1.18 (4) two percent after December 31, 2010.

1.19 Sec. 2. Minnesota Statutes 2008, section 352.113, subdivision 1, is amended to read:

1.20 Subdivision 1. **Age and service requirements.** (a) An employee covered by the
1.21 system, who is less than normal retirement age and who becomes totally and permanently
1.22 disabled after three or more years of allowable service if employed before July 1, 2010, or
1.23 after five or more years of allowable service if employed after June 30, 2010, is entitled to
1.24 a disability benefit in an amount provided in subdivision 3.

1.25 (b) If the disabled employee's state service has terminated at any time, the employee
1.26 must have at least two years of allowable service after last becoming a state employee
1.27 covered by the system.

1.28 (c) Refunds may be repaid under section 352.23 before the effective accrual date of
1.29 the disability benefit under subdivision 2.

1.30 Sec. 3. Minnesota Statutes 2008, section 352.115, subdivision 1, is amended to read:

1.31 Subdivision 1. **Age and service requirements.** After separation from state service,
1.32 any employee (1) who has attained the age of at least 55 years and who is entitled to
1.33 credit for at least three years allowable service if employed before July 1, 2010, or after
1.34 five or more years of allowable service if employed after June 30, 2010, or (2) who has

2.1 received credit for at least 30 years allowable service regardless of age, is entitled upon
2.2 application to a retirement annuity.

2.3 Sec. 4. Minnesota Statutes 2008, section 352.12, subdivision 2, is amended to read:

2.4 Subd. 2. **Surviving spouse benefit.** (a) If an employee or former employee has
2.5 credit for at least three years allowable service if the employee was employed before July
2.6 1, 2010, or for at least five years of allowable service if the employee was employed
2.7 after June 30, 2010, and dies before an annuity or disability benefit has become payable,
2.8 notwithstanding any designation of beneficiary to the contrary, the surviving spouse of the
2.9 employee may elect to receive, in lieu of the refund with interest under subdivision 1, an
2.10 annuity equal to the joint and 100 percent survivor annuity which the employee or former
2.11 employee could have qualified for on the date of death.

2.12 (b) If the employee was under age 55 and has credit for at least 30 years of allowable
2.13 service on the date of death, the surviving spouse may elect to receive a 100 percent joint
2.14 and survivor annuity based on the age of the employee and surviving spouse on the date
2.15 of death. The annuity is payable using the full early retirement reduction under section
2.16 352.116, subdivision 1, paragraph (a), to age 55 and one-half of the early retirement
2.17 reduction from age 55 to the age payment begins.

2.18 (c) If the employee was under age 55 and has credit for at least three years of
2.19 allowable service credit on the date of death if the employee was employed before July 1,
2.20 2010, or for at least five years of allowable service if the employee was employed after
2.21 June 30, 2010, but did not yet qualify for retirement, the surviving spouse may elect
2.22 to receive a 100 percent joint and survivor annuity based on the age of the employee
2.23 and surviving spouse at the time of death. The annuity is payable using the full early
2.24 retirement reduction under section 352.116, subdivision 1 or 1a, to age 55 and one-half of
2.25 the early retirement reduction from age 55 to the age payment begins.

2.26 (d) The surviving spouse eligible for benefits under paragraph (a) may apply for the
2.27 annuity at any time after the date on which the employee or former employee would
2.28 have attained the required age for retirement based on the allowable service earned.
2.29 The surviving spouse eligible for surviving spouse benefits under paragraph (b) or (c)
2.30 may apply for the annuity at any time after the employee's death. The annuity must be
2.31 computed under sections 352.115, subdivisions 1, 2, and 3, and 352.116, subdivisions 1,
2.32 1a, and 3. Sections 352.22, subdivision 3, and 352.72, subdivision 2, apply to a deferred
2.33 annuity or surviving spouse benefit payable under this subdivision. The annuity must cease
2.34 with the last payment received by the surviving spouse in the lifetime of the surviving
2.35 spouse, or upon expiration of a term certain benefit payment to a surviving spouse under

3.1 subdivision 2a. An amount equal to the excess, if any, of the accumulated contributions
3.2 credited to the account of the deceased employee in excess of the total of the benefits paid
3.3 and payable to the surviving spouse must be paid to the deceased employee's or former
3.4 employee's last designated beneficiary or, if none, as specified under subdivision 1.

3.5 (e) Any employee or former employee may request in writing, with the signed
3.6 consent of the spouse, that this subdivision not apply and that payment be made only to a
3.7 designated beneficiary as otherwise provided by this chapter.

3.8 Sec. 5. Minnesota Statutes 2008, section 352.22, subdivision 2, is amended to read:

3.9 Subd. 2. **Amount of refund.** Except as provided in subdivision 3, the refund
3.10 payable to a person who ceased to be a state employee by reason of a termination of state
3.11 service is an amount equal to employee accumulated contributions plus interest at the rate
3.12 of six percent per year compounded daily from the date that the contribution was made
3.13 until June 30, 2011, or until the date on which the refund is paid, whichever is earlier, and
3.14 at the rate of four percent per year compounded daily from the date that the contribution
3.15 was made or from July 1, 2011, whichever is later, until the date on which the refund is
3.16 paid. Included with the refund is any interest paid as part of repayment of a past refund,
3.17 plus interest thereon from the date of repayment.

3.18 Sec. 6. Minnesota Statutes 2008, section 352.22, subdivision 3, is amended to read:

3.19 Subd. 3. **Deferred annuity.** (a) An employee who has at least three years of
3.20 allowable service if employed before July 1, 2010, or who has at least five years of
3.21 allowable service if employed after June 30, 2010, when termination occurs may elect
3.22 to leave the accumulated contributions in the fund and thereby be entitled to a deferred
3.23 retirement annuity. The annuity must be computed under the law in effect when state
3.24 service terminated, on the basis of the allowable service credited to the person before
3.25 the termination of service.

3.26 (b) An employee on layoff or on leave of absence without pay, except a leave of
3.27 absence for health reasons, and who does not return to state service must have an annuity,
3.28 deferred annuity, or other benefit to which the employee may become entitled computed
3.29 under the law in effect on the employee's last working day.

3.30 (c) No application for a deferred annuity may be made more than 60 days before
3.31 the time the former employee reaches the required age for entitlement to the payment of
3.32 the annuity. The deferred annuity begins to accrue no earlier than 60 days before the date
3.33 the application is filed in the office of the system, but not (1) before the date on which
3.34 the employee reaches the required age for entitlement to the annuity nor (2) before the

4.1 day following the termination of state service in a position which is not covered by the
4.2 retirement system.

4.3 (d) Application for the accumulated contributions left on deposit with the fund may
4.4 be made at any time following the date of the termination of service.

4.5 Sec. 7. Minnesota Statutes 2008, section 352.72, subdivision 1, is amended to read:

4.6 Subdivision 1. **Entitlement to annuity.** (a) Any person who has been an employee
4.7 covered by a retirement system listed in paragraph (b) is entitled when qualified to an
4.8 annuity from each fund if total allowable service in all funds or in any two of these funds
4.9 totals three or more years if employed before July 1, 2010, or totals five or more years
4.10 if employed after June 30, 2010.

4.11 (b) This section applies to the Minnesota State Retirement System, the Public
4.12 Employees Retirement Association including the Public Employees Retirement
4.13 Association police and fire fund, the Teachers Retirement Association, the State Patrol
4.14 Retirement Association, or any other public employee retirement system in the state with
4.15 a similar provision, except as noted in paragraph (c).

4.16 (c) This section does not apply to other funds providing benefits for police officers
4.17 or firefighters.

4.18 (d) No portion of the allowable service upon which the retirement annuity from
4.19 one fund is based shall be again used in the computation for benefits from another fund.
4.20 No refund may have been taken from any one of these funds since service entitling the
4.21 employee to coverage under the system or the employee's membership in any of the
4.22 associations last terminated. The annuity from each fund must be determined by the
4.23 appropriate provisions of the law except that the requirement that a person must have at
4.24 least ~~three~~ a specific number of years of allowable service in the respective system or
4.25 association does not apply for the purposes of this section if the combined service in two
4.26 or more of these funds equals ~~three or more years~~ at least the longest period of allowable
4.27 service of any of the applicable retirement plans.

4.28 Sec. 8. Minnesota Statutes 2008, section 352.72, subdivision 2, is amended to read:

4.29 Subd. 2. **Computation of deferred annuity.** (a) The deferred annuity, if any,
4.30 accruing under subdivision 1, or section 352.22, subdivision 3, must be computed as
4.31 provided in section 352.22, subdivision 3, on the basis of allowable service before
4.32 termination of state service and augmented as provided herein. The required reserves
4.33 applicable to a deferred annuity or to an annuity for which a former employee was eligible
4.34 but had not applied or to any deferred segment of an annuity must be determined as of

5.1 the date the benefit begins to accrue and augmented by interest compounded annually
5.2 from the first day of the month following the month in which the employee ceased to be
5.3 a state employee, or July 1, 1971, whichever is later, to the first day of the month in
5.4 which the annuity begins to accrue. The rates of interest used for this purpose must be
5.5 five percent compounded annually until January 1, 1981, and three percent compounded
5.6 annually thereafter until January 1 of the year following the year in which the former
5.7 employee attains age 55 or until January 1, 2011, whichever is earlier, and from ~~that date~~
5.8 the January 1 next following the attainment of age 55 to the effective date of retirement or
5.9 until January 1, 2011, whichever is earlier, ~~the rate is~~ five percent compounded annually if
5.10 the employee became an employee before July 1, 2006, ~~and at~~ 2.5 percent compounded
5.11 annually until January 1, 2011, if the employee becomes an employee after June 30, 2006,
5.12 and two percent compounded annually after December 31, 2010, irrespective of when the
5.13 employee became a state employee. If a person has more than one period of uninterrupted
5.14 service, the required reserves related to each period must be augmented by interest under
5.15 this subdivision. The sum of the augmented required reserves so determined is the present
5.16 value of the annuity. "Uninterrupted service" for the purpose of this subdivision means
5.17 periods of covered employment during which the employee has not been separated from
5.18 state service for more than two years. If a person repays a refund, the service restored by
5.19 the repayment must be considered continuous with the next period of service for which the
5.20 employee has credit with this system. The formula percentages used for each period of
5.21 uninterrupted service must be those applicable to a new employee. The mortality table
5.22 and interest assumption used to compute the annuity must be those in effect when the
5.23 employee files application for annuity. This section does not reduce the annuity otherwise
5.24 payable under this chapter.

5.25 (b) The retirement annuity or disability benefit of, or the survivor benefit payable on
5.26 behalf of, a former state employee who terminated service before July 1, 1997, which is
5.27 not first payable until after June 30, 1997, must be increased on an actuarial equivalent
5.28 basis to reflect the change in the postretirement interest rate actuarial assumption under
5.29 section 356.215, subdivision 8, from five percent to six percent under a calculation
5.30 procedure and the tables adopted by the board and approved by the actuary retained under
5.31 section 356.214.

5.32 Sec. 9. Minnesota Statutes 2009 Supplement, section 352.75, subdivision 4, is
5.33 amended to read:

5.34 Subd. 4. **Existing deferred retirees.** Any former member of the former
5.35 Metropolitan Transit Commission-Transit Operating Division employees retirement

6.1 fund is entitled to a retirement annuity from the Minnesota State Retirement System if
6.2 the employee:

6.3 (1) is not an active employee of the Transit Operating Division of the former
6.4 Metropolitan Transit Commission on July 1, 1978; (2) has at least ten years of active
6.5 continuous service with the Transit Operating Division of the former Metropolitan
6.6 Transit Commission as defined by the former Metropolitan Transit Commission-Transit
6.7 Operating Division employees retirement plan document in effect on December 31, 1977;
6.8 (3) has not received a refund of contributions; (4) has not retired or begun receiving an
6.9 annuity or benefit from the former Metropolitan Transit Commission-Transit Operating
6.10 Division employees retirement fund; (5) is at least 55 years old; and (6) submits a valid
6.11 application for a retirement annuity to the executive director of the Minnesota State
6.12 Retirement System.

6.13 The person is entitled to a retirement annuity in an amount equal to the normal
6.14 old age retirement allowance calculated under the former Metropolitan Transit
6.15 Commission-Transit Operating Division employees retirement fund plan document in
6.16 effect on December 31, 1977, subject to an early retirement reduction or adjustment in
6.17 amount on account of retirement before the normal retirement age specified in that former
6.18 Metropolitan Transit Commission-Transit Operating Division employees retirement fund
6.19 plan document.

6.20 The deferred retirement annuity of any person to whom this subdivision applies
6.21 must be augmented. The required reserves applicable to the deferred retirement annuity,
6.22 determined as of the date the allowance begins to accrue using an appropriate mortality
6.23 table and an interest assumption of five percent, must be augmented by interest at the
6.24 rate of five percent per year compounded annually from January 1, 1978, to January 1,
6.25 1981, ~~and~~ three percent per year compounded annually from January 1, 1981, until the
6.26 date that the annuity begins to accrue or June 30, 2010, whichever is earlier, and two
6.27 percent after June 30, 2010, to the first day of the month in which the annuity begins to
6.28 accrue. After the commencement of the retirement annuity, the annuity is eligible for
6.29 postretirement adjustments under section 356.415. On applying for a retirement annuity
6.30 under this subdivision, the person is entitled to elect a joint and survivor optional annuity
6.31 under section 352.116, subdivision 3.

6.32 Sec. 10. Minnesota Statutes 2008, section 352.93, subdivision 1, is amended to read:

6.33 Subdivision 1. **Basis of annuity; when to apply.** After separation from state
6.34 service, an employee covered under section 352.91 who has reached age 55 years and has
6.35 credit for at least three years of covered correctional service or a combination of covered

7.1 correctional service and general state employees ~~state~~ retirement plan allowable service
7.2 if first employed as a state employee before July 1, 2010, or has credit for at least ten
7.3 years of covered correctional service or a combination of covered correctional service
7.4 and general state employees retirement plan allowable service if first employed as a state
7.5 employee after June 30, 2010, is entitled upon application to a retirement annuity under
7.6 this section, based only on covered correctional employees' service. Application may be
7.7 made no earlier than 60 days before the date the employee is eligible to retire by reason of
7.8 both age and service requirements.

7.9 Sec. 11. Minnesota Statutes 2008, section 352.93, subdivision 2a, is amended to read:

7.10 Subd. 2a. **Early retirement.** Any covered correctional employee who becomes at
7.11 least 50 years old and who has at least three years of allowable service if first employed
7.12 as a correctional state employee before July 1, 2010, or has credit for at least ten years
7.13 of allowable service if first employed as a correctional state employee after June 30,
7.14 2010, is entitled upon application to a reduced retirement annuity equal to the annuity
7.15 calculated under subdivision 2, reduced by two-tenths of one percent for each month that
7.16 the correctional employee is under age 55 at the time of retirement if first employed as
7.17 a correctional state employee before July 1, 2010, and if retired before July 1, 2015, or
7.18 reduced by 0.417 percent for each month that the correctional employee is under age 55
7.19 at the time of retirement if first employed as a correctional state employee after June 30,
7.20 2010, or if first employed as a correctional state employee before July 1, 2010, and if
7.21 retired after June 30, 2015.

7.22 Sec. 12. Minnesota Statutes 2008, section 352.93, subdivision 3a, is amended to read:

7.23 Subd. 3a. **Optional annuities.** The board may establish optional annuity forms to
7.24 pay a higher amount from the date of retirement until an employee is first eligible to draw
7.25 Social Security benefits, reaches age 65, or up to reaches the age the employee is eligible
7.26 to receive unreduced Social Security benefits, at which time the monthly benefits must be
7.27 reduced. The optional annuity forms must be actuarially equivalent to the normal single
7.28 life annuity form provided in subdivision 2. The optional annuity forms must be ~~approved~~
7.29 certified as actuarially equivalent by the actuary retained under section 356.214.

7.30 Sec. 13. Minnesota Statutes 2008, section 352.931, subdivision 1, is amended to read:

7.31 Subdivision 1. **Surviving spouse benefit.** (a) If the correctional employee was at
7.32 least age 50, has credit for at least three years of allowable service if first employed as
7.33 a correctional state employee before July 1, 2010, or has credit for at least ten years of

8.1 allowable service if first employed as a correctional state employee after June 30, 2010,
8.2 and dies before an annuity or disability benefit has become payable, notwithstanding any
8.3 designation of beneficiary to the contrary, the surviving spouse of the employee may
8.4 elect to receive, in lieu of the refund under section 352.12, subdivision 1, an annuity for
8.5 life equal to the joint and 100 percent survivor annuity which the employee could have
8.6 qualified for had the employee terminated service on the date of death. The election
8.7 may be made at any time after the date of death of the employee. The surviving spouse
8.8 benefit begins to accrue as of the first of the month next following the date on which
8.9 the application for the benefit was filed.

8.10 (b) If the employee was under age 50, dies, and had credit for at least three years
8.11 of allowable service ~~credit~~ on the date of death if first employed as a correctional state
8.12 employee before July 1, 2010, or had credit for at least ten years of allowable service on
8.13 the date of death if first employed as a correctional state employee after June 30, 2010, but
8.14 did not yet qualify for retirement, the surviving spouse may elect to receive a 100 percent
8.15 joint and survivor annuity based on the age of the employee and surviving spouse at the
8.16 time of death. The annuity is payable using the early retirement reduction under section
8.17 352.93, subdivision 2a, to age 50, and one-half of the early retirement reduction from age
8.18 50 to the age payment begins. The surviving spouse eligible for surviving spouse benefits
8.19 under this paragraph may apply for the annuity at any time after the employee's death.
8.20 Sections 352.22, subdivision 3, and 352.72, subdivision 2, apply to a deferred annuity or
8.21 surviving spouse benefit payable under this subdivision.

8.22 (c) The annuity must cease with the last payment received by the surviving spouse
8.23 in the lifetime of the surviving spouse. Any employee may request in writing, with the
8.24 signed consent of the spouse, that this subdivision not apply and that payment be made
8.25 only to a designated beneficiary as otherwise provided by this chapter.

8.26 Sec. 14. Minnesota Statutes 2009 Supplement, section 352.95, subdivision 2, is
8.27 amended to read:

8.28 Subd. 2. **Regular disability; computation of benefit.** A covered correctional
8.29 employee who was hired before July 1, 2009, after rendering at least one year of covered
8.30 correctional service, or a covered correctional employee who was first hired after June
8.31 30, 2009, after rendering at least three years of covered correctional plan service if first
8.32 employed as a correctional state employee before July 1, 2010, or after rendering at least
8.33 ten years of covered correctional plan service if first employed as a correctional state
8.34 employee after June 30, 2010, and who is determined to have a regular disability, physical
8.35 or psychological, as defined under section 352.01, subdivision 17c, is entitled to a regular

9.1 disability benefit. The regular disability benefit must be based on covered correctional
 9.2 service only. The regular disability benefit must be computed as provided in section
 9.3 352.93, subdivisions 1 and 2. The regular disability benefit of a covered correctional
 9.4 employee who was first hired before July 1, 2009, and who is determined to have a regular
 9.5 disability, physical or psychological, under this subdivision must be computed as though
 9.6 the employee had at least 15 years of covered correctional service.

9.7 Sec. 15. Minnesota Statutes 2008, section 352B.02, as amended by Laws 2009, chapter
 9.8 101, article 2, section 109; and chapter 169, article 1, section 23; article 2, section 16; and
 9.9 article 4, sections 3 and 4, is amended to read:

9.10 **352B.02 STATE PATROL RETIREMENT FUND.**

9.11 Subdivision 1. **Fund created; membership.** A State Patrol retirement fund
 9.12 is established. Its membership consists of all persons defined in section 352B.011,
 9.13 subdivision 10.

9.14 Subd. 1a. **Member contributions.** (a) The member contribution is ~~10.40 percent~~
 9.15 the following percentage of the member's salary:-

9.16	<u>(1) before the first day of the first pay</u>	
9.17	<u>period beginning after July 1, 2011</u>	<u>10.40 percent</u>
9.18	<u>(2) on or after the first day of the first</u>	
9.19	<u>pay period beginning after July 1, 2011</u>	<u>11.20 percent</u>

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

9.22 Subd. 1b. **Salary deductions.** Member contribution amounts must be deducted each
 9.23 pay period by the department head, who shall have the total amount of the deductions paid
 9.24 to the commissioner of management and budget for deposit in the State Patrol retirement
 9.25 fund, and have a detailed report of all deductions made each pay period to the executive
 9.26 director of the Minnesota State Retirement System.

9.27 Subd. 1c. **Employer contributions.** (a) In addition to member contributions,
 9.28 department heads shall pay a sum equal to ~~15.60 percent~~ the specified percentage of the
 9.29 salary upon which deductions were made, which constitutes the employer contribution
 9.30 to the fund- as follows:

9.31	<u>(1) before the first day of the first pay</u>	
9.32	<u>period beginning after July 1, 2011</u>	<u>15.60 percent</u>
9.33	<u>(2) on or after the first day of the first</u>	
9.34	<u>pay period beginning after July 1, 2011</u>	<u>16.80 percent</u>

9.35 (b) Department contributions must be paid out of money appropriated to departments
 9.36 for this purpose.

10.1 Subd. 1d. **Additional employer contributions.** (a) In addition to the regular
10.2 employer contribution under subdivision 1c, department heads shall pay a sum equal to
10.3 ten percent of the salary upon which member contribution deductions were made, which is
10.4 the additional employer contribution to the fund.

10.5 (b) Department additional employer contributions must be paid from departmental
10.6 appropriations or revenue.

10.7 ~~Subd. 1d~~ 1e. **Fund revenue and expenses.** The amounts provided for in this section
10.8 must be credited to the State Patrol retirement fund. All money received must be deposited
10.9 by the commissioner of management and budget in the State Patrol retirement fund. The
10.10 fund must be used to pay the administrative expenses of the retirement fund, and the
10.11 benefits and annuities provided in this chapter.

10.12 ~~Subd. 1e~~ 1f. **Audit; regular actuarial valuation; supplemental valuations.** (a)
10.13 The legislative auditor shall audit the fund.

10.14 (b) Any actuarial valuation of the fund required under section 356.215 must be
10.15 prepared by the actuary retained under section 356.214.

10.16 (c) Any approved actuary retained by the executive director under section 352.03,
10.17 subdivision 6, may perform actuarial valuations and experience studies to supplement
10.18 those performed by the actuary retained under section 356.214. Any supplemental
10.19 actuarial valuation or experience studies must be filed with the executive director of the
10.20 Legislative Commission on Pensions and Retirement.

10.21 Sec. 16. Minnesota Statutes 2008, section 352B.08, subdivision 1, is amended to read:

10.22 Subdivision 1. **Eligibility; when to apply; accrual.** (a) Every member who is
10.23 credited with three or more years of allowable service if first employed before July 1,
10.24 2010, or with at least five years of allowable service if first employed after June 30, 2010,
10.25 is entitled to separate from state service and upon becoming 50 years old, is entitled to
10.26 receive a life annuity, upon separation from state service.

10.27 (b) Members ~~shall~~ must apply for an annuity in a form and manner prescribed by the
10.28 executive director.

10.29 (c) No application may be made more than 90 days before the date the member is
10.30 eligible to retire by reason of both age and service requirements.

10.31 (d) An annuity begins to accrue no earlier than 180 days before the date the
10.32 application is filed with the executive director.

10.33 Sec. 17. Minnesota Statutes 2008, section 352B.08, subdivision 2a, is amended to read:

11.1 Subd. 2a. **Early retirement.** Any member who has become at least 50 years old and
11.2 who has at least three years of allowable service if first employed before July 1, 2010, or
11.3 who has at least five years of allowable service if first employed after June 30, 2010, is
11.4 entitled upon application to a reduced retirement annuity equal to the annuity calculated
11.5 under subdivision 2, reduced by one-tenth of one percent for each month that the member
11.6 is under age 55 at the time of retirement if first employed before July 1, 2010, or reduced
11.7 by two-tenths of one percent for each month that the member is under age 55 at the time of
11.8 retirement if first employed after June 30, 2010.

11.9 Sec. 18. Minnesota Statutes 2008, section 352B.11, subdivision 2b, is amended to read:

11.10 Subd. 2b. **Surviving spouse benefit eligibility.** (a) If an active member with three or
11.11 more years of allowable service if first employed before July 1, 2010, or with at least five
11.12 years of allowable service if first employed after June 30, 2010, dies before attaining age
11.13 55, the surviving spouse is entitled to the benefit specified in subdivision 2c, paragraph (b).

11.14 (b) If an active member with less than three years of allowable service if first
11.15 employed before July 1, 2010, or with fewer than five years of allowable service if first
11.16 employed after June 30, 2010, dies at any age, the surviving spouse is entitled to receive
11.17 the benefit specified in subdivision 2c, paragraph (c).

11.18 (c) If an active member with three or more years of allowable service if first
11.19 employed before July 1, 2010, or with at least five years of allowable service if first
11.20 employed after June 30, 2010, dies on or after attaining exact age 55, the surviving spouse
11.21 is entitled to receive the benefits specified in subdivision 2c, paragraph (d).

11.22 (d) If a disabilitant dies while receiving a disability benefit under section 352B.10 or
11.23 before the benefit under that section commenced, and an optional annuity was not elected
11.24 under section 352B.10, subdivision 5, the surviving spouse is entitled to receive the benefit
11.25 specified in subdivision 2c, paragraph (b).

11.26 (e) If a former member with three or more years of allowable service if first
11.27 employed before July 1, 2010, or with at least five years of allowable service if first
11.28 employed after June 30, 2010, who terminated from service and has not received a refund
11.29 or commenced receipt of any other benefit provided by this chapter, dies, the surviving
11.30 spouse is entitled to receive the benefit specified in subdivision 2c, paragraph (e).

11.31 (f) If a former member with less than three years of allowable service if first
11.32 employed before July 1, 2010, or with fewer than five years of allowable service if first
11.33 employed after June 30, 2010, who terminated from service and has not received a refund
11.34 or commenced receipt of any other benefit, if applicable, provided by this chapter, dies, the
11.35 surviving spouse is entitled to receive the refund specified in subdivision 2c, paragraph (f).

12.1 Sec. 19. Minnesota Statutes 2008, section 352B.30, subdivision 1, is amended to read:

12.2 Subdivision 1. **Entitlement to annuity.** Any person who has been an employee
12.3 covered by the Minnesota State Retirement System, or a member of the Public Employees
12.4 Retirement Association including the Public Employees Retirement Association Police
12.5 and Fire Fund, or the Teachers Retirement Association, or the State Patrol retirement fund,
12.6 or any other public employee retirement system in Minnesota having a like provision but
12.7 excluding all other funds providing benefits for police or firefighters is entitled when
12.8 qualified to an annuity from each fund if total allowable service in all funds or in any two
12.9 of these funds totals ~~three or more~~ the number of years of allowable service required by
12.10 the applicable retirement plan with the longest vesting period for the person. No part of
12.11 the allowable service upon which the retirement annuity from one fund is based may
12.12 again be used in the computation for benefits from another fund. The member must not
12.13 have taken a refund from any one of these funds since service entitling the member to
12.14 coverage under the system or membership in any of the associations last terminated.
12.15 The annuity from each fund must be determined by the appropriate law except that the
12.16 requirement that a person must have at least ~~three~~ a specific number of years allowable
12.17 service in the respective system or association does not apply for the purposes of this
12.18 section if the combined service in two or more of these funds equals ~~three or more~~ the
12.19 number of years of allowable service required by the applicable retirement plan with
12.20 the longest vesting period for the person.

12.21 Sec. 20. Minnesota Statutes 2008, section 352B.30, subdivision 2, is amended to read:

12.22 Subd. 2. **Computation of deferred annuity.** Deferred annuities must be computed
12.23 according to this chapter on the basis of allowable service before termination of service
12.24 and augmented as provided in this chapter. The required reserves applicable to a deferred
12.25 annuity must be augmented by interest compounded annually from the first day of the
12.26 month following the month in which the member terminated service, or July 1, 1971,
12.27 whichever is later, to the first day of the month in which the annuity begins to accrue. The
12.28 rates of interest used for this purpose ~~shall~~ must be five percent per year compounded
12.29 annually until January 1, 1981, ~~and after that date~~ three percent per year compounded
12.30 annually after January 1, 1981, until January 1, 2011, if the employee became an employee
12.31 before July 1, 2006, and at 2.5 percent compounded annually if the employee becomes
12.32 an employee after June 30, 2006, and two percent per year compounded annually after
12.33 December 31, 2010, irrespective of when the employee was first employed. The mortality
12.34 table and interest assumption used to compute the annuity ~~shall~~ must be those in effect
12.35 when the member files application for annuity.

13.1 Sec. 21. Minnesota Statutes 2008, section 352F.07, is amended to read:

13.2 **352F.07 EFFECT ON REFUND.**

13.3 Notwithstanding any provision of chapter 352 to the contrary, terminated hospital
13.4 employees may receive a refund of employee accumulated contributions plus interest
13.5 ~~at the rate of six percent per year compounded annually~~ in accordance with ~~Minnesota~~
13.6 ~~Statutes 1994~~, section 352.22, subdivision 2, at any time after the transfer of employment
13.7 to Fairview, University of Minnesota Physicians, or University Affiliated Family
13.8 Physicians. If a terminated hospital employee has received a refund from a pension plan
13.9 enumerated in section 356.30, subdivision 3, the person may not repay that refund unless
13.10 the person again becomes a member of one of those enumerated plans and complies
13.11 with section 356.30, subdivision 2.

13.12 Sec. 22. Minnesota Statutes 2008, section 353.01, is amended by adding a subdivision
13.13 to read:

13.14 Subd. 47. **Vesting.** (a) "Vesting" means obtaining a nonforfeitable entitlement
13.15 to an annuity or benefit from a retirement plan administered by the Public Employees
13.16 Retirement Association by having credit for sufficient allowable service under paragraph
13.17 (b) or (c), whichever applies.

13.18 (b) For purposes of qualifying for an annuity or benefit as a basic or coordinated plan
13.19 member of the general employees retirement plan of the Public Employees Retirement
13.20 Association:

13.21 (1) a member who first became a public employee before July 1, 2010, is vested
13.22 when the person has accrued credit for not less than three years of allowable service as
13.23 defined under subdivision 16; and

13.24 (2) a member who first becomes a public employee after June 30, 2010, is vested
13.25 when the person has accrued credit for not less than five years of allowable service
13.26 as defined under subdivision 16.

13.27 (c) For purposes of qualifying for an annuity or benefit as a member of the police
13.28 and fire plan or a member of the local government correctional employees retirement plan:

13.29 (1) a member who first became a public employee before July 1, 2010, is vested
13.30 when the person has accrued credit for not less than three years of allowable service as
13.31 defined under subdivision 16; and

13.32 (2) a member who first becomes a public employee after June 30, 2010, is vested
13.33 at the following percentages when the person has accrued credited allowable service as
13.34 defined under subdivision 16, as follows:

13.35 (i) 50 percent after five years;

- 14.1 (ii) 60 percent after six years;
- 14.2 (iii) 70 percent after seven years;
- 14.3 (iv) 80 percent after eight years;
- 14.4 (v) 90 percent after nine years; and
- 14.5 (vi) 100 percent after ten years.

14.6 Sec. 23. Minnesota Statutes 2009 Supplement, section 353.27, subdivision 2, is
 14.7 amended to read:

14.8 Subd. 2. **Employee contribution.** (a) For a basic member, the employee
 14.9 contribution is 9.10 percent of salary. For a coordinated member, the employee
 14.10 contribution is ~~six percent~~ the following percentage of salary plus any contribution rate
 14.11 adjustment under subdivision 3b:

14.12 <u>Effective before January 1, 2011</u>	<u>6.00</u>
14.13 <u>Effective after December 31, 2010</u>	<u>6.25</u>

14.14 (b) These contributions must be made by deduction from salary as defined in section
 14.15 353.01, subdivision 10, in the manner provided in subdivision 4. If any portion of a
 14.16 member's salary is paid from other than public funds, the member's employee contribution
 14.17 must be based on the total salary received by the member from all sources.

14.18 Sec. 24. Minnesota Statutes 2009 Supplement, section 353.27, subdivision 3, is
 14.19 amended to read:

14.20 Subd. 3. **Employer contribution.** (a) For a basic member, the employer
 14.21 contribution is 9.10 percent of salary. For a coordinated member, the employer
 14.22 contribution is ~~six percent~~ the following percentage of salary plus any contribution rate
 14.23 adjustment under subdivision 3b:

14.24 <u>Effective before January 1, 2011</u>	<u>6.00</u>
14.25 <u>Effective after December 31, 2010</u>	<u>6.25</u>

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

14.28 Sec. 25. Minnesota Statutes 2008, section 353.27, subdivision 3b, is amended to read:

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

14.30 (a) For purposes of this section:

- 14.31 (1) a contribution sufficiency exists if the total of the employee contribution under
 14.32 subdivision 2, the employer contribution under subdivision 3, the additional employer
 14.33 contribution under subdivision 3a, and any additional contribution previously imposed

15.1 under this subdivision exceeds the total of the normal cost, the administrative expenses,
 15.2 and the amortization contribution of the retirement plan as reported in the most recent
 15.3 actuarial valuation of the retirement plan prepared by the actuary retained under section
 15.4 356.214 and prepared under section 356.215 and the standards for actuarial work of the
 15.5 Legislative Commission on Pensions and Retirement. ~~For purposes of this section,; and~~

15.6 (2) a contribution deficiency exists if the total of the employee contributions under
 15.7 subdivision 2, the employer contributions under subdivision 3, the additional employer
 15.8 contribution under subdivision 3a, and any additional contribution previously imposed
 15.9 under this subdivision is less than the total of the normal cost, the administrative expenses,
 15.10 and the amortization contribution of the retirement plan as reported in the most recent
 15.11 actuarial valuation of the retirement plan prepared by the actuary retained under section
 15.12 356.214 and prepared under section 356.215 and the standards for actuarial work of the
 15.13 Legislative Commission on Pensions and Retirement.

15.14 (b) Employee and employer contributions under subdivisions 2 and 3 must be
 15.15 adjusted:

15.16 (1) if, on or after July 1, 2010, the regular actuarial ~~valuations~~ valuation of the
 15.17 general employees retirement plan of the Public Employees Retirement Association under
 15.18 section 356.215 ~~indicate~~ indicates that there is a contribution sufficiency under paragraph
 15.19 (a) ~~equal to or~~ greater than ~~0.5~~ one percent of covered payroll and that the sufficiency
 15.20 has existed for at least two consecutive years, the coordinated program employee and
 15.21 employer contribution rates must be decreased as determined under paragraph (c) to a
 15.22 level such that the sufficiency ~~equals~~ is no more greater than ~~0.25~~ one percent of covered
 15.23 payroll based on the most recent actuarial valuation; or

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

15.31 (c) ~~The contribution rate increase or decrease must be determined by the executive~~
 15.32 ~~director of the Public Employees Retirement Association, must be reported to the chair~~
 15.33 ~~and the executive director of the Legislative Commission on Pensions and Retirement~~
 15.34 ~~on or before the next February 1, and, if the Legislative Commission on Pensions and~~
 15.35 ~~Retirement does not recommend against the rate change or does not recommend a~~
 15.36 ~~modification in the rate change, is effective on the next July 1 following the determination~~

16.1 ~~by the executive director that a contribution deficiency or sufficiency has existed for~~
16.2 ~~two consecutive fiscal years based on the most recent actuarial valuations under section~~
16.3 ~~356.215. If the actuarially required contribution exceeds or is less than the total support~~
16.4 ~~provided by the combined employee and employer contribution rates under subdivisions~~
16.5 ~~2, 3, and 3a, by more than 0.5 one percent of covered payroll, the coordinated program~~
16.6 ~~employee and employer contribution rates under subdivisions 2 and 3 must be adjusted~~
16.7 ~~decreased incrementally over one or more years by no more than 0.25 percent of pay each~~
16.8 ~~for employee and employer matching contribution rates to a level such that there remains~~
16.9 ~~a contribution sufficiency of no more than 0.25 at least one percent of covered payroll. No~~
16.10 ~~contribution rate decrease may be made until at least two years have elapsed since any~~
16.11 ~~adjustment under this subdivision has been fully implemented.~~

16.12 (d) ~~No~~ If the actuarially required contribution exceeds the total support provided
16.13 by the combined employee and employer contribution rates under subdivisions 2, 3, and
16.14 3a, the employee and matching employer contribution rates must be increased equally to
16.15 eliminate that contribution deficiency. If the contribution deficiency is:

16.16 (1) less than two percent, the incremental adjustment increase may exceed be up
16.17 to 0.25 percent for either the coordinated program employee and matching employer
16.18 contribution rates per year in which any adjustment is implemented. A contribution rate
16.19 adjustment under this subdivision must not be made until at least two years have passed
16.20 since fully implementing a previous adjustment under this subdivision.

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

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

16.25 (e) Any recommended adjustment to the contribution rates must be reported
16.26 to the chair and the executive director of the Legislative Commission on Pensions
16.27 and Retirement by January 15 following receipt of the most recent annual actuarial
16.28 valuation prepared under section 356.215. If the Legislative Commission on Pensions
16.29 and Retirement does not recommend against the rate change or does not recommend a
16.30 modification in the rate change, the recommended adjustment becomes effective on the
16.31 first day of the first full payroll period in the fiscal year following receipt of the most
16.32 recent actuarial valuation that gave rise to the adjustment.

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

17.1 (g) Before any reduction in contributions to eliminate a sufficiency in excess of one
17.2 percent of covered pay may be recommended, the executive director must review any
17.3 need for a change in actuarial assumptions, as recommended by the actuary retained under
17.4 section 356.214 in the most recent experience study of the general employees retirement
17.5 plan prepared under section 356.215 and the standards for actuarial work promulgated by
17.6 the Legislative Commission on Pensions and Retirement that may result in an increase
17.7 in the actuarially required contribution and must report to the Legislative Commission
17.8 on Pensions and Retirement any recommendation by the board to use the sufficiency
17.9 exceeding one percent of covered payroll to offset the impact of an actuarial assumption
17.10 change recommended by the actuary retained under section 356.214, subdivision 1, and
17.11 reviewed by the actuary retained by the commission under section 356.214, subdivision 4.

17.12 (h) No contribution sufficiency in excess of one percent of covered pay may be
17.13 proposed to be used to increase benefits, and no benefit increase may be proposed that
17.14 would initiate an automatic adjustment to increase contributions under this subdivision.
17.15 Any proposed benefit improvement must include a recommendation, prepared by the
17.16 actuary retained under section 356.214, subdivision 1, and reviewed by the actuary
17.17 retained by the Legislative Commission on Pensions and Retirement as provided under
17.18 section 356.214, subdivision 4, on how the benefit modification will be funded.

17.19 Sec. 26. Minnesota Statutes 2008, section 353.29, subdivision 1, is amended to read:

17.20 Subdivision 1. **Age and allowable service requirements.** Upon termination of
17.21 membership, a person who has attained normal retirement age and who ~~received credit for~~
17.22 ~~not less than three years of allowable service~~ is vested under section 353.01, subdivision
17.23 47, is entitled upon application to a retirement annuity. The retirement annuity is known
17.24 as the "normal" retirement annuity.

17.25 Sec. 27. Minnesota Statutes 2008, section 353.30, subdivision 1c, is amended to read:

17.26 Subd. 1c. **Pre-July 1, 1989, members: early retirement.** Upon termination of
17.27 public service, a person who first became a public employee or a member of a pension
17.28 fund listed in section 356.30, subdivision 3, before July 1, 1989, who has become at least
17.29 55 years old but not normal retirement age, and ~~has received credit for at least three years~~
17.30 ~~of allowable service~~ is vested under section 353.01, subdivision 47, is entitled₂ upon
17.31 application₂ to a retirement annuity in an amount equal to the normal annuity provided in
17.32 section 353.29, subdivision 3, paragraph (a), reduced by one-quarter of one percent for
17.33 each month that the member is under normal retirement age at the time of retirement.

18.1 Sec. 28. Minnesota Statutes 2008, section 353.32, subdivision 1, is amended to read:

18.2 Subdivision 1. **Before retirement.** If a member or former member who terminated
18.3 public service dies before retirement or before receiving any retirement annuity and no
18.4 other payment of any kind is or may become payable to any person, a refund ~~shall be paid~~
18.5 is payable to the designated beneficiary or, if there be none, to the surviving spouse,
18.6 or, if none, to the legal representative of the decedent's estate. ~~Such~~ The refund ~~shall~~
18.7 must be in an amount equal to accumulated deductions plus annual compound interest
18.8 thereon at the rate of ~~six percent per annum compounded annually~~ specified in section
18.9 353.34, subdivision 2, and less the sum of any disability or survivor benefits, if any, that
18.10 may have been paid by the fund; provided that a survivor who has a right to benefits
18.11 ~~pursuant to~~ under section 353.31 may waive such benefits in writing, except such benefits
18.12 for a dependent child under the age of 18 years may only be waived ~~pursuant to~~ under an
18.13 order of the district court.

18.14 Sec. 29. Minnesota Statutes 2008, section 353.32, subdivision 1a, is amended to read:

18.15 Subd. 1a. **Surviving spouse optional annuity.** (a) If a member or former member
18.16 who ~~has credit for not less than three years of allowable service~~ is vested under section
18.17 353.01, subdivision 47, and who dies before the annuity or disability benefit begins to
18.18 accrue under section 353.29, subdivision 7, or 353.33, subdivision 2, notwithstanding any
18.19 designation of beneficiary to the contrary, the surviving spouse may elect to receive,
18.20 instead of a refund with interest under subdivision 1, or surviving spouse benefits otherwise
18.21 payable under section 353.31, an annuity equal to a 100 percent joint and survivor annuity
18.22 computed consistent with section 353.30, subdivision 1a, 1c, or 5, whichever is applicable.

18.23 (b) If a member first became a public employee or a member of a pension fund listed
18.24 in section 356.30, subdivision 3, before July 1, 1989, and has credit for at least 30 years
18.25 of allowable service on the date of death, the surviving spouse may elect to receive a
18.26 100 percent joint and survivor annuity computed using section 353.30, subdivision 1b,
18.27 except that the early retirement reduction under that provision will be applied from age
18.28 62 back to age 55 and one-half of the early retirement reduction from age 55 back to
18.29 the age payment begins.

18.30 (c) If a member who was under age 55 and ~~has credit for at least three years of~~
18.31 ~~allowable service~~ who is vested under section 353.01, subdivision 47, dies, but did not
18.32 qualify for retirement on the date of death, the surviving spouse may elect to receive a
18.33 100 percent joint and survivor annuity computed using section 353.30, subdivision 1c or
18.34 5, as applicable, except that the early retirement reduction specified in the applicable

19.1 subdivision will be applied to age 55 and one-half of the early retirement reduction from
19.2 age 55 back to the age payment begins.

19.3 (d) Notwithstanding the definition of surviving spouse in section 353.01, subdivision
19.4 20, a former spouse of the member, if any, is entitled to a portion of the monthly surviving
19.5 spouse optional annuity if stipulated under the terms of a marriage dissolution decree filed
19.6 with the association. If there is no surviving spouse or child or children, a former spouse
19.7 may be entitled to a lump-sum refund payment under subdivision 1, if provided for in a
19.8 marriage dissolution decree, but not a monthly surviving spouse optional annuity, despite
19.9 the terms of a marriage dissolution decree filed with the association.

19.10 (e) The surviving spouse eligible for surviving spouse benefits under paragraph (a)
19.11 may apply for the annuity at any time after the date on which the deceased employee
19.12 would have attained the required age for retirement based on the employee's allowable
19.13 service. The surviving spouse eligible for surviving spouse benefits under paragraph (b) or
19.14 (c) may apply for an annuity any time after the member's death.

19.15 (f) Sections 353.34, subdivision 3, and 353.71, subdivision 2, apply to a deferred
19.16 annuity or surviving spouse benefit payable under this subdivision.

19.17 (g) An amount equal to any excess of the accumulated contributions that were
19.18 credited to the account of the deceased employee over and above the total of the annuities
19.19 paid and payable to the surviving spouse must be paid to the surviving spouse's estate.

19.20 (h) A member may specify in writing, with the signed consent of the spouse, that
19.21 this subdivision does not apply and that payment may be made only to the designated
19.22 beneficiary as otherwise provided by this chapter. The waiver of a surviving spouse
19.23 annuity under this section does not make a dependent child eligible for benefits under
19.24 subdivision 1c.

19.25 (i) If the deceased member or former member first became a public employee or a
19.26 member of a public pension plan listed in section 356.30, subdivision 3, on or after July
19.27 1, 1989, a survivor annuity computed under paragraph (a) or (c) must be computed as
19.28 specified in section 353.30, subdivision 5, except for the revised early retirement reduction
19.29 specified in paragraph (c), if paragraph (c) is the applicable provision.

19.30 (j) For any survivor annuity determined under this subdivision, the payment is to be
19.31 based on the total allowable service that the member had accrued as of the date of death
19.32 and the age of the member and surviving spouse on that date.

19.33 Sec. 30. Minnesota Statutes 2009 Supplement, section 353.33, subdivision 1, is
19.34 amended to read:

20.1 Subdivision 1. **Age, service, and salary requirements.** (a) A coordinated or
20.2 basic member who ~~has at least three years of allowable service~~ is vested under section
20.3 353.01, subdivision 47, and who becomes totally and permanently disabled before normal
20.4 retirement age, upon application as defined under section 353.031, is entitled to a disability
20.5 benefit in an amount determined under subdivision 3.

20.6 (b) If the disabled person's public service has terminated at any time, at least two of
20.7 the ~~required three~~ years of allowable service required to be vested under section 353.01,
20.8 subdivision 47, must have been rendered after last becoming an active member.

20.9 Sec. 31. Minnesota Statutes 2008, section 353.34, subdivision 1, is amended to read:

20.10 Subdivision 1. **Refund or deferred annuity.** (a) A former member is entitled to
20.11 either a refund of accumulated employee deductions under subdivision 2, or to a deferred
20.12 annuity under subdivision 3. Application for a refund may not be made before the date of
20.13 termination of public service. Except as specified in paragraph (b), a refund must be paid
20.14 within 120 days following receipt of the application unless the applicant has again become
20.15 a public employee required to be covered by the association.

20.16 (b) If an individual was placed on layoff under section 353.01, subdivision 12 or 12c,
20.17 a refund is not payable before termination of service under section 353.01, subdivision 11a.

20.18 (c) An individual who terminates public service covered by the Public Employees
20.19 Retirement Association general employees retirement plan, the Public Employees
20.20 Retirement Association police and fire retirement plan, or the public employees local
20.21 government ~~corrections~~ correctional service retirement plan, and who is employed by a
20.22 different employer and who becomes an active member covered by one of the other two
20.23 plans, may receive a refund of employee contributions plus ~~six percent~~ annual compound
20.24 interest compounded annually from the plan from which the member terminated service at
20.25 the applicable rate specified in subdivision 2.

20.26 Sec. 32. Minnesota Statutes 2008, section 353.34, subdivision 2, is amended to read:

20.27 Subd. 2. **Refund with interest.** (a) Except as provided in subdivision 1, any person
20.28 who ceases to be a public employee ~~shall~~ is entitled to receive a refund in an amount equal
20.29 to accumulated deductions with annual compound interest to the first day of the month
20.30 in which the refund is processed ~~at the rate of six percent compounded annually based~~
20.31 ~~on fiscal year balances.~~

20.32 (b) For a person who ceases to be a public employee before July 1, 2011, the refund
20.33 interest is at the rate of six percent to June 30, 2011, and at the rate of four percent after

21.1 June 30, 2011. For a person who ceases to be a public employee after July 1, 2011, the
21.2 refund interest is at the rate of four percent.

21.3 (c) If a person repays a refund and subsequently applies for another refund, the
21.4 repayment amount, including interest, is added to the fiscal year balance in which the
21.5 repayment was made.

21.6 Sec. 33. Minnesota Statutes 2008, section 353.34, subdivision 3, is amended to read:

21.7 Subd. 3. **Deferred annuity; eligibility; computation.** (a) A member ~~with at least~~
21.8 ~~three years of allowable service~~ who is vested under section 353.01, subdivision 47, when
21.9 termination of public service or termination of membership occurs has the option of
21.10 leaving the accumulated deductions in the fund and being entitled to a deferred retirement
21.11 annuity commencing at normal retirement age or to a deferred early retirement annuity
21.12 under section 353.30, subdivision 1a, 1b, 1c, or 5.

21.13 (b) The deferred annuity must be computed under section 353.29, subdivision 3, on
21.14 the basis of the law in effect on the date of termination of public service or termination of
21.15 membership, whichever is earlier, and must be augmented as provided in section 353.71,
21.16 subdivision 2.

21.17 (c) A former member qualified to apply for a deferred retirement annuity may
21.18 revoke this option at any time before the commencement of deferred annuity payments
21.19 by making application for a refund. The person is entitled to a refund of accumulated
21.20 member contributions within 30 days following date of receipt of the application by the
21.21 executive director.

21.22 Sec. 34. Minnesota Statutes 2009 Supplement, section 353.65, subdivision 2, is
21.23 amended to read:

21.24 Subd. 2. **Employee contribution.** The employee contribution is 9.4 percent of the
21.25 salary of the member in calendar year 2010 and is 9.6 percent of the salary of the member
21.26 in each calendar year after 2010. This contribution must be made by deduction from
21.27 salary in the manner provided in subdivision 4. Where any portion of a member's salary
21.28 is paid from other than public funds, the member's employee contribution is based on
21.29 the total salary received from all sources.

21.30 Sec. 35. Minnesota Statutes 2009 Supplement, section 353.65, subdivision 3, is
21.31 amended to read:

21.32 Subd. 3. **Employer contribution.** The employer contribution is 14.1 percent of the
21.33 salary of the member in calendar year 2010 and is 14.4 percent of the salary of the member

22.1 in each calendar year after 2010. This contribution must be made from funds available to
22.2 the employing subdivision by the means and in the manner provided in section 353.28.

22.3 Sec. 36. Minnesota Statutes 2008, section 353.651, subdivision 1, is amended to read:

22.4 Subdivision 1. **Age and allowable service requirements.** Upon separation from
22.5 public service, any police officer or firefighter member who has attained the age of at
22.6 least 55 years and who ~~received credit for not less than three years of allowable service~~
22.7 is vested under section 353.01, subdivision 47, is entitled upon application to a retirement
22.8 annuity. ~~Such retirement annuity is,~~ known as the "normal" retirement annuity.

22.9 Sec. 37. Minnesota Statutes 2008, section 353.651, subdivision 4, is amended to read:

22.10 Subd. 4. **Early retirement.** (a) A person who becomes a police and fire plan
22.11 member after June 30, 2007, or a former member who is reinstated as a member of the
22.12 plan after that date, who is at least 50 years of age ~~with at least three years of allowable~~
22.13 ~~service and who is vested under section 353.01, subdivision 47,~~ upon the termination of
22.14 public service is entitled upon application to a retirement annuity equal to the normal
22.15 annuity calculated under subdivision 3, reduced by two-tenths of one percent for each
22.16 month that the member is under age 55 at the time of retirement.

22.17 (b) Upon the termination of public service, any police and fire plan member not
22.18 specified in paragraph (a), upon attaining at least 50 years of age with at least three years
22.19 of allowable service is entitled upon application to a retirement annuity equal to the
22.20 normal annuity calculated under subdivision 3, reduced by one-tenth of one percent for
22.21 each month that the member is under age 55 at the time of retirement.

22.22 Sec. 38. Minnesota Statutes 2008, section 353.657, subdivision 1, is amended to read:

22.23 Subdivision 1. **Generally.** (a) In the event that a member of the police and fire
22.24 fund dies from any cause before retirement or before becoming disabled and receiving
22.25 disability benefits, the association shall grant survivor benefits to a surviving spouse, as
22.26 defined in section 353.01, subdivision 20, and to a dependent child or children, as defined
22.27 in section 353.01, subdivision 15, except that if the death is not a line of duty death, the
22.28 member must ~~have accrued at least three years of credited service~~ be vested under section
22.29 353.01, subdivision 47.

22.30 (b) Notwithstanding the definition of surviving spouse, a former spouse of the
22.31 member, if any, is entitled to a portion of the monthly surviving spouse benefit if
22.32 stipulated under the terms of a marriage dissolution decree filed with the association. If
22.33 there is no surviving spouse or child or children, a former spouse may be entitled to

23.1 a lump-sum refund payment under section 353.32, subdivision 1, if provided for in a
23.2 marriage dissolution decree but not a monthly surviving spouse benefit despite the terms
23.3 of a marriage dissolution decree filed with the association.

23.4 (c) The spouse and child or children are entitled to monthly benefits as provided in
23.5 subdivisions 2 to 4.

23.6 Sec. 39. Minnesota Statutes 2008, section 353.657, subdivision 2a, is amended to read:

23.7 Subd. 2a. **Death while eligible survivor benefit.** (a) If a member or former member
23.8 who has attained the age of at least 50 years and ~~has credit for not less than three years~~
23.9 ~~allowable service~~ either who is vested under section 353.01, subdivision 47, or who has
23.10 credit for at least 30 years of allowable service, regardless of age attained, dies before
23.11 the annuity or disability benefit becomes payable, notwithstanding any designation of
23.12 beneficiary to the contrary, the surviving spouse may elect to receive a death while
23.13 eligible survivor benefit.

23.14 (b) Notwithstanding the definition of surviving spouse in section 353.01, subdivision
23.15 20, a former spouse of the member, if any, is entitled to a portion of the death while
23.16 eligible survivor benefit if stipulated under the terms of a marriage dissolution decree
23.17 filed with the association. If there is no surviving spouse or child or children, a former
23.18 spouse may be entitled to a lump-sum refund payment under section 353.32, subdivision
23.19 1, if provided for in a marriage dissolution decree but not a death while eligible survivor
23.20 benefit despite the terms of a marriage dissolution decree filed with the association.

23.21 (c) The benefit may be elected instead of a refund with interest under section 353.32,
23.22 subdivision 1, or surviving spouse benefits otherwise payable under subdivisions 1 and
23.23 2. The benefit must be an annuity equal to the 100 percent joint and survivor annuity
23.24 which the member could have qualified for on the date of death, computed as provided in
23.25 sections 353.651, subdivisions 2 and 3, and 353.30, subdivision 3.

23.26 (d) The surviving spouse may apply for the annuity at any time after the date
23.27 on which the deceased employee would have attained the required age for retirement
23.28 based on the employee's allowable service. Sections 353.34, subdivision 3, and 353.71,
23.29 subdivision 2, apply to a deferred annuity payable under this subdivision.

23.30 (e) No payment accrues beyond the end of the month in which entitlement to
23.31 such annuity has terminated. An amount equal to the excess, if any, of the accumulated
23.32 contributions which were credited to the account of the deceased employee over and
23.33 above the total of the annuities paid and payable to the surviving spouse must be paid to
23.34 the deceased member's last designated beneficiary or, if none, to the legal representative of
23.35 the estate of such deceased member.

24.1 (f) Any member may request in writing, with the signed consent of the spouse, that
 24.2 this subdivision not apply and that payment be made only to the designated beneficiary, as
 24.3 otherwise provided by this chapter.

24.4 (g) For a member who is employed as a full-time firefighter by the Department of
 24.5 Military Affairs of the state of Minnesota, allowable service as a full-time state Military
 24.6 Affairs Department firefighter credited by the Minnesota State Retirement System may be
 24.7 used in meeting the minimum allowable service requirement of this subdivision.

24.8 Sec. 40. Minnesota Statutes 2008, section 353.71, subdivision 1, is amended to read:

24.9 Subdivision 1. **Eligibility.** Any person who has been a member of a defined benefit
 24.10 retirement plan administered by the Public Employees Retirement Association, or a
 24.11 retirement plan administered by the Minnesota State Retirement System, or the Teachers
 24.12 Retirement Association, or any other public retirement system in the state of Minnesota
 24.13 having a like provision, except a ~~fund~~ retirement plan providing benefits for police officers
 24.14 or firefighters governed by sections 69.77 or 69.771 to 69.776, ~~shall be~~ is entitled, when
 24.15 qualified, to an annuity from each ~~fund~~ retirement plan if the total allowable service in all
 24.16 ~~funds~~ retirement plans or in any two of these ~~funds~~ retirement plans totals ~~three or more~~
 24.17 years the number of years of allowable service required to receive a normal retirement
 24.18 annuity for that retirement plan, provided that no portion of the allowable service upon
 24.19 which the retirement annuity from one ~~fund~~ retirement plan is based is again used in the
 24.20 computation for benefits from another ~~fund~~ retirement plan and provided further that the
 24.21 person has not taken a refund from any one of these ~~funds~~ retirement plans since the
 24.22 person's membership in that association or system last terminated. The annuity from
 24.23 each fund ~~shall~~ must be determined by the appropriate provisions of the law except that
 24.24 the requirement that a person must have at least ~~three years~~ a specific minimum period
 24.25 of allowable service in the respective association or system ~~shall~~ does not apply for the
 24.26 purposes of this section ~~provided~~ if the combined service in two or more of these ~~funds~~
 24.27 retirement plans equals ~~three or more~~ the number of years of allowable service required to
 24.28 receive a normal retirement annuity for that retirement plan.

24.29 Sec. 41. Minnesota Statutes 2008, section 353.71, subdivision 2, is amended to read:

24.30 Subd. 2. **Deferred annuity computation; augmentation.** (a) The deferred annuity
 24.31 accruing under subdivision 1, or under sections 353.34, subdivision 3, and 353.68,
 24.32 subdivision 4, must be computed on the basis of allowable service prior to the termination
 24.33 of public service and augmented as provided in this ~~paragraph~~ subdivision. The required
 24.34 reserves applicable to a deferred annuity, or to any deferred segment of an annuity must

25.1 be determined as of the first day of the month following the month in which the former
25.2 member ceased to be a public employee, or July 1, 1971, whichever is later. ~~These~~

25.3 (b) For a person who became a public employee before July 1, 2006, and whose
25.4 period of deferral began after June 30, 1971, the required reserves of the deferred annuity
25.5 must be augmented at the following applicable rate of or rates:

25.6 (1) five percent annually compounded annually annual compound interest until
25.7 January 1, 1981, and at the rate of:

25.8 (2) three percent thereafter annual compound interest after January 1, 1981, or until
25.9 the earlier of December 31, 2010, or after the date of the termination of public service or
25.10 the termination of membership, whichever is later, until January 1 of the year following
25.11 the year in which the former member attains age 55 and;

25.12 (3) five percent annual compound interest from that date to the effective date of
25.13 retirement, the rate is five percent compounded annually if the employee became an
25.14 employee before July 1, 2006, and at 2.5 percent compounded annually if the employee
25.15 becomes an January 1 of the year following the year in which the former member attains
25.16 age 55, or until December 31, 2010, whichever is earlier; and

25.17 (4) no interest from January 1, 2011.

25.18 (c) For a person who became a public employee after June 30, 2006, the required
25.19 reserves of the deferred annuity must be augmented at 2.5 percent annual compound
25.20 interest from the date of termination of public service or termination of membership,
25.21 whichever is earlier, until December 31, 2010, and no interest after December 31, 2010.

25.22 (d) If a person has more than one period of uninterrupted service, the required
25.23 reserves related to each period must be augmented as specified in this paragraph. The sum
25.24 of the augmented required reserves is the present value of the annuity. Uninterrupted
25.25 service for the purpose of this subdivision means periods of covered employment during
25.26 which the employee has not been separated from public service for more than two years.
25.27 If a person repays a refund, the restored service must be considered as continuous with the
25.28 next period of service for which the employee has credit with this association. This section
25.29 must not reduce the annuity otherwise payable under this chapter. This paragraph applies
25.30 to individuals who become deferred annuitants on or after July 1, 1971. For a member
25.31 who became a deferred annuitant before July 1, 1971, the paragraph applies from July 1,
25.32 1971, if the former active member applies for an annuity after July 1, 1973.

25.33 ~~(b)~~ (e) The retirement annuity or disability benefit of, or the survivor benefit payable
25.34 on behalf of, a former member who terminated service before July 1, 1997, or the
25.35 survivor benefit payable on behalf of a basic or police and fire member who was receiving
25.36 disability benefits before July 1, 1997, which is first payable after June 30, 1997, must

26.1 be increased on an actuarial equivalent basis to reflect the change in the postretirement
26.2 interest rate actuarial assumption under section 356.215, subdivision 8, from five percent
26.3 to six percent under a calculation procedure and tables adopted by the board and approved
26.4 by the actuary retained under section 356.214.

26.5 Sec. 42. Minnesota Statutes 2008, section 353E.04, subdivision 1, is amended to read:

26.6 Subdivision 1. **Eligibility requirements.** After termination of public employment,
26.7 an employee covered under section 353E.02 who has attained the age of at least 55 years
26.8 and ~~has credit for not less than three years of coverage~~ who is vested under section
26.9 353.01, subdivision 47, in the local government correctional service plan is entitled, upon
26.10 application, to a normal retirement annuity. Instead of a normal retirement annuity, a
26.11 retiring employee may elect to receive the optional annuity provided in section 353.30,
26.12 subdivision 3.

26.13 Sec. 43. Minnesota Statutes 2008, section 353E.04, subdivision 4, is amended to read:

26.14 Subd. 4. **Early retirement.** An employee covered under section 353E.02 who has
26.15 attained the age of at least 50 years and ~~has credit for not less than three years of coverage~~
26.16 who is vested under section 353.01, subdivision 47, in the local government correctional
26.17 service plan is entitled, upon application, to a reduced retirement annuity equal to the
26.18 annuity calculated under subdivision 3, reduced so that the reduced annuity is the actuarial
26.19 equivalent of the annuity that would be payable if the employee deferred receipt of the
26.20 annuity from the day the annuity begins to accrue until age 55.

26.21 Sec. 44. Minnesota Statutes 2008, section 353E.07, subdivision 1, is amended to read:

26.22 Subdivision 1. **Member at least age 50.** If a member or former member of the local
26.23 government correctional service retirement plan who has attained the age of at least 50
26.24 years and ~~has credit for not less than three years of allowable service~~ who is vested under
26.25 section 353.01, subdivision 47, dies before the annuity or disability benefit has become
26.26 payable, notwithstanding any designation of beneficiary to the contrary, the surviving
26.27 spouse may elect to receive, in lieu of a refund with interest provided in section 353.32,
26.28 subdivision 1, a surviving spouse annuity equal to the 100 percent joint and survivor
26.29 annuity for which the member could have qualified had the member terminated service
26.30 on the date of death.

26.31 Sec. 45. Minnesota Statutes 2008, section 353E.07, subdivision 2, is amended to read:

27.1 Subd. 2. **Member not yet age 50.** If the member was under age 50, dies, and ~~had~~
 27.2 ~~credit for not less than three years of allowable service~~ was vested under section 353.01,
 27.3 subdivision 47, on the date of death but did not yet qualify for retirement, the surviving
 27.4 spouse may elect to receive a 100 percent joint and survivor annuity based on the age
 27.5 of the employee and the surviving spouse at the time of death. The annuity is payable
 27.6 using the early retirement reduction under section 353E.04, subdivision 4, to age 50 and
 27.7 one-half the early retirement reduction from age 50 to the age payment begins. Sections
 27.8 353.34, subdivision 3, and 353.71, subdivision 2, apply to a deferred annuity or surviving
 27.9 spouse benefit payable under this subdivision.

27.10 Sec. 46. Minnesota Statutes 2008, section 353F.03, is amended to read:

27.11 **353F.03 VESTING RULE FOR CERTAIN EMPLOYEES.**

27.12 Notwithstanding any provision of chapter 353 to the contrary, a terminated medical
 27.13 facility or other public employing unit employee is eligible to receive a retirement annuity
 27.14 under section 353.29 of the edition of Minnesota Statutes published in the year before the
 27.15 year in which the privatization occurred, without regard to the requirement ~~for three years~~
 27.16 ~~of allowable service~~ specified in section 353.01, subdivision 47.

27.17 Sec. 47. Minnesota Statutes 2009 Supplement, section 354.42, subdivision 2, is
 27.18 amended to read:

27.19 Subd. 2. **Employee contribution.** (a) For a basic member, the employee
 27.20 contribution to the fund is ~~9.0 percent~~ the following percentage of the member's salary:

27.21	<u>before July 1, 2011</u>	<u>9.0 percent</u>
27.22	<u>from July 1, 2011, until June 30, 2012</u>	<u>9.5 percent</u>
27.23	<u>from July 1, 2012, until June 30, 2013</u>	<u>10.0 percent</u>
27.24	<u>from July 1, 2013, until June 30, 2014</u>	<u>10.5 percent</u>
27.25	<u>after June 30, 2014</u>	<u>11.0 percent</u>

27.26 (b) For a coordinated member, the employee contribution is ~~5.5 percent~~ the following
 27.27 percentage of the member's salary:

27.28	<u>before July 1, 2011</u>	<u>5.5 percent</u>
27.29	<u>from July 1, 2011, until June 30, 2012</u>	<u>6.0 percent</u>
27.30	<u>from July 1, 2012, until June 30, 2013</u>	<u>6.5 percent</u>
27.31	<u>from July 1, 2013, until June 30, 2014</u>	<u>7.0 percent</u>
27.32	<u>after June 30, 2014</u>	<u>7.5 percent</u>

27.33 (c) When an employee contribution rate changes for a fiscal year, the new
 27.34 contribution rate is effective for the entire salary paid for each employer unit with the
 27.35 first payroll cycle reported.

28.1 (d) After June 30, 2015, if a contribution rate revision is required under subdivisions
 28.2 4a, 4b, and 4c, the employee contributions under paragraphs (a) and (b) must be adjusted
 28.3 accordingly.

28.4 ~~(b)~~ (e) This contribution must be made by deduction from salary. Where any portion
 28.5 of a member's salary is paid from other than public funds, the member's employee
 28.6 contribution must be based on the entire salary received.

28.7 Sec. 48. Minnesota Statutes 2008, section 354.42, subdivision 3, is amended to read:

28.8 Subd. 3. **Employer.** (a) ~~The regular employer contribution to the fund by Special~~
 28.9 ~~School District No. 1, Minneapolis, after July 1, 2006, and before July 1, 2007, is an~~
 28.10 ~~amount equal to 5.0 percent of the salary of each of its teachers who is a coordinated~~
 28.11 ~~member and 9.0 percent of the salary of each of its teachers who is a basic member. After~~
 28.12 ~~July 1, 2007, the regular employer contribution to the fund by Special School District No.~~
 28.13 ~~1, Minneapolis, is an amount equal to 5.5 percent~~ the applicable following percentage of
 28.14 salary of each coordinated member and ~~9.5 percent~~ the applicable following percentage
 28.15 of salary of each basic member.:

28.16	<u>Period</u>	<u>Coordinated Member</u>	<u>Basic Member</u>
28.17	<u>before July 1, 2011</u>	<u>5.5 percent</u>	<u>9.5 percent</u>
28.18	<u>from July 1, 2011, until June 30, 2012</u>	<u>6.0 percent</u>	<u>10.0 percent</u>
28.19	<u>from July 1, 2012, until June 30, 2013</u>	<u>6.5 percent</u>	<u>10.5 percent</u>
28.20	<u>from July 1, 2013, until June 30, 2014</u>	<u>7.0 percent</u>	<u>11.0 percent</u>
28.21	<u>after June 30, 2014</u>	<u>7.5 percent</u>	<u>11.5 percent</u>

28.22 The additional employer contribution to the fund by Special School District No. 1,
 28.23 Minneapolis, ~~after July 1, 2006,~~ is an amount equal to 3.64 percent of the salary of each
 28.24 teacher who is a coordinated member or is a basic member.

28.25 (b) The employer contribution to the fund for every other employer is an amount
 28.26 equal to ~~5.0 percent~~ the applicable following percentage of the salary of each coordinated
 28.27 member and ~~9.0 percent~~ the applicable following percentage of the salary of each basic
 28.28 member ~~before July 1, 2007, and 5.5 percent of the salary of each coordinated member~~
 28.29 ~~and 9.5 percent of the salary of each basic member after June 30, 2007.:~~

28.30	<u>Period</u>	<u>Coordinated Member</u>	<u>Basic Member</u>
28.31	<u>before July 1, 2011</u>	<u>5.5 percent</u>	<u>9.5 percent</u>
28.32	<u>from July 1, 2011, until June 30, 2012</u>	<u>6.0 percent</u>	<u>10.0 percent</u>
28.33	<u>from July 1, 2012, until June 30, 2013</u>	<u>6.5 percent</u>	<u>10.5 percent</u>
28.34	<u>from July 1, 2013, until June 30, 2014</u>	<u>7.0 percent</u>	<u>11.0 percent</u>
28.35	<u>after June 30, 2014</u>	<u>7.5 percent</u>	<u>11.5 percent</u>

29.1 (c) When an employer contribution rate changes for a fiscal year, the new
29.2 contribution rate is effective for the entire salary paid for each employer unit with the
29.3 first payroll cycle reported.

29.4 (d) After June 30, 2015, if a contribution rate revision is made under subdivisions
29.5 4a, 4b, and 4c, the employer contributions under paragraphs (a) and (b) must be adjusted
29.6 accordingly.

29.7 Sec. 49. Minnesota Statutes 2008, section 354.42, is amended by adding a subdivision
29.8 to read:

29.9 Subd. 4a. **Determination.** (a) For purposes of this section, a contribution
29.10 sufficiency exists if the total of the employee contributions, the employer contributions,
29.11 and any additional employer contributions, if applicable, exceeds the total of the normal
29.12 cost, the administrative expenses, and the amortization contribution of the retirement plan
29.13 as reported in the most recent actuarial valuation of the retirement plan prepared by the
29.14 approved actuary retained under section 356.214 and prepared under section 356.215
29.15 and the standards for actuarial work of the Legislative Commission on Pensions and
29.16 Retirement.

29.17 (b) For purposes of this section, a contribution deficiency exists if the total of
29.18 the employee contributions, the employer contributions, and any additional employer
29.19 contributions are less than the total of the normal cost, the administrative expenses, and
29.20 the amortization contribution of the retirement plan as reported in the most recent actuarial
29.21 valuation of the retirement plan prepared by the approved actuary retained under section
29.22 356.214 and prepared under section 356.215 and the standards for actuarial work of the
29.23 Legislative Commission on Pensions and Retirement.

29.24 Sec. 50. Minnesota Statutes 2008, section 354.42, is amended by adding a subdivision
29.25 to read:

29.26 Subd. 4b. **Contribution rate revision.** Notwithstanding the contribution rate
29.27 provisions under subdivisions 2 and 3, the employee and employer contribution rates
29.28 may be adjusted as follows:

29.29 (1) if, after June 30, 2015, the regular actuarial valuation of the plan under section
29.30 356.215 indicates that there is a contribution sufficiency under subdivision 4a equal to
29.31 or greater than one percent of covered payroll and the sufficiency has existed for at least
29.32 two consecutive years, the employee and employer contribution rates for the plan may
29.33 each be decreased to a level such that the sufficiency equals no more than one percent of
29.34 covered payroll based on the most recent actuarial valuation; or

30.1 (2) if, after June 30, 2015, the regular valuation of the plan under section 356.215
30.2 indicates that there is a deficiency equal to or greater than 0.25 percent of covered payroll
30.3 and the deficiency has existed for at least two consecutive years, the employee and
30.4 employer contribution rates for the applicable plan may each be increased by:

30.5 (i) 0.25 percent if the deficiency is less than 2.00 percent of covered payroll;

30.6 (ii) 0.5 percent if the deficiency is equal to or greater than 2.00 percent of covered
30.7 payroll and less than or equal to four percent; and

30.8 (iii) 0.75 percent if the deficiency is greater than four percent.

30.9 Sec. 51. Minnesota Statutes 2008, section 354.42, is amended by adding a subdivision
30.10 to read:

30.11 Subd. 4c. **Contribution sufficiency measures.** (a) A contribution sufficiency of up
30.12 to one percent of covered payroll must be held in reserve to be used to offset any future
30.13 actuarially required contributions that are more than the total combined employee and
30.14 employer contributions being collected.

30.15 (b) Before any reduction in contributions to eliminate a sufficiency in excess of one
30.16 percent of covered pay may be recommended, the executive director must review any
30.17 need for a change in actuarial assumptions, as recommended by the actuary retained
30.18 under section 356.214 in the most recent experience study of the retirement plan, that
30.19 may result in an increase in the actuarially required contribution and must report to the
30.20 Legislative Commission on Pensions and Retirement any recommendation by the board
30.21 to use the sufficiency exceeding one percent of covered payroll to offset the impact of
30.22 an actuarial assumption change recommended by the actuary retained under section
30.23 356.214, subdivision 1, and reviewed by the actuary retained by the commission under
30.24 section 356.214, subdivision 4.

30.25 (c) A contribution sufficiency in excess of one percent of covered pay must not be
30.26 used to increase benefits, and a benefit increase must not be proposed that would initiate
30.27 an automatic adjustment under this section to increase contributions. A proposed benefit
30.28 improvement must include a recommendation, prepared by the actuary retained under
30.29 section 356.214, subdivision 1, and reviewed by the actuary retained by the Legislative
30.30 Commission on Pensions and Retirement, as provided under section 356.214, subdivision
30.31 4, on the manner in which the benefit modification is to be funded.

30.32 Sec. 52. Minnesota Statutes 2008, section 354.42, is amended by adding a subdivision
30.33 to read:

31.1 Subd. 4d. **Reporting; commission review.** A contribution rate increase or decrease
31.2 under subdivision 4b, as determined by the executive director of the Teachers Retirement
31.3 Association, must be reported to the chair and the executive director of the Legislative
31.4 Commission on Pensions and Retirement on or before the next February 1 and, if the
31.5 Legislative Commission on Pensions and Retirement does not recommend against the rate
31.6 change or does not recommend a modification in the rate change, is effective on the next
31.7 July 1 following the determination by the executive director that a contribution deficiency
31.8 or sufficiency exists based on the most recent actuarial valuation under section 356.215.

31.9 Sec. 53. Minnesota Statutes 2009 Supplement, section 354.47, subdivision 1, is
31.10 amended to read:

31.11 Subdivision 1. **Death before retirement.** (a) If a member dies before retirement
31.12 and is covered under section 354.44, subdivision 2, and neither an optional annuity, nor a
31.13 reversionary annuity, nor a benefit under section 354.46, subdivision 1, is payable to the
31.14 survivors if the member was a basic member, then the surviving spouse, or if there is no
31.15 surviving spouse, the designated beneficiary is entitled to an amount equal to the member's
31.16 accumulated deductions with interest credited to the account of the member to the date of
31.17 death of the member. If the designated beneficiary is a minor, interest must be credited to
31.18 the date the beneficiary reaches legal age, or the date of receipt, whichever is earlier.

31.19 (b) If a member dies before retirement and is covered under section 354.44,
31.20 subdivision 6, and neither an optional annuity, nor reversionary annuity, nor the benefit
31.21 described in section 354.46, subdivision 1, is payable to the survivors if the member
31.22 was a basic member, then the surviving spouse, or if there is no surviving spouse, then
31.23 the designated beneficiary is entitled to an amount equal to the member's accumulated
31.24 deductions credited to the account of the member as of June 30, 1957, and from July 1,
31.25 1957, to the date of death of the member, the member's accumulated deductions plus six
31.26 percent interest compounded annually. a refund equal to the accumulated deductions
31.27 credited to the member's account plus interest compounded annually until the member's
31.28 date of death using the following interest rates:

31.29 (1) before July 1, 1957, no interest accrues;

31.30 (2) July 1, 1957, to June 30, 2011, six percent; and

31.31 (3) after June 30, 2011, four percent.

31.32 (c) If the designated beneficiary under paragraph (b) is a minor, any interest credited
31.33 under that paragraph must be credited to the date the beneficiary reaches legal age, or
31.34 the date of receipt, whichever is earlier.

32.1 (d) The amount of any refund payable under this subdivision must be reduced by
32.2 any permanent disability payment under section 354.48 received by the member.

32.3 Sec. 54. Minnesota Statutes 2009 Supplement, section 354.49, subdivision 2, is
32.4 amended to read:

32.5 Subd. 2. **Calculation.** (a) Except as provided in section 354.44, subdivision 1,
32.6 any person who ceases to be a member by reason of termination of teaching service, is
32.7 entitled to receive a refund in an amount equal to the accumulated deductions credited
32.8 to the account ~~as of June 30, 1957, and after July 1, 1957, the accumulated deductions~~
32.9 ~~with interest at the rate of six percent per annum compounded annually.~~ plus interest
32.10 compounded annually using the following interest rates:

- 32.11 (1) before July 1, 1957, no interest accrues;
32.12 (2) July 1, 1957, to June 30, 2011, six percent; and
32.13 (3) after June 30, 2011, four percent.

32.14 For the purpose of this subdivision, interest must be computed on fiscal year end
32.15 balances to the first day of the month in which the refund is issued.

32.16 (b) If the person has received permanent disability payments under section 354.48,
32.17 the refund amount must be reduced by the amount of those payments.

32.18 Sec. 55. Minnesota Statutes 2009 Supplement, section 354.55, subdivision 11, is
32.19 amended to read:

32.20 Subd. 11. **Deferred annuity; augmentation.** (a) Any person covered under section
32.21 354.44, subdivision 6, who ceases to render teaching service, may leave the person's
32.22 accumulated deductions in the fund for the purpose of receiving a deferred annuity
32.23 at retirement.

32.24 (b) The amount of the deferred retirement annuity is determined by section 354.44,
32.25 subdivision 6, and augmented as provided in this subdivision. The required reserves for
32.26 the annuity which had accrued when the member ceased to render teaching service must
32.27 be augmented, as further specified in this subdivision, by the applicable interest rate
32.28 compounded annually from the first day of the month following the month during which
32.29 the member ceased to render teaching service to the effective date of retirement.

32.30 (c) No augmentation is not creditable if the deferral period is less than three months
32.31 or if deferral commenced before July 1, 1971.

32.32 (d) For persons who became covered employees before July 1, 2006, with a deferral
32.33 period commencing after June 30, 1971, the annuity must be augmented ~~using~~ as follows:

- 32.34 (1) five percent interest compounded annually until January 1, 1981,~~and;~~

33.1 (2) three percent interest compounded annually thereafter from January 1, 1981, until
33.2 January 1 of the year following the year in which the deferred annuitant attains age 55;

33.3 ~~From that date~~ (3) five percent interest compounded annually from the date
33.4 established in clause (2) to the effective date of retirement, the rate is five percent
33.5 compounded annually, or until June 30, 2011, whichever is earlier; and

33.6 (4) two percent interest compounded annually after June 30, 2011.

33.7 (e) For persons who become covered employees after June 30, 2006, the interest
33.8 rate used to augment the deferred annuity is 2.5 percent interest compounded annually
33.9 until June 30, 2011, or until the effective date of retirement, whichever is earlier, and two
33.10 percent interest compounded annually after June 30, 2011.

33.11 (f) If a person has more than one period of uninterrupted service, a separate average
33.12 salary determined under section 354.44, subdivision 6, must be used for each period
33.13 and the required reserves related to each period must be augmented as specified in this
33.14 subdivision. The sum of the augmented required reserves is the present value of the
33.15 annuity. For the purposes of this subdivision, "period of uninterrupted service" means a
33.16 period of covered teaching service during which the member has not been separated from
33.17 active service for more than one fiscal year.

33.18 (g) If a person repays a refund, the service restored by the repayment must be
33.19 considered as continuous with the next period of service for which the person has
33.20 allowable service credit in the Teachers Retirement Association.

33.21 (h) If a person does not render teaching service in any one fiscal year or more
33.22 consecutive fiscal years and then resumes teaching service, the formula percentages used
33.23 from the date of the resumption of teaching service must be those applicable to new
33.24 members.

33.25 (i) The mortality table and interest rate actuarial assumption used to compute the
33.26 annuity must be the applicable mortality table established by the board under section
33.27 354.07, subdivision 1, and the interest rate actuarial assumption under section 356.215 in
33.28 effect when the member retires.

33.29 (j) In no case may the annuity payable under this subdivision be less than the amount
33.30 of annuity payable under section 354.44, subdivision 6.

33.31 (k) The requirements and provisions for retirement before normal retirement age
33.32 contained in section 354.44, subdivision 6, also apply to an employee fulfilling the
33.33 requirements with a combination of service as provided in section 354.60.

33.34 (l) The augmentation provided by this subdivision applies to the benefit provided
33.35 in section 354.46, subdivision 2.

34.1 (m) The augmentation provided by this subdivision does not apply to any period
 34.2 in which a person is on an approved leave of absence from an employer unit covered
 34.3 by the provisions of this chapter.

34.4 (n) The retirement annuity or disability benefit of, or the survivor benefit payable on
 34.5 behalf of, a former teacher who terminated service before July 1, 1997, which is not first
 34.6 payable until after June 30, 1997, must be increased on an actuarial equivalent basis to
 34.7 reflect the change in the postretirement interest rate actuarial assumption under section
 34.8 356.215, subdivision 8, from five percent to six percent under a calculation procedure and
 34.9 tables adopted by the board as recommended by an approved actuary and approved by the
 34.10 actuary retained under section 356.214.

34.11 Sec. 56. Minnesota Statutes 2008, section 356.215, subdivision 8, is amended to read:

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

34.15		preretirement	postretirement
34.16		interest rate	interest rate
34.17	plan	assumption	assumption
34.18	general state employees retirement plan	8.5%	6.0%
34.19	correctional state employees retirement plan	8.5	6.0
34.20	State Patrol retirement plan	8.5	6.0
34.21	legislators retirement plan	8.5	6.0
34.22	elective state officers retirement plan	8.5	6.0
34.23	judges retirement plan	8.5	6.0
34.24	general public employees retirement plan	8.5	6.0
34.25	public employees police and fire retirement plan	8.5	6.0
34.26	local government correctional service retirement		
34.27	plan	8.5	6.0
34.28	teachers retirement plan	8.5	6.0
34.29	Minneapolis employees retirement plan	6.0	5.0
34.30	Duluth teachers retirement plan	8.5	8.5
34.31	St. Paul teachers retirement plan	8.5	8.5
34.32	Minneapolis Police Relief Association	6.0	6.0
34.33	Fairmont Police Relief Association	5.0	5.0
34.34	Minneapolis Fire Department Relief Association	6.0	6.0
34.35	Virginia Fire Department Relief Association	5.0	5.0
34.36	Bloomington Fire Department Relief Association	6.0	6.0
34.37	local monthly benefit volunteer firefighters relief		
34.38	associations	5.0	5.0

34.39 (b) Before July 1, 2010, the actuarial valuation must use the applicable following
 34.40 single rate future salary increase assumption, the applicable following modified single

35.1 rate future salary increase assumption, or the applicable following graded rate future
 35.2 salary increase assumption:

35.3 (1) single rate future salary increase assumption

35.4		future salary
35.5	plan	increase assumption
35.6	legislators retirement plan	5.0%
35.7	judges retirement plan	4.0
35.8	Minneapolis Police Relief Association	4.0
35.9	Fairmont Police Relief Association	3.5
35.10	Minneapolis Fire Department Relief	
35.11	Association	4.0
35.12	Virginia Fire Department Relief Association	3.5
35.13	Bloomington Fire Department Relief	
35.14	Association	4.0

35.15 (2) modified single rate future salary increase assumption

35.16		future salary
35.17	plan	increase assumption
35.18	Minneapolis employees	the prior calendar year amount increased first by 1.0198 percent to prior fiscal year date and then increased by 4.0 percent annually for each future year
35.19	retirement plan	
35.20		
35.21		
35.22		

35.22 (3) age-related select and ultimate future salary increase assumption or graded rate
 35.23 future salary increase assumption

35.24		future salary
35.25	plan	increase assumption
35.26	general state employees retirement plan	select calculation and assumption A
35.27		
35.28	correctional state employees retirement plan	assumption H <u>G</u>
35.29	State Patrol retirement plan	assumption G <u>F</u>
35.30	general public employees retirement plan	select calculation and assumption B
35.31		
35.32	public employees police and fire fund retirement plan	assumption E <u>B</u>
35.33	local government correctional service retirement plan	assumption G <u>F</u>
35.34	teachers retirement plan	assumption D <u>C</u>
35.35	Duluth teachers retirement plan	assumption E <u>D</u>
35.36	St. Paul teachers retirement plan	assumption F <u>E</u>

35.37 The select calculation is: during the
 35.38 designated select period, a designated
 35.39 percentage rate is multiplied by the result of
 35.40 the designated integer minus T, where T is the
 35.41 number of completed years of service, and is
 35.42 added to the applicable future salary increase

36.1 assumption. The designated select period is
 36.2 five years and the designated integer is five
 36.3 for the general state employees retirement
 36.4 plan ~~and the general public employees~~
 36.5 ~~retirement plan~~. The designated select period
 36.6 is ten years and the designated integer is ten
 36.7 for all other retirement plans covered by
 36.8 this clause. The designated percentage rate
 36.9 is: (1) 0.2 percent for the correctional state
 36.10 employees retirement plan, the State Patrol
 36.11 retirement plan, the public employees police
 36.12 and fire plan, and the local government
 36.13 correctional service plan; (2) 0.6 percent
 36.14 for the general state employees retirement
 36.15 plan ~~and the general public employees~~
 36.16 ~~retirement plan~~; and (3) 0.3 percent for the
 36.17 teachers retirement plan, the Duluth Teachers
 36.18 Retirement Fund Association, and the St.
 36.19 Paul Teachers Retirement Fund Association.
 36.20 The select calculation for the Duluth Teachers
 36.21 Retirement Fund Association is 8.00 percent
 36.22 per year for service years one through seven,
 36.23 7.25 percent per year for service years seven
 36.24 and eight, and 6.50 percent per year for
 36.25 service years eight and nine.

36.26 The ultimate future salary increase assumption is:

36.27	age	A	B	<u>€ B</u>	<u>Ɔ C</u>	<u>Ɛ D</u>	<u>F E</u>	<u>Ɔ F</u>	<u>H G</u>
36.28	16	5.95%	5.95%	11.00%	7.70%	8.00%	6.90%	7.7500%	7.2500%
36.29	17	5.90	5.90	11.00	7.65	8.00	6.90	7.7500	7.2500
36.30	18	5.85	5.85	11.00	7.60	8.00	6.90	7.7500	7.2500
36.31	19	5.80	5.80	11.00	7.55	8.00	6.90	7.7500	7.2500
36.32	20	5.75	5.40	11.00	5.50	6.90	6.90	7.7500	7.2500
36.33	21	5.75	5.40	11.00	5.50	6.90	6.90	7.1454	6.6454
36.34	22	5.75	5.40	10.50	5.50	6.90	6.90	7.0725	6.5725
36.35	23	5.75	5.40	10.00	5.50	6.85	6.85	7.0544	6.5544
36.36	24	5.75	5.40	9.50	5.50	6.80	6.80	7.0363	6.5363
36.37	25	5.75	5.40	9.00	5.50	6.75	6.75	7.0000	6.5000
36.38	26	5.75	5.36	8.70	5.50	6.70	6.70	7.0000	6.5000

37.1	27	5.75	5.32	8.40	5.50	6.65	6.65	7.0000	6.5000
37.2	28	5.75	5.28	8.10	5.50	6.60	6.60	7.0000	6.5000
37.3	29	5.75	5.24	7.80	5.50	6.55	6.55	7.0000	6.5000
37.4	30	5.75	5.20	7.50	5.50	6.50	6.50	7.0000	6.5000
37.5	31	5.75	5.16	7.30	5.50	6.45	6.45	7.0000	6.5000
37.6	32	5.75	5.12	7.10	5.50	6.40	6.40	7.0000	6.5000
37.7	33	5.75	5.08	6.90	5.50	6.35	6.35	7.0000	6.5000
37.8	34	5.75	5.04	6.70	5.50	6.30	6.30	7.0000	6.5000
37.9	35	5.75	5.00	6.50	5.50	6.25	6.25	7.0000	6.5000
37.10	36	5.75	4.96	6.30	5.50	6.20	6.20	6.9019	6.4019
37.11	37	5.75	4.92	6.10	5.50	6.15	6.15	6.8074	6.3074
37.12	38	5.75	4.88	5.90	5.40	6.10	6.10	6.7125	6.2125
37.13	39	5.75	4.84	5.70	5.30	6.05	6.05	6.6054	6.1054
37.14	40	5.75	4.80	5.50	5.20	6.00	6.00	6.5000	6.0000
37.15	41	5.75	4.76	5.40	5.10	5.90	5.95	6.3540	5.8540
37.16	42	5.75	4.72	5.30	5.00	5.80	5.90	6.2087	5.7087
37.17	43	5.65	4.68	5.20	4.90	5.70	5.85	6.0622	5.5622
37.18	44	5.55	4.64	5.10	4.80	5.60	5.80	5.9048	5.4078
37.19	45	5.45	4.60	5.00	4.70	5.50	5.75	5.7500	5.2500
37.20	46	5.35	4.56	4.95	4.60	5.40	5.70	5.6940	5.1940
37.21	47	5.25	4.52	4.90	4.50	5.30	5.65	5.6375	5.1375
37.22	48	5.15	4.48	4.85	4.50	5.20	5.60	5.5822	5.0822
37.23	49	5.05	4.44	4.80	4.50	5.10	5.55	5.5404	5.0404
37.24	50	4.95	4.40	4.75	4.50	5.00	5.50	5.5000	5.0000
37.25	51	4.85	4.36	4.75	4.50	4.90	5.45	5.4384	4.9384
37.26	52	4.75	4.32	4.75	4.50	4.80	5.40	5.3776	4.8776
37.27	53	4.65	4.28	4.75	4.50	4.70	5.35	5.3167	4.8167
37.28	54	4.55	4.24	4.75	4.50	4.60	5.30	5.2826	4.7826
37.29	55	4.45	4.20	4.75	4.50	4.50	5.25	5.2500	4.7500
37.30	56	4.35	4.16	4.75	4.50	4.40	5.20	5.2500	4.7500
37.31	57	4.25	4.12	4.75	4.50	4.30	5.15	5.2500	4.7500
37.32	58	4.25	4.08	4.75	4.60	4.20	5.10	5.2500	4.7500
37.33	59	4.25	4.04	4.75	4.70	4.10	5.05	5.2500	4.7500
37.34	60	4.25	4.00	4.75	4.80	4.00	5.00	5.2500	4.7500
37.35	61	4.25	4.00	4.75	4.90	3.90	5.00	5.2500	4.7500
37.36	62	4.25	4.00	4.75	5.00	3.80	5.00	5.2500	4.7500
37.37	63	4.25	4.00	4.75	5.10	3.70	5.00	5.2500	4.7500
37.38	64	4.25	4.00	4.75	5.20	3.60	5.00	5.2500	4.7500
37.39	65	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
37.40	66	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
37.41	67	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
37.42	68	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
37.43	69	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500

38.1	70	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
38.2	71	4.25	4.00		5.20				

38.3 (4) service-related ultimate future salary increase assumption

38.4 general employees retirement plan of the Public
 38.5 Employees Retirement Association

38.5	<u>service length</u>	
38.6	<u>1</u>	<u>12.03%</u>
38.7	<u>2</u>	<u>8.90</u>
38.8	<u>3</u>	<u>7.46</u>
38.9	<u>4</u>	<u>6.58</u>
38.10	<u>5</u>	<u>5.97</u>
38.11	<u>6</u>	<u>5.52</u>
38.12	<u>7</u>	<u>5.16</u>
38.13	<u>8</u>	<u>4.87</u>
38.14	<u>9</u>	<u>4.63</u>
38.15	<u>10</u>	<u>4.42</u>
38.16	<u>11</u>	<u>4.24</u>
38.17	<u>12</u>	<u>4.08</u>
38.18	<u>13</u>	<u>3.94</u>
38.19	<u>14</u>	<u>3.82</u>
38.20	<u>15</u>	<u>3.70</u>
38.21	<u>16</u>	<u>3.60</u>
38.22	<u>17</u>	<u>3.51</u>
38.23	<u>18</u>	<u>3.50</u>
38.24	<u>19</u>	<u>3.50</u>
38.25	<u>20</u>	<u>3.50</u>
38.26	<u>21</u>	<u>3.50</u>
38.27	<u>22</u>	<u>3.50</u>
38.28	<u>23</u>	<u>3.50</u>
38.29	<u>24</u>	<u>3.50</u>
38.30	<u>25</u>	<u>3.50</u>
38.31	<u>26</u>	<u>3.50</u>
38.32	<u>27</u>	<u>3.50</u>
38.33	<u>28</u>	<u>3.50</u>
38.34	<u>29</u>	<u>3.50</u>
38.35	<u>30 or more</u>	<u>3.50</u>

38.36 (c) Before July 2, 2010, the actuarial valuation must use the applicable following
 38.37 payroll growth assumption for calculating the amortization requirement for the unfunded
 38.38 actuarial accrued liability where the amortization retirement is calculated as a level
 38.39 percentage of an increasing payroll:

38.40		payroll growth
38.41	plan	assumption
38.42	general state employees retirement plan	4.50%

39.1	correctional state employees retirement plan	4.50
39.2	State Patrol retirement plan	4.50
39.3	legislators retirement plan	4.50
39.4	judges retirement plan	4.00
39.5	general public employees retirement plan of the	
39.6	<u>Public Employees Retirement Association</u>	4.50 4.00
39.7	public employees police and fire retirement plan	4.50
39.8	local government correctional service retirement	
39.9	plan	4.50
39.10	teachers retirement plan	4.50
39.11	Duluth teachers retirement plan	4.50
39.12	St. Paul teachers retirement plan	5.00

39.13 (d) After July 1, 2010, the assumptions set forth in paragraphs (b) and (c) continue to
 39.14 apply, unless a different salary assumption or a different payroll increase assumption:

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

39.16 (2) is accompanied by the concurring recommendation of the actuary retained under
 39.17 section 356.214, subdivision 1, if applicable, or by the approved actuary preparing the
 39.18 most recent actuarial valuation report if section 356.214 does not apply; and

39.19 (3) has been approved or deemed approved under subdivision 18.

39.20 Sec. 57. Minnesota Statutes 2009 Supplement, section 356.215, subdivision 11,
 39.21 is amended to read:

39.22 Subd. 11. **Amortization contributions.** (a) In addition to the exhibit indicating
 39.23 the level normal cost, the actuarial valuation of the retirement plan must contain an
 39.24 exhibit for financial reporting purposes indicating the additional annual contribution
 39.25 sufficient to amortize the unfunded actuarial accrued liability and must contain an exhibit
 39.26 for contribution determination purposes indicating the additional contribution sufficient
 39.27 to amortize the unfunded actuarial accrued liability. For the retirement plans listed in
 39.28 subdivision 8, paragraph (c), the additional contribution must be calculated on a level
 39.29 percentage of covered payroll basis by the established date for full funding in effect when
 39.30 the valuation is prepared, assuming annual payroll growth at the applicable percentage
 39.31 rate set forth in subdivision 8, paragraph (c). For all other retirement plans, the additional
 39.32 annual contribution must be calculated on a level annual dollar amount basis.

39.33 (b) For any retirement plan other than the Minneapolis Employees Retirement Fund,
 39.34 the general employees retirement plan of the Public Employees Retirement Association,
 39.35 the general state employees retirement plan of the Minnesota State Retirement System,
 39.36 and the St. Paul Teachers Retirement Fund Association, if there has not been a change in
 39.37 the actuarial assumptions used for calculating the actuarial accrued liability of the fund, a

40.1 change in the benefit plan governing annuities and benefits payable from the fund, a
40.2 change in the actuarial cost method used in calculating the actuarial accrued liability of all
40.3 or a portion of the fund, or a combination of the three, which change or changes by itself
40.4 or by themselves without inclusion of any other items of increase or decrease produce a
40.5 net increase in the unfunded actuarial accrued liability of the fund, the established date for
40.6 full funding is the first actuarial valuation date occurring after June 1, 2020.

40.7 (c) For any retirement plan other than the Minneapolis Employees Retirement
40.8 Fund and the general employees retirement plan of the Public Employees Retirement
40.9 Association, if there has been a change in any or all of the actuarial assumptions used
40.10 for calculating the actuarial accrued liability of the fund, a change in the benefit plan
40.11 governing annuities and benefits payable from the fund, a change in the actuarial cost
40.12 method used in calculating the actuarial accrued liability of all or a portion of the fund,
40.13 or a combination of the three, and the change or changes, by itself or by themselves and
40.14 without inclusion of any other items of increase or decrease, produce a net increase in the
40.15 unfunded actuarial accrued liability in the fund, the established date for full funding must
40.16 be determined using the following procedure:

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

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

40.24 (iii) the unfunded actuarial accrued liability of the fund must be determined in
40.25 accordance with any new plan provisions governing annuities and benefits payable from
40.26 the fund and any new actuarial assumptions and the remaining plan provisions governing
40.27 annuities and benefits payable from the fund and actuarial assumptions in effect before
40.28 the change;

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

41.1 (v) the level annual dollar or level percentage amortization contribution under item
41.2 (iv) must be added to the level annual dollar amortization contribution or level percentage
41.3 calculated under item (ii);

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

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

41.17 (d) For the Minneapolis Employees Retirement Fund, the established date for full
41.18 funding is June 30, 2020.

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

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

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

41.25 (h) For the judges retirement plan, the established date for full funding is June
41.26 30, 2038.

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

41.29 (j) For the St. Paul Teachers Retirement Fund Association, the established date for
41.30 full funding is June 30 of the 25th year from the valuation date. In addition to other
41.31 requirements of this chapter, the annual actuarial valuation shall contain an exhibit
41.32 indicating the funded ratio and the deficiency or sufficiency in annual contributions when
41.33 comparing liabilities to the market value of the assets of the fund as of the close of the
41.34 most recent fiscal year.

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

42.1 (1) For the retirement plans for which the annual actuarial valuation indicates an
42.2 excess of valuation assets over the actuarial accrued liability, the valuation assets in
42.3 excess of the actuarial accrued liability must be recognized as a reduction in the current
42.4 contribution requirements by an amount equal to the amortization of the excess expressed
42.5 as a level percentage of pay over a 30-year period beginning anew with each annual
42.6 actuarial valuation of the plan.

42.7 Sec. 58. Minnesota Statutes 2008, section 356.30, subdivision 1, is amended to read:

42.8 Subdivision 1. **Eligibility; computation of annuity.** (a) Notwithstanding any
42.9 provisions of the laws governing the retirement plans enumerated in subdivision 3, a
42.10 person who has met the qualifications of paragraph (b) may elect to receive a retirement
42.11 annuity from each enumerated retirement plan in which the person has at least one-half
42.12 year of allowable service, based on the allowable service in each plan, subject to the
42.13 provisions of paragraph (c).

42.14 (b) A person may receive, upon retirement, a retirement annuity from each
42.15 enumerated retirement plan in which the person has at least one-half year of allowable
42.16 service, and augmentation of a deferred annuity calculated at the appropriate rate under
42.17 the laws governing each public pension plan or fund named in subdivision 3, based on
42.18 the date of the person's initial entry into public employment from the date the person
42.19 terminated all public service if:

42.20 (1) the person has allowable service ~~totaling an amount that allows the person to~~
42.21 ~~receive an annuity~~ in any two or more of the enumerated plans;

42.22 (2) the person has sufficient allowable service in total that equals or exceeds the
42.23 applicable service credit vesting requirement of the retirement plan with the longest
42.24 applicable service credit vesting requirement; and

42.25 ~~(2)~~ (3) the person has not begun to receive an annuity from any enumerated plan or
42.26 the person has made application for benefits from each applicable plan and the effective
42.27 dates of the retirement annuity with each plan under which the person chooses to receive
42.28 an annuity are within a one-year period.

42.29 (c) The retirement annuity from each plan must be based upon the allowable service,
42.30 accrual rates, and average salary in the applicable plan except as further specified or
42.31 modified in the following clauses:

42.32 (1) the laws governing annuities must be the law in effect on the date of termination
42.33 from the last period of public service under a covered retirement plan with which the
42.34 person earned a minimum of one-half year of allowable service credit during that
42.35 employment;

43.1 (2) the "average salary" on which the annuity from each covered plan in which
43.2 the employee has credit in a formula plan must be based on the employee's highest five
43.3 successive years of covered salary during the entire service in covered plans;

43.4 (3) the accrual rates to be used by each plan must be those percentages prescribed by
43.5 each plan's formula as continued for the respective years of allowable service from one
43.6 plan to the next, recognizing all previous allowable service with the other covered plans;

43.7 (4) the allowable service in all the plans must be combined in determining eligibility
43.8 for and the application of each plan's provisions in respect to reduction in the annuity
43.9 amount for retirement prior to normal retirement age; and

43.10 (5) the annuity amount payable for any allowable service under a nonformula plan
43.11 of a covered plan must not be affected, but such service and covered salary must be used
43.12 in the above calculation.

43.13 (d) This section does not apply to any person whose final termination from the last
43.14 public service under a covered plan was before May 1, 1975.

43.15 (e) For the purpose of computing annuities under this section, the accrual rates
43.16 used by any covered plan, except the public employees police and fire plan, the judges
43.17 retirement fund, and the State Patrol retirement plan, must not exceed the percent specified
43.18 in section 356.315, subdivision 4, per year of service for any year of service or fraction
43.19 thereof. The formula percentage used by the judges retirement fund must not exceed the
43.20 percentage rate specified in section 356.315, subdivision 8, per year of service for any
43.21 year of service or fraction thereof. The accrual rate used by the public employees police
43.22 and fire plan and the State Patrol retirement plan must not exceed the percentage rate
43.23 specified in section 356.315, subdivision 6, per year of service for any year of service or
43.24 fraction thereof. The accrual rate or rates used by the legislators retirement plan must not
43.25 exceed 2.5 percent, but this limit does not apply to the adjustment provided under section
43.26 3A.02, subdivision 1, paragraph (c).

43.27 (f) Any period of time for which a person has credit in more than one of the covered
43.28 plans must be used only once for the purpose of determining total allowable service.

43.29 (g) If the period of duplicated service credit is more than one-half year, or the person
43.30 has credit for more than one-half year, with each of the plans, each plan must apply its
43.31 formula to a prorated service credit for the period of duplicated service based on a fraction
43.32 of the salary on which deductions were paid to that fund for the period divided by the total
43.33 salary on which deductions were paid to all plans for the period.

43.34 (h) If the period of duplicated service credit is less than one-half year, or when
43.35 added to other service credit with that plan is less than one-half year, the service credit

44.1 must be ignored and a refund of contributions made to the person in accord with that
44.2 plan's refund provisions.

44.3 Sec. 59. Minnesota Statutes 2008, section 356.302, subdivision 3, is amended to read:

44.4 Subd. 3. **General employee plan eligibility requirements.** A disabled member
44.5 of a covered retirement plan who has credit for allowable service in a combination of
44.6 general employee retirement plans is entitled to a combined service disability benefit
44.7 if the member:

44.8 (1) is less than the normal retirement age on the date of the application for the
44.9 disability benefit;

44.10 (2) has become totally and permanently disabled;

44.11 (3) has credit for allowable service in any combination of general employee
44.12 retirement plans totaling at least ~~three years~~ the number of years required by the applicable
44.13 retirement plan with the longest service credit requirement for disability benefit receipt;

44.14 (4) has credit for at least one-half year of allowable service with the current general
44.15 employee retirement plan before the commencement of the disability;

44.16 (5) has at least three continuous years of allowable service credit by the general
44.17 employee retirement plan or has at least a total of three years of allowable service credit
44.18 by a combination of general employee retirement plans in a 72-month period during
44.19 which no interruption of allowable service credit from a termination of employment
44.20 exceeded 29 days; and

44.21 (6) was not receiving a retirement annuity or disability benefit from any covered
44.22 general employee retirement plan at the time of the commencement of the disability.

44.23 Sec. 60. Minnesota Statutes 2008, section 356.302, subdivision 4, is amended to read:

44.24 Subd. 4. **Public safety plan eligibility requirements.** A disabled member of a
44.25 covered retirement plan who has credit for allowable service in a combination of public
44.26 safety employee retirement plans is entitled to a combined service disability benefit if the
44.27 member:

44.28 (1) has become occupationally disabled;

44.29 (2) has credit for allowable service in any combination of public safety employee
44.30 retirement plans totaling at least ~~one year~~ the minimum period of service credit required by
44.31 the applicable retirement plan with the longest service credit eligibility requirement for the
44.32 receipt of a duty-related disability benefit if the disability is duty-related or totaling at least
44.33 ~~three years~~ the minimum period of service credit required by the applicable retirement

45.1 plan with the longest service credit eligibility requirement for a disability benefit that is
45.2 not duty-related if the disability is not duty-related;

45.3 (3) has credit for at least one-half year of allowable service with the current public
45.4 safety employee retirement plan before the commencement of the disability; and

45.5 (4) was not receiving a retirement annuity or disability benefit from any covered
45.6 public safety employee retirement plan at the time of the commencement of the disability.

45.7 Sec. 61. Minnesota Statutes 2008, section 356.302, subdivision 5, is amended to read:

45.8 Subd. 5. **General and public safety plan eligibility requirements.** A disabled
45.9 member of a covered retirement plan who has credit for allowable service in a combination
45.10 of both a public safety employee retirement plan and general employee retirement plan
45.11 must meet the qualifying requirements in subdivisions 3 and 4 to receive a combined
45.12 service disability benefit from the applicable general employee and public safety
45.13 employee retirement plans, except that the person need only be a member of a covered
45.14 retirement plan at the time of the commencement of the disability, that the person must
45.15 have allowable service credit for the applicable retirement plan with the longest service
45.16 credit eligibility requirement for the receipt of a disability benefit, and that the minimum
45.17 allowable service requirements of subdivisions 3, clauses (3) and (5), and 4, clauses (3)
45.18 and (4), may be met in any combination of covered retirement plans.

45.19 Sec. 62. Minnesota Statutes 2008, section 356.303, subdivision 2, is amended to read:

45.20 Subd. 2. **Entitlement; eligibility.** Notwithstanding any provision of law to the
45.21 contrary governing a covered retirement plan, a person who is the survivor of a deceased
45.22 member of a covered retirement plan may receive a combined service survivor benefit
45.23 from each covered retirement plan in which the deceased member had credit for at least
45.24 one-half year of allowable service if the deceased member:

45.25 (1) had credit for sufficient allowable service in any combination of covered
45.26 retirement plans to meet ~~any~~ the minimum allowable service credit requirement of the
45.27 applicable covered retirement fund with the longest allowable service credit requirement
45.28 for qualification for a survivor benefit or annuity;

45.29 (2) had credit for at least one-half year of allowable service with the most recent
45.30 covered retirement plan before the date of death and was an active member of that covered
45.31 retirement plan on the date of death; and

45.32 (3) was not receiving a retirement annuity from any covered retirement plan on the
45.33 date of death.

46.1 Sec. 63. Minnesota Statutes 2008, section 356.315, subdivision 5, is amended to read:

46.2 Subd. 5. **Correctional plan members.** The applicable benefit accrual rate is 2.4
46.3 percent if employed as a correctional state employee before July 1, 2010, or 2.2 percent if
46.4 employed as a correctional state employee after June 30, 2010.

46.5 Sec. 64. Minnesota Statutes 2009 Supplement, section 356.415, subdivision 1, is
46.6 amended to read:

46.7 Subdivision 1. **Annual postretirement adjustments; generally.** (a) Except as
46.8 otherwise provided in subdivisions 1a, 1b, or 1c, retirement annuity, disability benefit, or
46.9 survivor benefit recipients of a covered retirement plan are entitled to a postretirement
46.10 adjustment annually on January 1, as follows:

46.11 (1) a postretirement increase of 2.5 percent must be applied each year, effective
46.12 January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who has
46.13 been receiving an annuity or a benefit for at least 12 full months prior to the January 1
46.14 increase; and

46.15 (2) for each annuitant or benefit recipient who has been receiving an annuity or a
46.16 benefit amount for at least one full month, an annual postretirement increase of 1/12 of 2.5
46.17 percent for each month that the person has been receiving an annuity or benefit must be
46.18 applied, effective on January 1 following the calendar year in which the person has been
46.19 retired for less than 12 months.

46.20 (b) The increases provided by this ~~section~~ subdivision commence on January 1, 2010.

46.21 (c) An increase in annuity or benefit payments under this section must be made
46.22 automatically unless written notice is filed by the annuitant or benefit recipient with the
46.23 executive director of the covered retirement plan requesting that the increase not be made.

46.24 (d) The retirement annuity payable to a person who retires before becoming eligible
46.25 for Social Security benefits and who has elected the optional payment as provided in
46.26 section 353.29, subdivision 6, ~~or 354.35~~ must be treated as the sum of a period certain
46.27 retirement annuity and a life retirement annuity for the purposes of any postretirement
46.28 adjustment. The period certain retirement annuity plus the life retirement annuity must be
46.29 the annuity amount payable until age 62 for section 353.29, subdivision 6, ~~or age 62, 65,~~
46.30 ~~or normal retirement age, as selected by the member at retirement, for an annuity amount~~
46.31 ~~payable under section 354.35.~~ A postretirement adjustment granted on the period certain
46.32 retirement annuity must terminate when the period certain retirement annuity terminates.

46.33 Sec. 65. Minnesota Statutes 2009 Supplement, section 356.415, is amended by adding
46.34 subdivisions to read:

47.1 Subd. 1a. **Annual postretirement adjustments; Minnesota State Retirement**
47.2 **System-administered plans.** (a) Retirement annuity, disability benefit, or survivor benefit
47.3 recipients of the legislators retirement plan, the general state employees retirement plan,
47.4 the correctional state employees retirement plan, the State Patrol retirement plan, the
47.5 elected state officers retirement plan, the unclassified state employees retirement program,
47.6 and the judges retirement plan are entitled to a postretirement adjustment annually on
47.7 January 1, as follows:

47.8 (1) a postretirement increase of two percent must be applied each year, effective on
47.9 January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who
47.10 has been receiving an annuity or a benefit for at least 12 full months before the January 1
47.11 increase; and

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

47.17 (b) The increases provided by this subdivision commence on January 1, 2011.
47.18 Increases under this subdivision for the general state employees retirement plan, the
47.19 correctional state employees retirement plan, the State Patrol retirement plan, or the judges
47.20 retirement plan terminate on December 31 of the calendar year in which the actuarial
47.21 valuation prepared by the approved actuary under sections 356.214 and 356.215 and the
47.22 standards for actuarial work promulgated by the Legislative Commission on Pensions
47.23 and Retirement indicates that the market value of assets of the retirement plan equals or
47.24 exceeds 90 percent of the actuarial accrued liability of the retirement plan and increases
47.25 under subdivision 1 recommence after that date. Increases under this subdivision for
47.26 the legislators retirement plan or the elected state officers retirement plan terminate
47.27 on December 31 of the calendar year in which the actuarial valuation prepared by the
47.28 approved actuary under sections 356.214 and 356.215 and the standards for actuarial work
47.29 promulgated by the Legislative Commission on Pensions and Retirement indicates that the
47.30 market value of assets of the general state employees retirement plan equals or exceeds
47.31 90 percent of the actuarial accrued liability of the retirement plan and increases under
47.32 subdivision 1 recommence after that date.

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

48.1 **Subd. 1b. Annual postretirement adjustments; retirement plans administered**
48.2 **by the Public Employees Retirement Association.** (a) Retirement annuity, disability
48.3 benefit or survivor benefit recipients of the general employees retirement plan of the
48.4 Public Employees Retirement Association, the public employees police and fire retirement
48.5 plan, and the local government correctional service retirement plan are entitled to a
48.6 postretirement adjustment annually on January 1, as follows:

48.7 (1) for January 1, 2011, and each successive January 1 until funding stability is
48.8 restored for the applicable retirement plan, a postretirement increase of one percent must
48.9 be applied each year, effective on January 1, to the monthly annuity or benefit amount of
48.10 each annuitant or benefit recipient who has been receiving an annuity or benefit for at least
48.11 12 full months as of the current June 30;

48.12 (2) for January 1, 2011, and each successive January 1 until funding stability is
48.13 restored for the applicable retirement plan, for each annuitant or benefit recipient who has
48.14 been receiving an annuity or a benefit for at least one full month, but less than 12 full
48.15 months as of the current June 30, an annual postretirement increase of 1/12 of one percent
48.16 for each month the person has been receiving an annuity or benefit must be applied;

48.17 (3) for each January 1 following the restoration of funding stability for the applicable
48.18 retirement plan, a postretirement increase of 2.5 percent must be applied each year,
48.19 effective January 1, to the monthly annuity or benefit amount of each annuitant or benefit
48.20 recipient who has been receiving an annuity or benefit for at least 12 full months as of
48.21 the current June 30; and

48.22 (4) for each January 1 following restoration of funding stability for the applicable
48.23 retirement plan, for each annuity or benefit recipient who has been receiving an annuity or
48.24 a benefit for at least one full month, but less than 12 full months as of the current June
48.25 30, an annual postretirement increase of 1/12 of 2.5 percent for each month the person
48.26 has been receiving an annuity or benefit must be applied.

48.27 (b) Funding stability is restored when the market value of assets of the applicable
48.28 retirement plan equals or exceeds 90 percent of the actuarial accrued liabilities of the
48.29 applicable plan in the most recent prior actuarial valuation prepared under section 356.215
48.30 and the standards for actuarial work by the approved actuary retained by the Public
48.31 Employees Retirement Association under section 356.214.

48.32 (c) If, after applying the increase as provided for in clauses (3) and (4) of this
48.33 subdivision, the market value of the applicable retirement plan is determined in the next
48.34 subsequent actuarial valuation prepared under section 356.215 to be less than 90 percent
48.35 of the actuarial accrued liability of any of the applicable Public Employees Retirement

49.1 Association plans, the increase provided in clauses (1) and (2) are to be applied as of the
49.2 next successive January until funding stability is again restored.

49.3 (d) An increase in annuity or benefit payments under this section must be made
49.4 automatically unless written notice is filed by the annuitant or benefit recipient with the
49.5 executive director of the Public Employees Retirement Association requesting that the
49.6 increase not be made.

49.7 (e) The retirement annuity payable to a person who retires before becoming eligible
49.8 for Social Security benefits and who has elected the optional payment, as provided in
49.9 section 353.29, subdivision 6, must be treated as the sum of a period-certain retirement
49.10 annuity and a life retirement annuity for the purposes of any postretirement adjustment.
49.11 The period-certain retirement annuity plus the life retirement annuity must be the
49.12 annuity amount payable until age 62 for section 353.29, subdivision 6. A postretirement
49.13 adjustment granted on the period-certain retirement annuity must terminate when the
49.14 period-certain retirement annuity terminates.

49.15 Subd. 1c. **Teachers Retirement Association annual postretirement adjustments.**

49.16 (a) Retirement annuity, disability benefit, or survivor benefit recipients of the Teachers
49.17 Retirement Association are entitled to a postretirement adjustment annually on January
49.18 1, as follows:

49.19 (1) for January 1, 2011, and January 1, 2012, no postretirement increase is payable;

49.20 (2) for January 1, 2013, and each successive January 1 until funding stability is
49.21 restored, a postretirement increase of two percent must be applied each year, effective on
49.22 January 1, to the monthly annuity or benefit amount of each annuitant or benefit recipient
49.23 who has been receiving an annuity or a benefit for at least 12 full months prior to the
49.24 January 1 increase;

49.25 (3) for January 1, 2013, and each successive January 1 until funding stability is
49.26 restored, for each annuitant or benefit recipient who has been receiving an annuity or
49.27 a benefit for at least six full months, an annual postretirement increase of 1/12 of two
49.28 percent for each month the person has been receiving an annuity or benefit must be
49.29 applied, effective January 1, following the year in which the person has been retired
49.30 for less than 12 months;

49.31 (4) for each January 1 following the restoration of funding stability, a postretirement
49.32 increase of 2.5 percent must be applied each year, effective January 1, to the monthly
49.33 annuity or benefit amount of each annuitant or benefit recipient who has been receiving an
49.34 annuity or a benefit for at least 12 full months prior to the January 1 increase; and

49.35 (5) for each January 1 following the restoration of funding stability, for each
49.36 annuitant or benefit recipient who has been receiving an annuity or a benefit for at least

50.1 six full months, an annual postretirement increase of 1/12 of 2.5 percent for each month
50.2 the person has been receiving an annuity or benefit must be applied, effective January 1,
50.3 following the year in which the person has been retired for less than 12 months.

50.4 (b) Funding stability is restored when the market value of assets of the Teachers
50.5 Retirement Association equals or exceeds 90 percent of the actuarial accrued liabilities of
50.6 the Teachers Retirement Association in the most recent prior actuarial valuation prepared
50.7 under section 356.215 and the standards for actuarial work by the approved actuary
50.8 retained by the Teachers Retirement Association under section 356.214.

50.9 (c) An increase in annuity or benefit payments under this section must be made
50.10 automatically unless written notice is filed by the annuitant or benefit recipient with the
50.11 executive director of the Teachers Retirement Association requesting that the increase
50.12 not be made.

50.13 (d) The retirement annuity payable to a person who retires before becoming eligible
50.14 for Social Security benefits and who has elected the optional payment as provided in
50.15 section 354.35 must be treated as the sum of a period-certain retirement annuity and a life
50.16 retirement annuity for the purposes of any postretirement adjustment. The period-certain
50.17 retirement annuity plus the life retirement annuity must be the annuity amount payable
50.18 until age 62, 65, or normal retirement age, as selected by the member at retirement, for an
50.19 annuity amount payable under section 354.35. A postretirement adjustment granted on
50.20 the period-certain retirement annuity must terminate when the period-certain retirement
50.21 annuity terminates.

50.22 Sec. 66. Minnesota Statutes 2008, section 356.47, subdivision 3, is amended to read:

50.23 Subd. 3. **Payment.** (a) Beginning one year after the reemployment withholding
50.24 period ends relating to the reemployment that gave rise to the limitation, and the filing
50.25 of a written application, the retired member is entitled to the payment, in a lump sum, of
50.26 the value of the person's amount under subdivision 2, plus annual compound interest
50.27 ~~at~~. For the general state employees retirement plan, for the correctional state employees
50.28 retirement plan, the general employees retirement plan of the Public Employees
50.29 Retirement Association, the public employees police and fire retirement plan, the local
50.30 government correctional employees retirement plan, and the teachers retirement plan, the
50.31 annual interest rate is six percent from the date on which the amount was deducted from
50.32 the retirement annuity to the date of payment or until January 1, 2011, whichever is earlier,
50.33 and no interest after January 1, 2011. For retirement plans governed by section 354A.31,
50.34 subdivision 3, the annual interest is the ~~compound annual~~ rate of six percent from the date
50.35 that the amount was deducted from the retirement annuity to the date of payment.

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

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

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

51.16 Sec. 67. **EFFECTIVE DATE.**

51.17 Sections 1 to 66 are effective the day following final enactment."

51.18 Delete the title and insert:

51.19 "A bill for an act
51.20 relating to retirement; Minnesota State Retirement System, Public Employees
51.21 Retirement Association; Teachers Retirement Association; increasing certain
51.22 contribution rates; temporarily reducing certain postretirement adjustment
51.23 increase rates; reducing interest rates on refunds; reducing deferred annuity
51.24 augmentation rates; eliminating interest on reemployed annuitant earnings
51.25 limitation deferred accounts; increasing certain vesting requirements; increasing
51.26 certain early retirement reduction rates; reducing certain benefit accrual rates;
51.27 extending certain amortization periods; amending Minnesota Statutes 2008,
51.28 sections 3A.02, subdivision 4; 352.113, subdivision 1; 352.115, subdivision
51.29 1; 352.12, subdivision 2; 352.22, subdivisions 2, 3; 352.72, subdivisions 1, 2;
51.30 352.93, subdivisions 1, 2a, 3a; 352.931, subdivision 1; 352B.02, as amended;
51.31 352B.08, subdivisions 1, 2a; 352B.11, subdivision 2b; 352B.30, subdivisions 1,
51.32 2; 352F.07; 353.01, by adding a subdivision; 353.27, subdivision 3b; 353.29,
51.33 subdivision 1; 353.30, subdivision 1c; 353.32, subdivisions 1, 1a; 353.34,
51.34 subdivisions 1, 2, 3; 353.651, subdivisions 1, 4; 353.657, subdivisions 1, 2a;
51.35 353.71, subdivisions 1, 2; 353E.04, subdivisions 1, 4; 353E.07, subdivisions 1, 2;
51.36 353F.03; 354.42, subdivision 3, by adding subdivisions; 356.215, subdivision
51.37 8; 356.30, subdivision 1; 356.302, subdivisions 3, 4, 5; 356.303, subdivision
51.38 2; 356.315, subdivision 5; 356.47, subdivision 3; Minnesota Statutes 2009
51.39 Supplement, sections 352.75, subdivision 4; 352.95, subdivision 2; 353.27,
51.40 subdivisions 2, 3; 353.33, subdivision 1; 353.65, subdivisions 2, 3; 354.42,
51.41 subdivision 2; 354.47, subdivision 1; 354.49, subdivision 2; 354.55, subdivision
51.42 11; 356.215, subdivision 11; 356.415, subdivision 1, by adding a subdivision."