

1.1 ..... moves to amend H.F. No. 660; S.F. No. 613, as follows:

1.2 Page 1, after line 6, insert:

1.3 "ARTICLE 1

1.4 INTEREST, SALARY INCREASE, AND PAYROLL GROWTH  
1.5 ACTUARIAL ASSUMPTION CHANGES"

1.6 Page 6, after line 23, insert

1.7 "ARTICLE 2

1.8 CONFORMING CHANGES IN LEAVE AND PRIOR SERVICE CREDIT  
1.9 PURCHASE PROVISIONS RELATED TO INTEREST ASSUMPTION CHANGE

1.10 Section 1. Minnesota Statutes 2014, section 352.017, subdivision 2, is amended to read:

1.11 Subd. 2. **Purchase procedure.** (a) An employee covered by a plan specified in  
1.12 this chapter may purchase credit for allowable service in that plan for a period specified  
1.13 in subdivision 1 if the employee makes a payment as specified in paragraph (b) or (c),  
1.14 whichever applies. The employing unit, at its option, may pay the employer portion of the  
1.15 amount specified in paragraph (b) on behalf of its employees.

1.16 (b) If payment is received by the executive director within one year from the date the  
1.17 employee returned to work following the authorized leave, the payment amount is equal to  
1.18 the employee and employer contribution rates specified in law for the applicable plan at  
1.19 the end of the leave period multiplied by the employee's hourly rate of salary on the date  
1.20 of return from the leave of absence and by the days and months of the leave of absence for  
1.21 which the employee is eligible for allowable service credit. The payment must include  
1.22 compound interest at a the applicable monthly rate of ~~0.71 percent~~ from the last day of the  
1.23 leave period until the last day of the month in which payment is received. The applicable  
1.24 rate is 0.71 percent before July 1, 2015, and is 0.667 percent for the period after June 30,  
1.25 2015. If payment is received by the executive director after one year, the payment amount

2.1 is the amount determined under section 356.551. Payment under this paragraph must be  
2.2 made before the date of termination from public employment covered under this chapter.

2.3 (c) If the employee terminates employment covered by this chapter during the leave  
2.4 or following the leave rather than returning to covered employment, payment must be  
2.5 received by the executive director within 30 days after the termination date. The payment  
2.6 amount is equal to the employee and employer contribution rates specified in law for the  
2.7 applicable plan on the day prior to the termination date, multiplied by the employee's  
2.8 hourly rate of salary on that date and by the days and months of the leave of absence  
2.9 prior to termination.

2.10 Sec. 2. Minnesota Statutes 2014, section 352.27, is amended to read:

2.11 **352.27 CREDIT FOR BREAK IN SERVICE TO PROVIDE UNIFORMED**  
2.12 **SERVICE.**

2.13 (a) An employee who is absent from employment by reason of service in the  
2.14 uniformed services, as defined in United States Code, title 38, section 4303(13), and who  
2.15 returns to state service upon discharge from service in the uniformed service within the  
2.16 time frames required in United States Code, title 38, section 4312(e), may obtain service  
2.17 credit for the period of the uniformed service as further specified in this section, provided  
2.18 that the employee did not separate from uniformed service with a dishonorable or bad  
2.19 conduct discharge or under other than honorable conditions.

2.20 (b) The employee may obtain credit by paying into the fund an equivalent employee  
2.21 contribution based upon the contribution rate or rates in effect at the time that the  
2.22 uniformed service was performed multiplied by the full and fractional years being  
2.23 purchased and applied to the annual salary rate. The annual salary rate is the average  
2.24 annual salary during the purchase period that the employee would have received if the  
2.25 employee had continued to be employed in covered employment rather than to provide  
2.26 uniformed service, or, if the determination of that rate is not reasonably certain, the annual  
2.27 salary rate is the employee's average salary rate during the 12-month period of covered  
2.28 employment rendered immediately preceding the period of the uniformed service.

2.29 (c) The equivalent employer contribution and, if applicable, the equivalent additional  
2.30 employer contribution provided in this chapter must be paid by the department employing  
2.31 the employee from funds available to the department at the time and in the manner  
2.32 provided in this chapter, using the employer and additional employer contribution rate or  
2.33 rates in effect at the time that the uniformed service was performed, applied to the same  
2.34 annual salary rate or rates used to compute the equivalent employee contribution.

3.1 (d) If the employee equivalent contributions provided in this section are not paid in  
3.2 full, the employee's allowable service credit must be prorated by multiplying the full and  
3.3 fractional number of years of uniformed service eligible for purchase by the ratio obtained  
3.4 by dividing the total employee contribution received by the total employee contribution  
3.5 otherwise required under this section.

3.6 (e) To receive service credit under this section, the contributions specified in this  
3.7 section must be transmitted to the Minnesota State Retirement System during the period  
3.8 which begins with the date on which the individual returns to state service and which has a  
3.9 duration of three times the length of the uniformed service period, but not to exceed five  
3.10 years. If the determined payment period is less than one year, the contributions required  
3.11 under this section to receive service credit may be made within one year of the discharge  
3.12 date.

3.13 (f) The amount of service credit obtainable under this section may not exceed five  
3.14 years unless a longer purchase period is required under United States Code, title 38,  
3.15 section 4312.

3.16 (g) The employing unit shall pay interest on all equivalent employee and employer  
3.17 contribution amounts payable under this section. Interest must be computed at a the  
3.18 applicable rate of 8.5 percent compounded annually from the end of each fiscal year of the  
3.19 leave or the break in service to the end of the month in which the payment is received.  
3.20 The applicable rate is 8.5 percent for the period before July 1, 2015, and 8 percent for  
3.21 the period after June 30, 2015.

3.22 Sec. 3. Minnesota Statutes 2014, section 352.955, subdivision 3, is amended to read:

3.23 Subd. 3. **Payment of additional equivalent contributions.** (a) An eligible  
3.24 employee who is transferred to plan coverage and who elects to transfer past service  
3.25 credit under this section must pay an additional member contribution for that prior service  
3.26 period. The additional member contribution is the amount computed under paragraph  
3.27 (b), plus the greater of the amount computed under paragraph (c), or 40 percent of the  
3.28 unfunded actuarial accrued liability attributable to the past service credit transfer.

3.29 (b) The executive director shall compute, for the most recent 12 months of service  
3.30 credit eligible for transfer, or for the entire period eligible for transfer if less than 12  
3.31 months, the difference between the employee contribution rate or rates for the general  
3.32 state employees retirement plan and the employee contribution rate or rates for the  
3.33 correctional state employees retirement plan applied to the eligible employee's salary  
3.34 during that transfer period, plus compound interest at a the applicable monthly rate of ~~0.71~~

4.1 ~~percent.~~ The applicable rate is 0.71 percent before July 1, 2015, and is 0.667 percent for  
4.2 the period after June 30, 2015.

4.3 (c) The executive director shall compute, for any service credit being transferred  
4.4 on behalf of the eligible employee and not included under paragraph (b), the difference  
4.5 between the employee contribution rate or rates for the general state employees retirement  
4.6 plan and the employee contribution rate or rates for the correctional state employees  
4.7 retirement plan applied to the eligible employee's salary during that transfer period, plus  
4.8 compound interest at a ~~the applicable monthly rate of 0.71 percent.~~ The applicable rate is  
4.9 0.71 percent before July 1, 2015, and is 0.667 percent for the period after June 30, 2015.

4.10 (d) The executive director shall compute an amount using the process specified in  
4.11 paragraph (b), but based on differences in employer contribution rates between the general  
4.12 state employees retirement plan and the correctional state employees retirement plan  
4.13 rather than employee contribution rates.

4.14 (e) The executive director shall compute an amount using the process specified in  
4.15 paragraph (c), but based on differences in employer contribution rates between the general  
4.16 state employees retirement plan and the correctional state employees retirement plan  
4.17 rather than employee contribution rates.

4.18 (f) The additional equivalent member contribution under this subdivision must be  
4.19 paid in a lump sum. Payment must accompany the election to transfer the prior service  
4.20 credit. No transfer election or additional equivalent member contribution payment may be  
4.21 made by a person or accepted by the executive director after the one year anniversary date  
4.22 of the effective date of the retirement coverage transfer, or the date on which the eligible  
4.23 employee terminates state employment, whichever is earlier.

4.24 (g) If an eligible employee elects to transfer past service credit under this section  
4.25 and pays the additional equivalent member contribution amount under paragraph (a), the  
4.26 applicable department shall pay an additional equivalent employer contribution amount.  
4.27 The additional employer contribution is the amount computed under paragraph (d), plus  
4.28 the greater of the amount computed under paragraph (e), or 60 percent of the unfunded  
4.29 actuarial accrued liability attributable to the past service credit transfer.

4.30 (h) The unfunded actuarial accrued liability attributable to the past service credit  
4.31 transfer is the present value of the benefit obtained by the transfer of the service credit  
4.32 to the correctional state employees retirement plan reduced by the amount of the asset  
4.33 transfer under subdivision 4, by the amount of the member contribution equivalent  
4.34 payment computed under paragraph (b), and by the amount of the employer contribution  
4.35 equivalent payment computed under paragraph (d).

5.1 (i) The additional equivalent employer contribution under this subdivision must be  
5.2 paid in a lump sum and must be paid within 30 days of the date on which the executive  
5.3 director of the Minnesota State Retirement System certifies to the applicable department  
5.4 that the employee paid the additional equivalent member contribution.

5.5 Sec. 4. Minnesota Statutes 2014, section 352B.013, subdivision 2, is amended to read:

5.6 Subd. 2. **Purchase procedure.** (a) An employee covered by the plan specified in  
5.7 this chapter may purchase credit for allowable service in the plan for a period specified  
5.8 in subdivision 1 if the employee makes a payment as specified in paragraph (b) or (c),  
5.9 whichever applies. The employing unit, at its option, may pay the employer portion of the  
5.10 amount specified in paragraph (b) on behalf of its employees.

5.11 (b) If payment is received by the executive director within one year from the date  
5.12 the employee returned to work following the authorized leave, the payment amount is  
5.13 equal to the employee and employer contribution rates specified in section 352B.02 at the  
5.14 end of the leave period multiplied by the employee's hourly rate of salary on the date of  
5.15 return from the leave of absence and by the days and months of the leave of absence for  
5.16 which the employee is eligible for allowable service credit. The payment must include  
5.17 compound interest at a the applicable monthly rate of 0.71 percent from the last day of the  
5.18 leave period until the last day of the month in which payment is received. The applicable  
5.19 rate is 0.71 percent before July 1, 2015, and is 0.667 percent for the period after June 30,  
5.20 2015. If payment is received by the executive director after one year from the date the  
5.21 employee returned to work following the authorized leave, the payment amount is the  
5.22 amount determined under section 356.551. Payment under this paragraph must be made  
5.23 before the date of termination from public employment covered under this chapter.

5.24 (c) If the employee terminates employment covered by this chapter during the leave  
5.25 or following the leave rather than returning to covered employment, payment must be  
5.26 received by the executive director within 30 days after the termination date. The payment  
5.27 amount is equal to the employee and employer contribution rates specified in section  
5.28 352B.02 on the day prior to the termination date, multiplied by the employee's hourly rate of  
5.29 salary on that date and by the days and months of the leave of absence prior to termination.

5.30 Sec. 5. Minnesota Statutes 2014, section 352B.085, is amended to read:

5.31 **352B.085 SERVICE CREDIT FOR CERTAIN DISABILITY LEAVES OF**  
5.32 **ABSENCE.**

5.33 A member on leave of absence receiving temporary workers' compensation payments  
5.34 and a reduced salary or no salary from the employer who is entitled to allowable service

6.1 credit for the period of absence under section 352B.011, subdivision 3, paragraph (b), may  
6.2 make payment to the fund for the difference between salary received, if any, and the salary  
6.3 that the member would normally receive if the member was not on leave of absence  
6.4 during the period. The member shall pay an amount equal to the member and employer  
6.5 contribution rate under section 352B.02, subdivisions 1b and 1c, on the differential salary  
6.6 amount for the period of the leave of absence. The employing department, at its option, may  
6.7 pay the employer amount on behalf of the member. Payment made under this subdivision  
6.8 must include interest at the applicable rate of 8.5 percent per year, and must be completed  
6.9 within one year of the member's return from the leave of absence. The applicable rate is 8.5  
6.10 percent for the period before July 1, 2015, and 8 percent for the period after June 30, 2015.

6.11 Sec. 6. Minnesota Statutes 2014, section 352B.086, is amended to read:

6.12 **352B.086 SERVICE CREDIT FOR UNIFORMED SERVICE.**

6.13 (a) A member who is absent from employment by reason of service in the uniformed  
6.14 services, as defined in United States Code, title 38, section 4303(13), and who returns to  
6.15 state employment in a position covered by the plan upon discharge from service in the  
6.16 uniformed services within the time frame required in United States Code, title 38, section  
6.17 4312(e), may obtain service credit for the period of the uniformed service, provided that  
6.18 the member did not separate from uniformed service with a dishonorable or bad conduct  
6.19 discharge or under other than honorable conditions.

6.20 (b) The member may obtain credit by paying into the fund an equivalent member  
6.21 contribution based on the member contribution rate or rates in effect at the time that  
6.22 the uniformed service was performed multiplied by the full and fractional years being  
6.23 purchased and applied to the annual salary rate. The annual salary rate is the average  
6.24 annual salary during the purchase period that the member would have received if the  
6.25 member had continued to provide employment services to the state rather than to provide  
6.26 uniformed service, or if the determination of that rate is not reasonably certain, the annual  
6.27 salary rate is the member's average salary rate during the 12-month period of covered  
6.28 employment rendered immediately preceding the purchase period.

6.29 (c) The equivalent employer contribution and, if applicable, the equivalent employer  
6.30 additional contribution, must be paid by the employing unit, using the employer and  
6.31 employer additional contribution rate or rates in effect at the time that the uniformed  
6.32 service was performed, applied to the same annual salary rate or rates used to compute the  
6.33 equivalent member contribution.

6.34 (d) If the member equivalent contributions provided for in this section are not paid  
6.35 in full, the member's allowable service credit must be prorated by multiplying the full and

7.1 fractional number of years of uniformed service eligible for purchase by the ratio obtained  
7.2 by dividing the total member contributions received by the total member contributions  
7.3 otherwise required under this section.

7.4 (e) To receive allowable service credit under this section, the contributions specified  
7.5 in this section must be transmitted to the fund during the period which begins with the  
7.6 date on which the individual returns to state employment covered by the plan and which  
7.7 has a duration of three times the length of the uniformed service period, but not to exceed  
7.8 five years. If the determined payment period is calculated to be less than one year, the  
7.9 contributions required under this section to receive service credit must be transmitted to  
7.10 the fund within one year from the discharge date.

7.11 (f) The amount of allowable service credit obtainable under this section may not  
7.12 exceed five years, unless a longer purchase period is required under United States Code,  
7.13 title 38, section 4312.

7.14 (g) The employing unit shall pay interest on all equivalent member and employer  
7.15 contribution amounts payable under this section. Interest must be computed at a the  
7.16 applicable rate of 8.5 percent compounded annually from the end of each fiscal year  
7.17 of the leave or break in service to the end of the month in which payment is received.  
7.18 The applicable rate is 8.5 percent for the period before July 1, 2015, and 8 percent for  
7.19 the period after June 30, 2015.

7.20 Sec. 7. Minnesota Statutes 2014, section 352D.11, subdivision 2, is amended to read:

7.21 Subd. 2. **Payments by employee.** An employee entitled to purchase service credit  
7.22 may make the purchase by paying to the state retirement system an amount equal to  
7.23 the current employee contribution rate in effect for the state retirement system applied  
7.24 to the current or final salary rate multiplied by the months and days of prior temporary,  
7.25 intermittent, or contract legislative service. Payment shall be made in one lump sum  
7.26 unless the executive director of the state retirement system agrees to accept payment in  
7.27 installments over a period of not more than three years from the date of the agreement.  
7.28 Installment payments shall be charged interest at ~~an annual~~ the applicable rate of 8.5  
7.29 ~~percent~~ percent compounded annually. The applicable rate is 8.5 percent for the period before July  
7.30 1, 2015, and 8 percent for the period after June 30, 2015.

7.31 Sec. 8. Minnesota Statutes 2014, section 353.01, subdivision 16, is amended to read:

7.32 Subd. 16. **Allowable service; limits and computation.** (a) "Allowable service"  
7.33 means:

8.1 (1) service during years of actual membership in the course of which employee  
8.2 deductions were withheld from salary and contributions were made at the applicable rates  
8.3 under section 353.27, 353.65, or 353E.03;

8.4 (2) periods of service covered by payments in lieu of salary deductions under  
8.5 sections 353.27, subdivision 12, and 353.35;

8.6 (3) service in years during which the public employee was not a member but for  
8.7 which the member later elected, while a member, to obtain credit by making payments to  
8.8 the fund as permitted by any law then in effect;

8.9 (4) a period of authorized leave of absence with pay from which deductions for  
8.10 employee contributions are made, deposited, and credited to the fund;

8.11 (5) a period of authorized personal, parental, or medical leave of absence without  
8.12 pay, including a leave of absence covered under the federal Family Medical Leave Act,  
8.13 that does not exceed one year, and for which a member obtained service credit for each  
8.14 month in the leave period by payment under section 353.0161 to the fund made in place of  
8.15 salary deductions. An employee must return to public service and render a minimum of  
8.16 three months of allowable service in order to be eligible to make payment under section  
8.17 353.0161 for a subsequent authorized leave of absence without pay. Upon payment, the  
8.18 employee must be granted allowable service credit for the purchased period;

8.19 (6) a periodic, repetitive leave that is offered to all employees of a governmental  
8.20 subdivision. The leave program may not exceed 208 hours per annual normal work cycle  
8.21 as certified to the association by the employer. A participating member obtains service  
8.22 credit by making employee contributions in an amount or amounts based on the member's  
8.23 average salary, excluding overtime pay, that would have been paid if the leave had not been  
8.24 taken. The employer shall pay the employer and additional employer contributions on  
8.25 behalf of the participating member. The employee and the employer are responsible to pay  
8.26 interest on their respective shares at the applicable rate of 8.5 percent a year, compounded  
8.27 annually, from the end of the normal cycle until full payment is made. The applicable rate  
8.28 is 8.5 percent for the period before July 1, 2015, and 8 percent for the period after June 30,  
8.29 2015. An employer shall also make the employer and additional employer contributions,  
8.30 plus ~~8.5 percent~~ the applicable interest rate, compounded annually, on behalf of an  
8.31 employee who makes employee contributions but terminates public service. The applicable  
8.32 rate is 8.5 percent for the period before July 1, 2015, and 8 percent for the period after  
8.33 June 30, 2015. The employee contributions must be made within one year after the end of  
8.34 the annual normal working cycle or within 30 days after termination of public service,  
8.35 whichever is sooner. The executive director shall prescribe the manner and forms to be



9.1 used by a governmental subdivision in administering a periodic, repetitive leave. Upon  
9.2 payment, the member must be granted allowable service credit for the purchased period;

9.3 (7) an authorized temporary or seasonal layoff under subdivision 12, limited to three  
9.4 months allowable service per authorized temporary or seasonal layoff in one calendar year.

9.5 An employee who has received the maximum service credit allowed for an authorized  
9.6 temporary or seasonal layoff must return to public service and must obtain a minimum of  
9.7 three months of allowable service subsequent to the layoff in order to receive allowable  
9.8 service for a subsequent authorized temporary or seasonal layoff;

9.9 (8) a period during which a member is absent from employment by a governmental  
9.10 subdivision by reason of service in the uniformed services, as defined in United States  
9.11 Code, title 38, section 4303(13), if the member returns to public service with the same  
9.12 governmental subdivision upon discharge from service in the uniformed service within the  
9.13 time frames required under United States Code, title 38, section 4312(e), provided that  
9.14 the member did not separate from uniformed service with a dishonorable or bad conduct  
9.15 discharge or under other than honorable conditions. The service must be credited if the  
9.16 member pays into the fund equivalent employee contributions based upon the contribution  
9.17 rate or rates in effect at the time that the uniformed service was performed multiplied by  
9.18 the full and fractional years being purchased and applied to the annual salary rate. The  
9.19 annual salary rate is the average annual salary during the purchase period that the member  
9.20 would have received if the member had continued to be employed in covered employment  
9.21 rather than to provide uniformed service, or, if the determination of that rate is not  
9.22 reasonably certain, the annual salary rate is the member's average salary rate during the  
9.23 12-month period of covered employment rendered immediately preceding the period of the  
9.24 uniformed service. Payment of the member equivalent contributions must be made during  
9.25 a period that begins with the date on which the individual returns to public employment  
9.26 and that is three times the length of the military leave period, or within five years of the  
9.27 date of discharge from the military service, whichever is less. If the determined payment  
9.28 period is less than one year, the contributions required under this clause to receive service  
9.29 credit may be made within one year of the discharge date. Payment may not be accepted  
9.30 following 30 days after termination of public service under subdivision 11a. If the member  
9.31 equivalent contributions provided for in this clause are not paid in full, the member's  
9.32 allowable service credit must be prorated by multiplying the full and fractional number  
9.33 of years of uniformed service eligible for purchase by the ratio obtained by dividing  
9.34 the total member contributions received by the total member contributions otherwise  
9.35 required under this clause. The equivalent employer contribution, and, if applicable, the  
9.36 equivalent additional employer contribution must be paid by the governmental subdivision

10.1 employing the member if the member makes the equivalent employee contributions. The  
10.2 employer payments must be made from funds available to the employing unit, using the  
10.3 employer and additional employer contribution rate or rates in effect at the time that the  
10.4 uniformed service was performed, applied to the same annual salary rate or rates used to  
10.5 compute the equivalent member contribution. The governmental subdivision involved  
10.6 may appropriate money for those payments. The amount of service credit obtainable  
10.7 under this section may not exceed five years unless a longer purchase period is required  
10.8 under United States Code, title 38, section 4312. The employing unit shall pay interest  
10.9 on all equivalent member and employer contribution amounts payable under this clause.  
10.10 Interest must be computed at a the applicable rate of 8.5 percent compounded annually  
10.11 from the end of each fiscal year of the leave or the break in service to the end of the  
10.12 month in which the payment is received. The applicable rate is 8.5 percent for the period  
10.13 before July 1, 2015, and 8 percent for the period after June 30, 2015. Upon payment, the  
10.14 employee must be granted allowable service credit for the purchased period; or

10.15 (9) a period specified under section 353.0162.

10.16 (b) For calculating benefits under sections 353.30, 353.31, 353.32, and 353.33 for  
10.17 state officers and employees displaced by the Community Corrections Act, chapter 401,  
10.18 and transferred into county service under section 401.04, "allowable service" means the  
10.19 combined years of allowable service as defined in paragraph (a), clauses (1) to (6), and  
10.20 section 352.01, subdivision 11.

10.21 (c) No member may receive more than 12 months of allowable service credit in a  
10.22 year either for vesting purposes or for benefit calculation purposes. For an active member  
10.23 who was an active member of the former Minneapolis Firefighters Relief Association  
10.24 on December 29, 2011, "allowable service" is the period of service credited by the  
10.25 Minneapolis Firefighters Relief Association as reflected in the transferred records of the  
10.26 association up to December 30, 2011, and the period of service credited under paragraph  
10.27 (a), clause (1), after December 30, 2011. For an active member who was an active member  
10.28 of the former Minneapolis Police Relief Association on December 29, 2011, "allowable  
10.29 service" is the period of service credited by the Minneapolis Police Relief Association as  
10.30 reflected in the transferred records of the association up to December 30, 2011, and the  
10.31 period of service credited under paragraph (a), clause (1), after December 30, 2011.

10.32 (d) MS 2002 [Expired]

10.33 Sec. 9. Minnesota Statutes 2014, section 353.0161, subdivision 2, is amended to read:

10.34 Subd. 2. **Purchase procedure.** (a) An employee covered by a plan specified in  
10.35 subdivision 1 may purchase credit for allowable service in that plan for a period specified

11.1 in subdivision 1 if the employee makes a payment as specified in paragraph (b) or (c),  
11.2 whichever applies. The employing unit, at its option, may pay the employer portion of the  
11.3 amount specified in paragraph (b) on behalf of its employees.

11.4 (b) If payment is received by the executive director within one year from the date  
11.5 the member returned to work following the authorized leave, or within 30 days after the  
11.6 date of termination of public service if the member did not return to work, the payment  
11.7 amount is equal to the employee and employer contribution rates specified in law for  
11.8 the applicable plan at the end of the leave period, or at termination of public service,  
11.9 whichever is earlier, multiplied by the employee's average monthly salary, excluding  
11.10 overtime, upon which deductions were paid during the six months, or portion thereof,  
11.11 before the commencement of the leave of absence and by the number of months of the  
11.12 leave of absence for which the employee wants allowable service credit. Payments made  
11.13 under this paragraph must include compound interest at a the applicable monthly rate of  
11.14 0.71 percent from the last day of the leave period until the last day of the month in which  
11.15 payment is received. The applicable rate is 0.71 percent before July 1, 2015, and is 0.667  
11.16 percent for the period after June 30, 2015.

11.17 (c) If payment is received by the executive director after one year, the payment  
11.18 amount is the amount determined under section 356.551. Payment under this paragraph  
11.19 must be made before the date the person terminates public service under section 353.01,  
11.20 subdivision 11a.

11.21 Sec. 10. Minnesota Statutes 2014, section 353.0162, is amended to read:

11.22 **353.0162 REDUCED SALARY PERIODS SALARY CREDIT PURCHASE.**

11.23 (a) A member may purchase additional salary credit for a period specified in this  
11.24 section.

11.25 (b) The applicable period is a period during which the member is receiving a reduced  
11.26 salary from the employer while the member is:

11.27 (1) receiving temporary workers' compensation payments related to the member's  
11.28 service to the public employer;

11.29 (2) on an authorized medical leave of absence; or

11.30 (3) on an authorized partial paid leave of absence as a result of a budgetary or salary  
11.31 savings program offered or mandated by a governmental subdivision.

11.32 (c) The differential salary amount is the difference between the average monthly  
11.33 salary received by the member during the period of reduced salary under this section and  
11.34 the average monthly salary of the member, excluding overtime, on which contributions  
11.35 to the applicable plan were made during the period of the last six months of covered

12.1 employment occurring immediately before the period of reduced salary, applied to the  
12.2 member's normal employment period, measured in hours or otherwise, as applicable.

12.3 (d) To receive eligible salary credit, the member shall pay an amount equal to:

12.4 (1) the applicable employee contribution rate under section 353.27, subdivision  
12.5 2; 353.65, subdivision 2; or 353E.03, subdivision 1, as applicable, multiplied by the  
12.6 differential salary amount;

12.7 (2) plus an employer equivalent payment equal to the applicable employer  
12.8 contribution rate in section 353.27, subdivision 3; 353.65, subdivision 3; or 353E.03,  
12.9 subdivision 2, as applicable, multiplied by the differential salary amount;

12.10 (3) plus, if applicable, an equivalent employer additional amount equal to the  
12.11 additional employer contribution rate in section 353.27, subdivision 3a, multiplied by the  
12.12 differential salary amount.

12.13 (e) The employer, by appropriate action of its governing body and documented in its  
12.14 official records, may pay the employer equivalent contributions and, as applicable, the  
12.15 equivalent employer additional contributions on behalf of the member.

12.16 (f) Payment under this section must include interest on the contribution amount or  
12.17 amounts, whichever applies, at ~~an 8.5 percent~~ the applicable annual rate, prorated for  
12.18 applicable months from the date on which the period of reduced salary specified under  
12.19 this section terminates to the date on which the payment or payments are received by  
12.20 the executive director. The applicable rate is 8.5 percent for the period before July 1,  
12.21 2015, and 8 percent for the period after June 30, 2015. Payment under this section must  
12.22 be completed within the earlier of 30 days from termination of public service by the  
12.23 employee under section 353.01, subdivision 11a, or one year after the termination of the  
12.24 period specified in paragraph (b), as further restricted under this section.

12.25 (g) The period for which additional allowable salary credit may be purchased is  
12.26 limited to the period during which the person receives temporary workers' compensation  
12.27 payments or for those business years in which the governmental subdivision offers or  
12.28 mandates a budget or salary savings program, as certified to the executive director by a  
12.29 resolution of the governing body of the governmental subdivision. For an authorized  
12.30 medical leave of absence, the period for which allowable salary credit may be purchased  
12.31 may not exceed 12 consecutive months of authorized medical leave.

12.32 (h) To purchase salary credit for a subsequent period of temporary workers'  
12.33 compensation benefits or subsequent authorized medical leave of absence, the member  
12.34 must return to public service and render a minimum of three months of allowable service.

12.35 Sec. 11. Minnesota Statutes 2014, section 354.72, subdivision 2, is amended to read:

13.1 Subd. 2. **Purchase procedure.** (a) A teacher may purchase credit for allowable and  
13.2 formula service in the plan for a period specified in subdivision 1 if the teacher makes a  
13.3 payment as specified in paragraph (b), (c), or (d), whichever applies. The employing unit,  
13.4 at its option, may pay the employer portion of the amount on behalf of its employees.

13.5 (b) If payment is received by the executive director by June 30 of the fiscal year of  
13.6 the strike period or authorized leave included under section 354.093, 354.095, or 354.096,  
13.7 payment must equal the total employee and employer contribution rates, including  
13.8 amortization contribution rates if applicable, multiplied by the member's average monthly  
13.9 salary rate on the date the leave or strike period commenced, or for an extended leave  
13.10 under section 354.094, on the salary received during the year immediately preceding the  
13.11 initial year of the leave, multiplied by the months and portions of a month of the leave or  
13.12 strike period for which the teacher seeks allowable service credit.

13.13 (c) If payment is made after June 30 and before the following June 30 for a strike  
13.14 period or for leaves of absence under section 354.093, 354.095, or 354.096, or for an  
13.15 extended leave of absence under section 354.094, the payment must include the amount  
13.16 determined in paragraph (b) plus compound interest at a the applicable monthly rate of  
13.17 ~~0.71 percent~~ from June 30 until the last day of the month in which payment is received.  
13.18 The applicable rate is 0.71 percent before July 1, 2015, and is 0.667 percent for the period  
13.19 after June 30, 2015.

13.20 (d) If payment is received by the executive director after the applicable last permitted  
13.21 date under paragraph (c), the payment amount is the amount determined under section  
13.22 356.551. Notwithstanding payment deadlines specified in section 356.551, payment under  
13.23 this section may be made anytime before the effective date of retirement.

13.24 Sec. 12. Minnesota Statutes 2014, section 354A.096, is amended to read:

13.25 **354A.096 MEDICAL LEAVE.**

13.26 Any teacher in the coordinated program of the St. Paul Teachers Retirement Fund  
13.27 Association who is on an authorized medical leave of absence and subsequently returns  
13.28 to teaching service is entitled to receive allowable service credit, not to exceed one year,  
13.29 for the period of leave, upon making the prescribed payment to the fund. This payment  
13.30 must include the required employee and employer contributions at the rates specified in  
13.31 section 354A.12, subdivisions 1 and 2a, as applied to the member's average full-time  
13.32 monthly salary rate on the date the leave of absence commenced plus annual interest at the  
13.33 applicable rate of 8.5 percent per year from the end of the fiscal year during which the  
13.34 leave terminates to the end of the month during which payment is made. The applicable  
13.35 rate is 8.5 percent for the period before July 1, 2015, and 8 percent for the period after

14.1 June 30, 2015. The member must pay the total amount required unless the employing unit,  
14.2 at its option, pays the employer contributions. The total amount required must be paid by  
14.3 the end of the fiscal year following the fiscal year in which the leave of absence terminated  
14.4 or before the member retires, whichever is earlier. Payment must be accompanied by a  
14.5 copy of the resolution or action of the employing authority granting the leave and the  
14.6 employing authority, upon granting the leave, must certify the leave to the association in a  
14.7 manner specified by the executive director. A member may not receive more than one year  
14.8 of allowable service credit during any fiscal year by making payment under this section. A  
14.9 member may not receive disability benefits under section 354A.36 and receive allowable  
14.10 service credit under this section for the same period of time.

14.11 Sec. 13. Minnesota Statutes 2014, section 354A.108, is amended to read:

14.12 **354A.108 PAYMENT BY TEACHERS COLLECTING WORKERS'**  
14.13 **COMPENSATION.**

14.14 (a) A member of the Duluth Teachers Retirement Fund Association who is receiving  
14.15 temporary workers' compensation payments related to the member's teaching service  
14.16 and who either is receiving a reduced salary from the employer or is receiving no salary  
14.17 from the employer is entitled to receive allowable service credit for the period of time  
14.18 that the member is receiving the workers' compensation payments upon making the  
14.19 required payment amount.

14.20 (b) The required amount payable by the member must be calculated first by  
14.21 determining the differential salary amount, which is the difference between the salary  
14.22 received, if any, during the period of time that the member is collecting workers'  
14.23 compensation payments, and the salary that the member received for an identical length  
14.24 period immediately before collecting the workers' compensation payments. The member  
14.25 shall pay an amount equal to the employee contribution rate under section 354A.12,  
14.26 subdivision 1, multiplied by the differential salary amount.

14.27 (c) If the member makes the employee payment under this section, the employing  
14.28 unit shall make an employer payment to the Duluth Teachers Retirement Fund Association  
14.29 equal to the employer contribution rate under section 354A.12, subdivision 2a, multiplied  
14.30 by the differential salary amount.

14.31 (d) Payments made under this subdivision are payable without interest if paid by  
14.32 June 30 of the year during which the workers' compensation payments are received by  
14.33 the member. If paid after June 30, payments made under this subdivision must include  
14.34 interest at the applicable rate of ~~8.5 percent~~ per year. The applicable rate is 8.5 percent for  
14.35 the period before July 1, 2015, and 8 percent for the period after June 30, 2015. Payment

15.1 under this section must be completed within one year of the termination of the workers'  
15.2 compensation payments to the member.

15.3 Sec. 14. Minnesota Statutes 2014, section 356.195, subdivision 2, is amended to read:

15.4 Subd. 2. **Purchase procedure for strike periods.** (a) An employee covered by a  
15.5 plan specified in subdivision 1 may purchase allowable service credit in the applicable  
15.6 plan for any period of time during which the employee was on a public employee strike  
15.7 without pay, not to exceed a period of one year, if the employee makes a payment in  
15.8 lieu of salary deductions as specified in paragraph (b) or (c), whichever applies. The  
15.9 employing unit, at its option, may pay the employer portion of the amount specified in  
15.10 paragraph (b) on behalf of its employees.

15.11 (b) If payment is received by the applicable pension plan executive director within  
15.12 one year from the end of the strike, the payment amount is equal to the applicable  
15.13 employee and employer contribution rates specified in law for the applicable plan during  
15.14 the strike period, applied to the employee's rate of salary in effect at the conclusion of the  
15.15 strike for the period of the strike without pay, plus compound interest at a the applicable  
15.16 monthly rate of 0.71 percent from the last day of the strike period until the date payment is  
15.17 received. The applicable rate is 0.71 percent before July 1, 2015, and is 0.667 percent for  
15.18 the period after June 30, 2015.

15.19 (c) If payment is received by the applicable pension fund director after one year and  
15.20 before five years from the end of the strike, the payment amount is the amount determined  
15.21 under section 356.551.

15.22 (d) Payments may not be made more than five years after the end of the strike.

15.23 Sec. 15. Minnesota Statutes 2014, section 356.50, subdivision 2, is amended to read:

15.24 Subd. 2. **Service credit procedure.** (a) To obtain the public pension plan  
15.25 allowable service credit, the eligible person under subdivision 1 shall pay the required  
15.26 member contribution amount. The required member contribution amount is the member  
15.27 contribution rate or rates in effect for the pension plan during the period of service covered  
15.28 by the back pay award, applied to the unpaid gross salary amounts of the back pay award  
15.29 including unemployment insurance, workers' compensation, or wages from other sources  
15.30 which reduced the back award. No contributions may be made under this clause for  
15.31 compensation covered by a public pension plan listed in section 356.30, subdivision 3,  
15.32 for employment during the removal period. The person shall pay the required member  
15.33 contribution amount within 60 days of the date of receipt of the back pay award or within  
15.34 60 days of a billing from the retirement fund, whichever is later.

16.1 (b) The public employer who wrongfully discharged the public employee must pay  
16.2 an employer contribution on the back pay award. The employer contribution must be  
16.3 based on the employer contribution rate or rates in effect for the pension plan during the  
16.4 period of service covered by the back pay award, applied to the salary amount on which  
16.5 the member contribution amount was determined under paragraph (a). Interest on both  
16.6 the required member and employer contribution amount must be paid by the employer at  
16.7 the applicable annual compound rate of ~~8.5 percent~~ per year, expressed monthly, between  
16.8 the date the contribution amount would have been paid to the date of actual payment.  
16.9 The applicable rate is 8.5 percent for the period before July 1, 2015, and 8 percent for  
16.10 the period after June 30, 2015. The employer payment must be made within 30 days of  
16.11 the payment under paragraph (a).

16.12 Sec. 16. Minnesota Statutes 2014, section 356.551, subdivision 2, is amended to read:

16.13 Subd. 2. **Determination.** (a) Unless the minimum purchase amount set forth in  
16.14 paragraph (c) applies, the prior service credit purchase amount is an amount equal to the  
16.15 actuarial present value, on the date of payment, as calculated by the chief administrative  
16.16 officer of the pension plan and reviewed by the actuary retained under section 356.214,  
16.17 of the amount of the additional retirement annuity obtained by the acquisition of the  
16.18 additional service credit in this section.

16.19 (b) Calculation of this amount must be made using the preretirement interest rate  
16.20 applicable to the public pension plan specified in section 356.215, subdivision 8, and  
16.21 the mortality table adopted for the public pension plan. The calculation must assume  
16.22 continuous future service in the public pension plan until, and retirement at, the age at  
16.23 which the minimum requirements of the fund for normal retirement or retirement with an  
16.24 annuity unreduced for retirement at an early age, including section 356.30, are met with  
16.25 the additional service credit purchased. The calculation must also assume a full-time  
16.26 equivalent salary, or actual salary, whichever is greater, and a future salary history that  
16.27 includes annual salary increases at the applicable salary increase rate for the plan specified  
16.28 in section 356.215, subdivision 4d.

16.29 (c) The prior service credit purchase amount may not be less than the amount  
16.30 determined by applying, for each year or fraction of a year being purchased, the sum  
16.31 of the employee contribution rate, the employer contribution rate, and the additional  
16.32 employer contribution rate, if any, applicable during that period, to the person's annual  
16.33 salary during that period, or fractional portion of a year's salary, if applicable, plus interest  
16.34 at the applicable annual rate of ~~8.5 percent~~ compounded annually from the end of the year  
16.35 in which contributions would otherwise have been made to the date on which the payment



17.1 is received. The applicable rate is 8.5 percent for the period before July 1, 2015, and 8  
17.2 percent for the period after June 30, 2015.

17.3 (d) Unless otherwise provided by statutes governing a specific plan, payment must  
17.4 be made in one lump sum within one year of the prior service credit authorization or prior  
17.5 to the member's effective date of retirement, whichever is earlier. Payment of the amount  
17.6 calculated under this section must be made by the applicable eligible person.

17.7 (e) However, the current employer or the prior employer may, at its discretion, pay  
17.8 all or any portion of the payment amount that exceeds an amount equal to the employee  
17.9 contribution rates in effect during the period or periods of prior service applied to the  
17.10 actual salary rates in effect during the period or periods of prior service, plus interest at the  
17.11 rate of 8.5 percent a year compounded annually from the date on which the contributions  
17.12 would otherwise have been made to the date on which the payment is made. If the  
17.13 employer agrees to payments under this subdivision, the purchaser must make the  
17.14 employee payments required under this subdivision within 90 days of the prior service  
17.15 credit authorization. If that employee payment is made, the employer payment under this  
17.16 subdivision must be remitted to the chief administrative officer of the public pension plan  
17.17 within 60 days of receipt by the chief administrative officer of the employee payments  
17.18 specified under this subdivision.

17.19 Sec. 17. Minnesota Statutes 2014, section 490.121, subdivision 4, is amended to read:

17.20 Subd. 4. **Allowable service.** (a) "Allowable service" means any calendar month,  
17.21 subject to the service credit limit in subdivision 22, served as a judge at any time, during  
17.22 which the judge received compensation for that service from the state, municipality,  
17.23 or county, whichever applies, and for which the judge made any required member  
17.24 contribution. It also includes any month served as a referee in probate for all referees in  
17.25 probate who were in office before January 1, 1974.

17.26 (b) "Allowable service" also means a period of authorized leave of absence for which  
17.27 the judge has made a payment in lieu of contributions, not in an amount in excess of the  
17.28 service credit limit under subdivision 22. To obtain the service credit, the judge shall pay  
17.29 an amount equal to the normal cost of the judges retirement plan on the date of return from  
17.30 the leave of absence, as determined in the most recent actuarial report for the plan filed with  
17.31 the Legislative Commission on Pensions and Retirement, multiplied by the judge's average  
17.32 monthly salary rate during the authorized leave of absence and multiplied by the number of  
17.33 months of the authorized leave of absence, plus annual compound interest at the applicable  
17.34 rate of 8.5 percent from the date of the termination of the leave to the date on which payment  
17.35 is made. The applicable rate is 8.5 percent for the period before July 1, 2015, and 8 percent

18.1 for the period after June 30, 2015. The payment must be made within one year of the date  
18.2 on which the authorized leave of absence terminated. Service credit for an authorized  
18.3 leave of absence is in addition to a uniformed service leave under section 490.1211.

18.4 (c) "Allowable service" does not mean service as a retired judge.

18.5 Sec. 18. Minnesota Statutes 2014, section 490.1211, is amended to read:

18.6 **490.1211 UNIFORMED SERVICE.**

18.7 (a) A judge who is absent from employment by reason of service in the uniformed  
18.8 services, as defined in United States Code, title 38, section 4303(13), and who returns  
18.9 to state employment as a judge upon discharge from service in the uniformed service  
18.10 within the time frame required in United States Code, title 38, section 4312(e), may obtain  
18.11 service credit for the period of the uniformed service, provided that the judge did not  
18.12 separate from uniformed service with a dishonorable or bad conduct discharge or under  
18.13 other than honorable conditions.

18.14 (b) The judge may obtain credit by paying into the fund equivalent member  
18.15 contribution based on the contribution rate or rates in effect at the time that the uniformed  
18.16 service was performed multiplied by the full and fractional years being purchased and  
18.17 applied to the annual salary rate. The annual salary rate is the average annual salary  
18.18 during the purchase period that the judge would have received if the judge had continued  
18.19 to provide employment services to the state rather than to provide uniformed service, or  
18.20 if the determination of that rate is not reasonably certain, the annual salary rate is the  
18.21 judge's average salary rate during the 12-month period of judicial employment rendered  
18.22 immediately preceding the purchase period.

18.23 (c) The equivalent employer contribution and, if applicable, the equivalent employer  
18.24 additional contribution, must be paid by the employing unit, using the employer and  
18.25 employer additional contribution rate or rates in effect at the time that the uniformed  
18.26 service was performed, applied to the same annual salary rate or rates used to compute the  
18.27 equivalent member contribution.

18.28 (d) If the member equivalent contributions provided for in this section are not paid  
18.29 in full, the judge's allowable service credit must be prorated by multiplying the full and  
18.30 fractional number of years of uniformed service eligible for purchase by the ratio obtained  
18.31 by dividing the total member contributions received by the total member contributions  
18.32 otherwise required under this section.

18.33 (e) To receive allowable service credit under this section, the contributions specified  
18.34 in this section and section 490.121 must be transmitted to the fund during the period  
18.35 which begins with the date on which the individual returns to judicial employment and

19.1 which has a duration of three times the length of the uniformed service period, but not  
19.2 to exceed five years. If the determined payment period is calculated to be less than one  
19.3 year, the contributions required under this section to receive service credit may be within  
19.4 one year from the discharge date.

19.5 (f) The amount of allowable service credit obtainable under this section and section  
19.6 490.121 may not exceed five years, unless a longer purchase period is required under  
19.7 United States Code, title 38, section 4312.

19.8 (g) The state court administrator shall pay interest on all equivalent member and  
19.9 employer contribution amounts payable under this section. Interest must be computed  
19.10 at a the applicable rate of 8.5 percent compounded annually from the end of each fiscal  
19.11 year of the leave or break in service to the end of the month in which payment is received.  
19.12 The applicable rate is 8.5 percent for the period before July 1, 2015, and 8 percent for  
19.13 the period after June 30, 2015.

19.14 Sec. 19. **EFFECTIVE DATE.**

19.15 Sections 1 to 18 are effective July 1, 2015."

19.16 Amend the title accordingly