

1.1 A bill for an act

1.2 relating to retirement; various retirement plans; requiring employment unit
1.3 accommodation of daily valuation of investment accounts; eliminating
1.4 administrative fee maximum for the unclassified state employees retirement
1.5 program; making changes of an administrative nature in the general employees
1.6 retirement plan of the Public Employees Retirement Association, the public
1.7 employees police and fire retirement plan, and the defined contribution retirement
1.8 plan; making various administrative modifications in the voluntary statewide
1.9 lump-sum volunteer firefighter retirement plan of the Public Employees
1.10 Retirement Association; redefining TRA allowable service credit; defining
1.11 annual base salary, requiring base salary reporting by TRA-covered employing
1.12 units; making changes of an administrative nature in the Minnesota State
1.13 Colleges and Universities System individual retirement account plan; setting
1.14 deadline dates for actuarial reporting; extending and revising an early retirement
1.15 incentive program; permitting the court-ordered revocation of an optional annuity
1.16 election in certain marriage dissolutions; making various technical corrections
1.17 relating to volunteer fire relief associations; revising break-in-service return
1.18 to firefighting authorizations; authorizing Minnesota deferred compensation
1.19 plan service pension transfers; revising payout defaults in survivor benefits;
1.20 authorizing corrections of certain special fund deposits; amending Minnesota
1.21 Statutes 2008, sections 69.051, subdivision 3; 352.01, subdivisions 2a, 2b;
1.22 352.965, subdivision 6; 352D.015, subdivisions 4, 9; 352D.02, subdivisions
1.23 1, 1c, 1d, 2, 3; 352D.03; 352D.04, subdivision 1; 352D.05, subdivisions 3, 4;
1.24 352D.06, subdivision 3; 352D.065, subdivision 3; 352D.09, subdivisions 3,
1.25 7; 353.01, subdivisions 2b, 2d; 353.03, subdivision 1; 353.27, subdivisions 4,
1.26 10; 353D.01, subdivision 2; 353D.03, subdivision 1; 353D.04, subdivisions 1,
1.27 2; 353F.025, subdivisions 1, 2; 353G.05, subdivision 2, as added; 353G.09,
1.28 subdivision 3, as added; 354.05, by adding a subdivision; 354.091; 354.52,
1.29 subdivisions 4b, 6, by adding a subdivision; 354.66, subdivision 3; 354B.25,
1.30 subdivisions 1, 3; 354C.14; 356.215, subdivision 3; 356.351, subdivisions 1, 2,
1.31 as amended; 356.96, subdivisions 2, 3, 7, 8; 356A.06, subdivision 8; 424A.08,
1.32 as amended; 518.58, subdivisions 3, 4; Minnesota Statutes 2009 Supplement,
1.33 sections 69.772, subdivision 6; 69.773, subdivision 6; 353.01, subdivisions
1.34 2, 2a; 353.27, subdivision 7; 353.371, subdivision 4; 353F.02, subdivision
1.35 4; 353G.06, subdivision 1; 353G.08; 353G.11, subdivision 1, by adding a
1.36 subdivision; 356.96, subdivision 5; 424A.01, subdivisions 1, 6; 424A.015, by
1.37 adding a subdivision; 424A.016, subdivisions 4, 7; 424A.02, subdivisions 9, 10;
1.38 424A.05, subdivision 3, by adding a subdivision; Laws 2009, chapter 169, article
1.39 4, section 49; article 5, section 2; proposing coding for new law in Minnesota

2.1 Statutes, chapters 353G; 356; repealing Minnesota Statutes 2008, sections
2.2 353.46, subdivision 1a; 353D.03, subdivision 2; 353D.12; 354C.15; Minnesota
2.3 Statutes 2009 Supplement, section 424A.001, subdivision 6; Laws 2009, chapter
2.4 169, article 10, section 32.

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

2.6 **ARTICLE 1**

2.7 **MINNESOTA STATE DEFERRED COMPENSATION PLAN AMENDMENTS**

2.8 Section 1. Minnesota Statutes 2008, section 352.965, subdivision 6, is amended to read:

2.9 Subd. 6. **Plan administrative expenses.** (a) The reasonable and necessary
2.10 administrative expenses of the deferred compensation plan may be charged to plan
2.11 participants in the form of an annual fee, an asset-based fee, a percentage of the
2.12 contributions to the plan, or a combination thereof, as set forth in the plan document. The
2.13 executive director of the system at the direction of the board of directors shall establish
2.14 procedures to carry out this section including allocation of administrative costs of the plan
2.15 to participants. Processes and procedures shall be set forth in the plan document. Fees
2.16 cannot be charged on contributions and investment returns attributable to contributions
2.17 made to the Minnesota supplemental investment funds before July 1, 1992.

2.18 (b) The plan document must conform to federal and state tax laws, regulations, and
2.19 rulings, and is not subject to the Administrative Procedure Act.

2.20 (c) The executive director may contract with a third party to perform administrative
2.21 and record keeping functions. The executive director may solicit bids and negotiate such
2.22 contracts. Participating employers must provide the necessary data to the third-party
2.23 administrator as determined by the executive director. The third-party record keeper and
2.24 the Minnesota State Retirement System shall follow the data privacy provisions under
2.25 chapter 13. The third-party record keeper may not solicit participants for any product or
2.26 services not related to the deferred compensation plan.

2.27 (d) The board of directors may authorize a third-party investment consultant to
2.28 provide investment information and advice, provided that the offering of such information
2.29 and advice is consistent with the investment advice requirements applicable to private
2.30 plans under Title VI, subtitle A, of the Pension Protection Act of 2006, Public Law
2.31 109-280, section 601.

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

3.1 **ARTICLE 2**3.2 **MSRS UNCLASSIFIED STATE EMPLOYEES RETIREMENT**
3.3 **PROGRAM AMENDMENTS**

3.4 Section 1. Minnesota Statutes 2008, section 352.01, subdivision 2a, is amended to read:

3.5 Subd. 2a. **Included employees.** (a) "State employee" includes:

3.6 (1) employees of the Minnesota Historical Society;

3.7 (2) employees of the State Horticultural Society;

3.8 (3) employees of the Minnesota Crop Improvement Association;

3.9 (4) employees of the adjutant general who are paid from federal funds and who are
3.10 not covered by any federal civilian employees retirement system;

3.11 (5) employees of the Minnesota State Colleges and Universities employed under the
3.12 university or college activities program;

3.13 (6) currently contributing employees covered by the system who are temporarily
3.14 employed by the legislature during a legislative session or any currently contributing
3.15 employee employed for any special service as defined in subdivision 2b, clause (8);

3.16 (7) employees of the legislature appointed without a limit on the duration of their
3.17 employment and persons employed or designated by the legislature or by a legislative
3.18 committee or commission or other competent authority to conduct a special inquiry,
3.19 investigation, examination, or installation;

3.20 (8) trainees who are employed on a full-time established training program
3.21 performing the duties of the classified position for which they will be eligible to receive
3.22 immediate appointment at the completion of the training period;

3.23 (9) employees of the Minnesota Safety Council;

3.24 (10) any employees on authorized leave of absence from the Transit Operating
3.25 Division of the former Metropolitan Transit Commission who are employed by the
3.26 labor organization which is the exclusive bargaining agent representing employees of
3.27 the Transit Operating Division;

3.28 (11) employees of the Metropolitan Council, Metropolitan Parks and Open Space
3.29 Commission, Metropolitan Sports Facilities Commission, Metropolitan Mosquito Control
3.30 Commission, or Metropolitan Radio Board unless excluded or covered by another public
3.31 pension fund or plan under section 473.415, subdivision 3;

3.32 (12) judges of the Tax Court;

3.33 (13) personnel employed on June 30, 1992, by the University of Minnesota in the
3.34 management, operation, or maintenance of its heating plant facilities, whose employment
3.35 transfers to an employer assuming operation of the heating plant facilities, so long as the

4.1 person is employed at the University of Minnesota heating plant by that employer or by its
4.2 successor organization;

4.3 (14) seasonal help in the classified service employed by the Department of Revenue;

4.4 (15) persons employed by the Department of Commerce as a peace officer in
4.5 the Insurance Fraud Prevention Division under section 45.0135 who have attained the
4.6 mandatory retirement age specified in section 43A.34, subdivision 4;

4.7 (16) employees of the University of Minnesota unless excluded under subdivision
4.8 2b, clause (3);

4.9 (17) employees of the Middle Management Association whose employment began
4.10 after July 1, 2007, and to whom section 352.029 does not apply; ~~and~~

4.11 (18) employees of the Minnesota Government Engineers Council to whom section
4.12 352.029 does not apply; and

4.13 (19) employees who have elected to transfer past service to the general employees
4.14 retirement plan under section 352D.02, subdivision 1d, paragraph (a), or who have not
4.15 elected to transfer to the unclassified program under section 352D.02, subdivision 1d,
4.16 paragraph (b).

4.17 (b) Employees specified in paragraph (a), clause (13), are included employees under
4.18 paragraph (a) if employer and employee contributions are made in a timely manner in the
4.19 amounts required by section 352.04. Employee contributions must be deducted from
4.20 salary. Employer contributions are the sole obligation of the employer assuming operation
4.21 of the University of Minnesota heating plant facilities or any successor organizations to
4.22 that employer.

4.23 **EFFECTIVE DATE.** This section is effective June 30, 2010.

4.24 Sec. 2. Minnesota Statutes 2008, section 352.01, subdivision 2b, is amended to read:

4.25 Subd. 2b. **Excluded employees.** "State employee" does not include:

4.26 (1) students employed by the University of Minnesota, or the state colleges and
4.27 universities, unless approved for coverage by the Board of Regents of the University of
4.28 Minnesota or the Board of Trustees of the Minnesota State Colleges and Universities,
4.29 whichever is applicable;

4.30 (2) employees who are eligible for membership in the state Teachers Retirement
4.31 Association, except employees of the Department of Education who have chosen or may
4.32 choose to be covered by the general state employees retirement plan of the Minnesota
4.33 State Retirement System instead of the Teachers Retirement Association;

4.34 (3) employees of the University of Minnesota who are excluded from coverage by
4.35 action of the Board of Regents;

5.1 (4) officers and enlisted personnel in the National Guard and the naval militia who
5.2 are assigned to permanent peacetime duty and who under federal law are or are required to
5.3 be members of a federal retirement system;

5.4 (5) election officers;

5.5 (6) persons who are engaged in public work for the state but who are employed
5.6 by contractors when the performance of the contract is authorized by the legislature or
5.7 other competent authority;

5.8 (7) officers and employees of the senate, or of the house of representatives, or of a
5.9 legislative committee or commission who are temporarily employed;

5.10 (8) receivers, jurors, notaries public, and court employees who are not in the judicial
5.11 branch as defined in section 43A.02, subdivision 25, except referees and adjusters
5.12 employed by the Department of Labor and Industry;

5.13 (9) patient and inmate help in state charitable, penal, and correctional institutions
5.14 including the Minnesota Veterans Home;

5.15 (10) persons who are employed for professional services where the service is
5.16 incidental to their regular professional duties and whose compensation is paid on a per
5.17 diem basis;

5.18 (11) employees of the Sibley House Association;

5.19 (12) the members of any state board or commission who serve the state intermittently
5.20 and are paid on a per diem basis; the secretary, secretary-treasurer, and treasurer of those
5.21 boards if their compensation is \$5,000 or less per year, or, if they are legally prohibited
5.22 from serving more than three years; and the board of managers of the State Agricultural
5.23 Society and its treasurer unless the treasurer is also its full-time secretary;

5.24 (13) state troopers and persons who are described in section 352B.01, subdivision 2,
5.25 clauses (2) to (6);

5.26 (14) temporary employees of the Minnesota State Fair who are employed on or
5.27 after July 1 for a period not to extend beyond October 15 of that year; and persons who
5.28 are employed at any time by the state fair administration for special events held on the
5.29 fairgrounds;

5.30 (15) emergency employees who are in the classified service; except that if an
5.31 emergency employee, within the same pay period, becomes a provisional or probationary
5.32 employee on other than a temporary basis, the employee shall be considered a "state
5.33 employee" retroactively to the beginning of the pay period;

5.34 (16) temporary employees in the classified service, and temporary employees in the
5.35 unclassified service who are appointed for a definite period of not more than six months
5.36 and who are employed less than six months in any one-year period;

6.1 (17) interns hired for six months or less and trainee employees, except those listed in
6.2 subdivision 2a, clause (8);

6.3 (18) persons whose compensation is paid on a fee basis or as an independent
6.4 contractor;

6.5 (19) state employees who are employed by the Board of Trustees of the Minnesota
6.6 State Colleges and Universities in unclassified positions enumerated in section 43A.08,
6.7 subdivision 1, clause (9);

6.8 (20) state employees who in any year have credit for 12 months service as teachers
6.9 in the public schools of the state and as teachers are members of the Teachers Retirement
6.10 Association or a retirement system in St. Paul, Minneapolis, or Duluth, except for
6.11 incidental employment as a state employee that is not covered by one of the teacher
6.12 retirement associations or systems;

6.13 (21) employees of the adjutant general who are employed on an unlimited
6.14 intermittent or temporary basis in the classified or unclassified service for the support of
6.15 Army and Air National Guard training facilities;

6.16 (22) chaplains and nuns who are excluded from coverage under the federal Old
6.17 Age, Survivors, Disability, and Health Insurance Program for the performance of service
6.18 as specified in United States Code, title 42, section 410(a)(8)(A), as amended, if no
6.19 irrevocable election of coverage has been made under section 3121(r) of the Internal
6.20 Revenue Code of 1986, as amended through December 31, 1992;

6.21 (23) examination monitors who are employed by departments, agencies,
6.22 commissions, and boards to conduct examinations required by law;

6.23 (24) persons who are appointed to serve as members of fact-finding commissions or
6.24 adjustment panels, arbitrators, or labor referees under chapter 179;

6.25 (25) temporary employees who are employed for limited periods under any state or
6.26 federal program for training or rehabilitation, including persons who are employed for
6.27 limited periods from areas of economic distress, but not including skilled and supervisory
6.28 personnel and persons having civil service status covered by the system;

6.29 (26) full-time students who are employed by the Minnesota Historical Society
6.30 intermittently during part of the year and full-time during the summer months;

6.31 (27) temporary employees who are appointed for not more than six months, of
6.32 the Metropolitan Council and of any of its statutory boards, if the board members are
6.33 appointed by the Metropolitan Council;

6.34 (28) persons who are employed in positions designated by the Department of
6.35 Finance as student workers;

- 7.1 (29) members of trades who are employed by the successor to the Metropolitan
 7.2 Waste Control Commission, who have trade union pension plan coverage under a
 7.3 collective bargaining agreement, and who are first employed after June 1, 1977;
 7.4 (30) off-duty peace officers while employed by the Metropolitan Council;
 7.5 (31) persons who are employed as full-time police officers by the Metropolitan
 7.6 Council and as police officers are members of the public employees police and fire fund;
 7.7 (32) persons who are employed as full-time firefighters by the Department of Military
 7.8 Affairs and as firefighters are members of the public employees police and fire fund;
 7.9 (33) foreign citizens with a work permit of less than three years, or an H-1b/JV visa
 7.10 valid for less than three years of employment, unless notice of extension is supplied which
 7.11 allows them to work for three or more years as of the date the extension is granted, in
 7.12 which case they are eligible for coverage from the date extended; ~~and~~
 7.13 (34) persons who are employed by the Board of Trustees of the Minnesota State
 7.14 Colleges and Universities and who elected to remain members of the Public Employees
 7.15 Retirement Association or the Minneapolis Employees Retirement Fund, whichever
 7.16 applies, under Minnesota Statutes 1994, section 136C.75; and
 7.17 (35) employees who have elected to transfer service to the unclassified program
 7.18 under section 352D.02, subdivision 1d, paragraph (b).

7.19 **EFFECTIVE DATE.** This section is effective June 30, 2010.

7.20 Sec. 3. Minnesota Statutes 2008, section 352D.015, subdivision 4, is amended to read:

7.21 Subd. 4. **General fund.** "General fund" means the general state employees
 7.22 retirement fund under chapter 352 ~~except the moneys for the unclassified program.~~

7.23 Subd. 4a. **General employees retirement plan.** "General employees retirement
 7.24 plan" means the general state employees retirement plan under chapter 352.

7.25 **EFFECTIVE DATE.** This section is effective June 30, 2010.

7.26 Sec. 4. Minnesota Statutes 2008, section 352D.015, subdivision 9, is amended to read:

7.27 Subd. 9. **Value.** "Value" means ~~cash value at the end of the month following receipt~~
 7.28 ~~of an application. If no application is required, "value" means the cash value at the end~~
 7.29 ~~of the month in which the event necessitating the transfer occurs~~ the market value of the
 7.30 account at the end of the United States investment market day.

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

7.32 Sec. 5. Minnesota Statutes 2008, section 352D.02, subdivision 1, is amended to read:

8.1 Subdivision 1. **Coverage.** (a) Employees enumerated in paragraph (c), clauses (2);
8.2 ~~(3)~~, to (4), (6) to (14), and (16) to (18), if they are in the unclassified service of the state
8.3 or Metropolitan Council and are eligible for coverage under the general state employees
8.4 retirement plan under chapter 352, are participants in the unclassified program under this
8.5 chapter unless the employee gives notice to the executive director of the Minnesota State
8.6 Retirement System within one year following the commencement of employment in the
8.7 unclassified service that the employee desires coverage under the general state employees
8.8 retirement plan. For the purposes of this chapter, an employee who does not file notice
8.9 with the executive director is deemed to have exercised the option to participate in the
8.10 unclassified program.

8.11 (b) Persons referenced in paragraph (c), clause (5), and first elected before July 1,
8.12 2010, are participants in the unclassified program under this chapter unless the person was
8.13 eligible to elect different coverage under section 3A.07 and elected retirement coverage by
8.14 the applicable alternative retirement plan. Persons referenced in paragraph (c), clause (15),
8.15 are participants in the unclassified program under this chapter for judicial employment in
8.16 excess of the service credit limit in section 490.121, subdivision 22.

8.17 (c) Enumerated employees and referenced persons are:

8.18 (1) the governor, the lieutenant governor, the secretary of state, the state auditor,
8.19 and the attorney general;

8.20 (2) an employee in the Office of the Governor, Lieutenant Governor, Secretary
8.21 of State, State Auditor, Attorney General;

8.22 (3) an employee of the State Board of Investment;

8.23 (4) the head of a department, division, or agency created by statute in the unclassified
8.24 service, an acting department head subsequently appointed to the position, or an employee
8.25 enumerated in section 15A.0815 or 15A.083, subdivision 4;

8.26 (5) a member of the legislature;

8.27 (6) a full-time unclassified employee of the legislature or a commission or agency of
8.28 the legislature who is appointed without a limit on the duration of the employment or a
8.29 temporary legislative employee having shares in the supplemental retirement fund as a
8.30 result of former employment covered by this chapter, whether or not eligible for coverage
8.31 under the Minnesota State Retirement System;

8.32 (7) a person who is employed in a position established under section 43A.08,
8.33 subdivision 1, clause (3), or in a position authorized under a statute creating or establishing
8.34 a department or agency of the state, which is at the deputy or assistant head of department
8.35 or agency or director level;

9.1 (8) the regional administrator, or executive director of the Metropolitan Council,
9.2 general counsel, division directors, operations managers, and other positions as designated
9.3 by the council, all of which may not exceed 27 positions at the council and the chair;

9.4 (9) the executive director, associate executive director, and not to exceed nine
9.5 positions of the Minnesota Office of Higher Education in the unclassified service, as
9.6 designated by the Minnesota Office of Higher Education before January 1, 1992, or
9.7 subsequently redesignated with the approval of the board of directors of the Minnesota
9.8 State Retirement System, unless the person has elected coverage by the individual
9.9 retirement account plan under chapter 354B;

9.10 (10) the clerk of the appellate courts appointed under article VI, section 2, of the
9.11 Constitution of the state of Minnesota, the state court administrator and judicial district
9.12 administrators;

9.13 (11) the chief executive officers of correctional facilities operated by the Department
9.14 of Corrections and of hospitals and nursing homes operated by the Department of Human
9.15 Services;

9.16 (12) an employee whose principal employment is at the state ceremonial house;

9.17 (13) an employee of the Agricultural Utilization Research Institute;

9.18 (14) an employee of the State Lottery who is covered by the managerial plan
9.19 established under section 43A.18, subdivision 3;

9.20 (15) a judge who has exceeded the service credit limit in section 490.121,
9.21 subdivision 22;

9.22 (16) an employee of Enterprise Minnesota, Inc.;

9.23 (17) a person employed by the Minnesota State Colleges and Universities as faculty
9.24 or in an eligible unclassified administrative position as defined in section 354B.20,
9.25 subdivision 6, who was employed by the former state university or the former community
9.26 college system before May 1, 1995, and elected unclassified program coverage prior to
9.27 May 1, 1995; and

9.28 (18) a person employed by the Minnesota State Colleges and Universities who
9.29 was employed in state service before July 1, 1995, who subsequently is employed in an
9.30 eligible unclassified administrative position as defined in section 354B.20, subdivision
9.31 6, and who elects coverage by the unclassified program.

9.32 **EFFECTIVE DATE.** This section is effective June 30, 2010.

9.33 Sec. 6. Minnesota Statutes 2008, section 352D.02, subdivision 1c, is amended to read:

9.34 Subd. 1c. **Transfer of contributions.** An employee covered by the ~~regular general~~
9.35 employees retirement plan who is subsequently employed as a full-time unclassified

10.1 employee of the legislature or any commission or agency of the legislature without a
10.2 limit on the duration of the employment may elect to transfer accumulated employee and
10.3 matching employer contributions, as provided in section 352D.03.

10.4 **EFFECTIVE DATE.** This section is effective June 30, 2010.

10.5 Sec. 7. Minnesota Statutes 2008, section 352D.02, subdivision 1d, is amended to read:

10.6 Subd. 1d. **Election of program participation.** (a) An employee hired before July
10.7 1, 2010, who is a participant in the unclassified program by virtue of employment in a
10.8 position listed in subdivision 1 may elect to remain in the unclassified program upon
10.9 subsequent employment in an unlimited, full-time unclassified position that is not listed
10.10 in subdivision 1. To elect participation in the unclassified program, the employee must
10.11 give notice to the executive director of the Minnesota State Retirement System within one
10.12 year of the commencement of employment in an unclassified position that is not listed
10.13 in subdivision 1. Upon receipt of the notice, the executive director shall transfer to the
10.14 employee's account in the unclassified program an amount equal to the employer and
10.15 employee contributions with six percent interest, compounded annually, that were made to
10.16 the regular general employees retirement plan by or on the employee's behalf from the
10.17 commencement of employment in the position not listed in subdivision 1 to the receipt
10.18 date of the notice by the executive director.

10.19 (b) An employee hired after June 30, 2010, who is able to elect coverage in the
10.20 unclassified program by virtue of employment in a position listed in subdivision 1 is
10.21 a member of the general employees retirement plan unless they make an irrevocable
10.22 election to switch to the unclassified program. An employee may make an election to
10.23 switch from the general employees retirement plan to the unclassified program any time
10.24 within the first three years of service. To elect participation in the unclassified program,
10.25 the employee must give written notice to the executive director of the Minnesota State
10.26 Retirement System. Upon receipt of the notice, the executive director shall transfer to the
10.27 employee's unclassified program account an amount equal to the employer and employee
10.28 contributions with six percent interest compounded annually from the general employees
10.29 retirement plan.

10.30 **EFFECTIVE DATE.** This section is effective June 30, 2010.

10.31 Sec. 8. Minnesota Statutes 2008, section 352D.02, subdivision 2, is amended to read:

10.32 Subd. 2. **Coverage upon employment change.** A person becoming a participant
10.33 in the unclassified program prior to July 1, 2010, by virtue of employment in a position

11.1 specified in subdivision 1, clause (4), and remaining in the unclassified service shall
11.2 remain a participant in the program even though the position the person occupies is
11.3 deleted from any of the sections referenced in subdivision 1, clause (4), by subsequent
11.4 amendment, except that a person shall not be eligible to elect the unclassified program
11.5 after separation from unclassified service if on the return of the person to service, that
11.6 position is not specified in subdivision 1, clause (4). Any person employed in a position
11.7 specified in subdivision 1 shall cease to participate in the unclassified program in the event
11.8 the position is placed in the classified service.

11.9 **EFFECTIVE DATE.** This section is effective June 30, 2010.

11.10 Sec. 9. Minnesota Statutes 2008, section 352D.02, subdivision 3, is amended to read:

11.11 Subd. 3. **Transfer to general employees retirement plan.** (a) An employee
11.12 referred to in subdivision 1, paragraph (c), clauses (2) to (4), (6) to (14), and (16) to
11.13 (18), who is credited with employee shares in the unclassified program, ~~after acquiring~~
11.14 and who has credit for ~~ten years of~~ allowable service ~~and,~~ not later than one month
11.15 following the termination of covered employment, may elect to terminate participation
11.16 in the unclassified program and be covered by the general employees retirement plan by
11.17 filing a written election with the executive director: if the employee was employed before
11.18 July 1, 2010, and has at least ten years of allowable service as of the date of the election or
11.19 if the employee was employed after June 30, 2010, and has no more than seven years of
11.20 allowable service as of the date of the election.

11.21 (b) If the transfer election is made, the executive director shall then redeem the
11.22 employee's total shares and shall credit to the employee's account in the general employees
11.23 retirement plan the amount of contributions that would have been so credited had the
11.24 employee been covered by the general employees retirement plan during the employee's
11.25 entire covered employment. The balance of money so redeemed and not credited to the
11.26 employee's account ~~shall~~ must be transferred to the general employees retirement plan
11.27 ~~retirement fund~~, except that (1) the employee contribution paid to the unclassified program
11.28 must be compared to (2) the employee contributions that would have been paid to the
11.29 general employees retirement plan for the comparable period, if the individual had been
11.30 covered by that plan. If clause (1) is greater than clause (2), the difference must be
11.31 refunded to the employee as provided in section 352.22. If clause (2) is greater than
11.32 clause (1), the difference must be paid by the employee within six months of electing
11.33 general employees retirement plan coverage or before the effective date of the annuity,
11.34 whichever is sooner.

12.1 ~~(b)~~ (d) An election under paragraph (a) or (b) to transfer coverage to the general
 12.2 employees retirement plan is irrevocable during any period of covered employment.

12.3 (e) A person referenced to in subdivision 1, paragraph (c), clause (1) or (15), who is
 12.4 credited with employee shares in the unclassified program is not permitted to terminate
 12.5 participation in the unclassified program and be covered by the general employees
 12.6 retirement plan.

12.7 **EFFECTIVE DATE.** This section is effective June 30, 2010.

12.8 Sec. 10. Minnesota Statutes 2008, section 352D.03, is amended to read:

12.9 **352D.03 TRANSFER OF ASSETS.**

12.10 Unless an eligible employee enumerated in section 352D.02, subdivision 1, has
 12.11 elected coverage under the individual retirement account plan under chapter 354B, ~~a~~
 12.12 ~~sum of money representing the assets credited to each employee exercising the option~~
 12.13 ~~contained in section 352D.02, plus an equal employer contribution together with interest~~
 12.14 for an employee exercising an option under section 352D.02, an amount equal to the
 12.15 employee and employer contributions for the employment period ~~at the applicable~~
 12.16 ~~preretirement interest actuarial assumption rate during this period~~ plus six percent interest,
 12.17 compounded annually, must be used for the purchase of shares on behalf of each employee
 12.18 in the accounts of the supplemental retirement fund established by section 11A.17.

12.19 **EFFECTIVE DATE.** This section is effective June 30, 2010.

12.20 Sec. 11. Minnesota Statutes 2008, section 352D.04, subdivision 1, is amended to read:

12.21 Subdivision 1. **Investment options.** (a) A person exercising an option to participate
 12.22 in the retirement program provided by this chapter may elect to purchase shares in one or
 12.23 a combination of the income share account, the growth share account, the international
 12.24 share account, the money market account, the bond market account, the fixed interest
 12.25 account, or the common stock index account established in section 11A.17. The person
 12.26 may elect to participate in one or more of the investment accounts in the fund by
 12.27 specifying, ~~on a form provided~~ in a manner prescribed by the executive director, the
 12.28 percentage of the person's contributions provided in subdivision 2 to be used to purchase
 12.29 shares in each of the accounts.

12.30 (b) A participant may ~~indicate in writing on forms provided~~, in a manner prescribed
 12.31 ~~by the Minnesota State Retirement System a choice of options~~ executive director, choose
 12.32 their investment allocation for subsequent purchases of shares. Until a different written
 12.33 indication is made by the participant, the executive director shall purchase shares in the

13.1 supplemental fund as selected by the participant. If no initial option is chosen, 100 percent
13.2 income shares must be purchased for a participant. A change in choice of investment
13.3 option is effective ~~no later than the first pay date first occurring after 30 days following the~~
13.4 ~~receipt of the request for a change~~ at the end of the most recent United States investment
13.5 market day.

13.6 ~~(e) Shares in the fixed interest account attributable to any guaranteed investment~~
13.7 ~~contract as of July 1, 1994, may not be withdrawn from the fund or transferred to another~~
13.8 ~~account until the guaranteed investment contract has expired, unless the participant~~
13.9 ~~qualifies for withdrawal under section 352D.05 or for benefit payments under sections~~
13.10 ~~352D.06 to 352D.075.~~

13.11 ~~(d) (c)~~ A participant or former participant may also change the investment options
13.12 selected for all or a portion of the participant's shares previously purchased in accounts,
13.13 subject to the ~~provisions of paragraph (e) concerning the fixed interest account. Changes~~
13.14 ~~in investment options for the participant's shares must be effected as soon as cash flow to~~
13.15 ~~an account practically permits, but not later than six months after the requested change~~
13.16 trading restrictions imposed on the investment option.

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

13.18 Sec. 12. Minnesota Statutes 2008, section 352D.05, subdivision 3, is amended to read:

13.19 Subd. 3. **Full or partial withdrawal.** After termination of covered employment
13.20 or at any time thereafter, a participant is entitled, upon application, to withdraw the cash
13.21 value of the participant's total shares or leave such shares on deposit with the supplemental
13.22 retirement fund. The account is valued at the end of the ~~month in which~~ most recent
13.23 United States investment market day following receipt of the application for withdrawal is
13.24 made. Shares not withdrawn remain on deposit with the supplemental retirement fund
13.25 until the former participant becomes at least 55 years old, and applies for an annuity under
13.26 section 352D.06, subdivision 1.

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

13.28 Sec. 13. Minnesota Statutes 2008, section 352D.05, subdivision 4, is amended to read:

13.29 Subd. 4. **Repayment of refund.** (a) A participant in the unclassified program may
13.30 repay regular refunds taken under section 352.22, as provided in section 352.23.

13.31 (b) A participant in the unclassified program or an employee covered by the general
13.32 employees retirement plan who has withdrawn the value of the total shares may repay
13.33 the refund taken and thereupon restore the service credit, rights and benefits forfeited by

14.1 paying into the fund the amount refunded plus interest at an annual rate of 8.5 percent
14.2 compounded annually from the date that the refund was taken until the date that the refund
14.3 is repaid. If the participant had withdrawn only the employee shares as permitted under
14.4 prior laws, repayment must be pro rata.

14.5 (c) Except as provided in section 356.441, the repayment of a refund under this
14.6 section must be made in a lump sum.

14.7 **EFFECTIVE DATE.** This section is effective June 30, 2010.

14.8 Sec. 14. Minnesota Statutes 2008, section 352D.06, subdivision 3, is amended to read:

14.9 Subd. 3. **Accrual date.** An annuity under this section accrues the ~~first day of the~~
14.10 ~~first full month after an application is received or the day following termination of state~~
14.11 ~~service, whichever is later. The account must be valued and redeemed on the later of the~~
14.12 ~~end of the month of termination of covered employment, or the end of the month of receipt~~
14.13 ~~of the annuity application for the purpose of computing the annuity~~ day following receipt
14.14 of the application or the day following termination, whichever is later. The benefit will be
14.15 based on the value of the account the day following receipt of the application or the date of
14.16 termination, whichever is later, plus any contributions and interest received after that date.

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

14.18 Sec. 15. Minnesota Statutes 2008, section 352D.065, subdivision 3, is amended to read:

14.19 Subd. 3. **Annuity payment.** The annuity payable under this section shall begin to
14.20 accrue the ~~first day of the month following the date of disability~~ receipt of the application
14.21 or the day after termination, whichever is later, plus any contributions and interest received
14.22 after that date, and shall be based on the participant's age when the annuity begins to
14.23 accrue. The shares shall be valued as of the end of the ~~month following authorization of~~
14.24 ~~payments~~ day on which the benefit accrues.

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

14.26 Sec. 16. Minnesota Statutes 2008, section 352D.09, subdivision 3, is amended to read:

14.27 Subd. 3. **Prospectus.** (a) The executive director shall annually distribute make
14.28 available by electronic means to each participant the prospectus prepared by the
14.29 supplemental fund, by July 1 or when received from such fund, whichever is later, to
14.30 ~~each participant in covered employment.~~

14.31 (b) Any participant may contact the Minnesota State Retirement System and request
14.32 a copy of the prospectus.

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

15.2 Sec. 17. Minnesota Statutes 2008, section 352D.09, subdivision 7, is amended to read:

15.3 Subd. 7. **Administrative fees.** The board of directors shall establish a budget
15.4 and charge participants a reasonable fee to pay the administrative expenses of the
15.5 unclassified program. Fees cannot be charged on contributions and investment returns
15.6 attributable to contributions made before July 1, 1992. ~~Annual total fees charged for plan
15.7 administration cannot exceed 10/100 of one percent of the contributions and investment
15.8 returns attributable to contributions made on or after July 1, 1992.~~

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

15.10 **ARTICLE 3**

15.11 **PUBLIC EMPLOYEES RETIREMENT ASSOCIATION** 15.12 **ADMINISTRATIVE PROVISIONS**

15.13 Section 1. Minnesota Statutes 2009 Supplement, section 353.01, subdivision 2, is
15.14 amended to read:

15.15 Subd. 2. **Public employee.** "Public employee" means a governmental employee
15.16 or a public officer performing personal services for a governmental subdivision defined
15.17 in subdivision 6, whose salary is paid, in whole or in part, from revenue derived from
15.18 taxation, fees, assessments, or from other sources. For purposes of membership in the
15.19 association, the term includes the classes of persons ~~described or~~ listed in subdivision
15.20 2a and excludes the classes of persons listed in subdivision 2b. The term also includes
15.21 persons who elect association membership under subdivision 2d, paragraph (a), and
15.22 persons for whom the applicable governmental subdivision had elected association
15.23 membership under subdivision 2d, paragraph (b). ~~The term excludes the classes of persons~~
15.24 ~~listed in subdivision 2b for purposes of membership in the association.~~

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

15.26 Sec. 2. Minnesota Statutes 2009 Supplement, section 353.01, subdivision 2a, is
15.27 amended to read:

15.28 Subd. 2a. **Included employees; mandatory membership.** (a) ~~Public employees~~
15.29 ~~whose salary from employment in one or more positions within one governmental~~
15.30 ~~subdivision exceeds \$425 in any month shall participate as members of the association.~~
15.31 ~~If the salary is less than \$425 in a subsequent month, the employee retains membership~~
15.32 ~~eligibility. Eligible Public employees shall whose salary exceeds \$425 in any month and~~

16.1 who are not specifically excluded under subdivision 2b or provided an option to participate
16.2 under subdivision 2d, whether individually or by action of the governmental subdivision,
16.3 must participate as members of the association with retirement coverage by the public
16.4 employees retirement plan or the public employees police and fire retirement plan under
16.5 this chapter, or the local government correctional employees retirement plan under chapter
16.6 353E, whichever applies; Membership commences as a condition of their employment on
16.7 the first day of their employment unless they or on the first day the eligibility criteria are
16.8 met, whichever is later. Public employees include but are not limited to:

16.9 ~~(1) are specifically excluded under subdivision 2b;~~
16.10 ~~(2) do not exercise their option to elect retirement coverage in the association as~~
16.11 ~~provided in subdivision 2d, paragraph (a); or~~
16.12 ~~(3) are employees of the governmental subdivisions listed in subdivision 2d,~~
16.13 ~~paragraph (b), where the governmental subdivision has not elected to participate as a~~
16.14 ~~governmental subdivision covered by the association.~~

16.15 (1) persons whose salary meets the threshold in paragraph (a) from employment in
16.16 one or more positions within one governmental subdivision;

16.17 (2) elected county sheriffs;

16.18 (3) persons appointed, employed, or contracted to perform governmental functions
16.19 that by law or local ordinance are required of a public officer, including, but not limited to:

16.20 (i) town and city clerk or treasurer;

16.21 (ii) county auditor, treasurer, or recorder;

16.22 (iii) city manager as defined in section 353.028 who does not exercise the option
16.23 provided under subdivision 2d; or

16.24 (iv) emergency management director, as provided under section 12.25;

16.25 (4) physicians under section 353D.01, subdivision 2, who do not elect public
16.26 employees defined contribution plan coverage under section 353D.02, subdivision 2;

16.27 (5) full-time employees of the Dakota County Agricultural Society; and

16.28 (6) employees of the Minneapolis Firefighters Relief Association or Minneapolis
16.29 Police Relief Association who are not excluded employees under subdivision 2b due
16.30 to coverage by the relief association pension plan and who elected Public Employee
16.31 Retirement Association general plan coverage before August 20, 2009.

16.32 (b) A public employee or elected official who was a member of the association on
16.33 June 30, 2002, based on employment that qualified for membership coverage by the public
16.34 employees retirement plan or the public employees police and fire plan under this chapter,
16.35 or the local government correctional employees retirement plan under chapter 353E as of
16.36 June 30, 2002, retains that membership for the duration of the person's employment in that

17.1 position or incumbency in elected office. Except as provided in subdivision 28, the person
 17.2 shall participate as a member until the employee or elected official terminates public
 17.3 employment under subdivision 11a or terminates membership under subdivision 11b.

17.4 ~~(c) Public employees under paragraph (a) include:~~

17.5 ~~(1) physicians under section 353D.01, subdivision 2, who do not elect public~~
 17.6 ~~employees defined contribution plan coverage under section 353D.02, subdivision 2;~~

17.7 ~~(2) full-time employees of the Dakota County Agricultural Society; and~~

17.8 ~~(3) employees of the Minneapolis Firefighters Relief Association or Minneapolis~~
 17.9 ~~Police Relief Association who are not excluded employees under subdivision 2b due to~~
 17.10 ~~coverage by the relief association pension plan and who elect Public Employee Retirement~~
 17.11 ~~Association general plan coverage under Laws 2009, chapter 169, article 12, section 10.~~

17.12 (c) If the salary of an included public employee is less than \$425 in any subsequent
 17.13 month, the member retains membership eligibility.

17.14 **EFFECTIVE DATE.** This section is effective July 1, 2010, except that paragraph
 17.15 (a), clause (3) applies to any person first appointed, elected or contracted after June 30,
 17.16 2010.

17.17 Sec. 3. Minnesota Statutes 2008, section 353.01, subdivision 2b, is amended to read:

17.18 Subd. 2b. **Excluded employees.** (a) The following public employees are not
 17.19 eligible to participate as members of the association with retirement coverage by the
 17.20 public employees retirement plan, the local government correctional employees retirement
 17.21 plan under chapter 353E, or the public employees police and fire retirement plan:

17.22 (1) persons whose salary from one governmental subdivision never exceeds \$425 in
 17.23 a month;

17.24 (2) public officers, other than county sheriffs, who are elected to a governing body,
 17.25 the mayor of a city, or persons who are appointed to fill a vacancy in an elective office
 17.26 of a governing body, whose term of office commences on or after July 1, 2002, for the
 17.27 service to be rendered in that elective position;

17.28 ~~(2)~~ (3) election officers or election judges;

17.29 ~~(3)~~ (4) patient and inmate personnel who perform services for a governmental
 17.30 subdivision;

17.31 ~~(4)~~ (5) except as otherwise specified in subdivision 12a, employees who are hired
 17.32 for a temporary position as defined under subdivision 12a, and employees who resign
 17.33 from a nontemporary position and accept a temporary position within 30 days in the
 17.34 same governmental subdivision;

18.1 ~~(5)~~ (6) employees who are employed by reason of work emergency caused by fire,
18.2 flood, storm, or similar disaster;

18.3 ~~(6)~~ (7) employees who by virtue of their employment in one governmental
18.4 subdivision are required by law to be a member of and to contribute to any of the plans or
18.5 funds administered by the Minnesota State Retirement System, the Teachers Retirement
18.6 Association, the Duluth Teachers Retirement Fund Association, the St. Paul Teachers
18.7 Retirement Fund Association, the Minneapolis Employees Retirement Fund, or any police
18.8 or firefighters relief association governed by section 69.77 that has not consolidated
18.9 with the Public Employees Retirement Association, or any local police or firefighters
18.10 consolidation account who have not elected the type of benefit coverage provided by the
18.11 public employees police and fire fund under sections 353A.01 to 353A.10, or any persons
18.12 covered by section 353.665, subdivision 4, 5, or 6, who have not elected public employees
18.13 police and fire plan benefit coverage. This clause must not be construed to prevent a person
18.14 from being a member of and contributing to the Public Employees Retirement Association
18.15 and also belonging to and contributing to another public pension plan or fund for other
18.16 service occurring during the same period of time. A person who meets the definition of
18.17 "public employee" in subdivision 2 by virtue of other service occurring during the same
18.18 period of time becomes a member of the association unless contributions are made to
18.19 another public retirement fund on the salary based on the other service or to the Teachers
18.20 Retirement Association by a teacher as defined in section 354.05, subdivision 2;

18.21 ~~(7)~~ (8) persons who are members of a religious order and are excluded from coverage
18.22 under the federal Old Age, Survivors, Disability, and Health Insurance Program for the
18.23 performance of service as specified in United States Code, title 42, section 410(a)(8)(A),
18.24 as amended through January 1, 1987, if no irrevocable election of coverage has been made
18.25 under section 3121(r) of the Internal Revenue Code of 1954, as amended;

18.26 ~~(8)~~ (9) employees of a governmental subdivision who have not reached the age of
18.27 23 and are enrolled on a full-time basis to attend or are attending classes on a full-time
18.28 basis at an accredited school, college, or university in an undergraduate, graduate, or
18.29 professional-technical program, or a public or charter high school;

18.30 ~~(9)~~ (10) resident physicians, medical interns, and pharmacist residents and
18.31 pharmacist interns who are serving in a degree or residency program in public hospitals
18.32 or clinics;

18.33 ~~(10)~~ (11) students who are serving in an internship or residency program sponsored
18.34 by an accredited educational institution;

18.35 ~~(11)~~ (12) persons who hold a part-time adult supplementary technical college license
18.36 who render part-time teaching service in a technical college;

19.1 ~~(12)~~ (13) except for employees of Hennepin County or Hennepin Healthcare System,
19.2 Inc., foreign citizens working for a governmental subdivision with a work permit ~~of less~~
19.3 ~~than three years~~, or an H-1b visa ~~valid initially issued or extended for a combined period~~
19.4 less than three years of employment. Upon ~~notice to the association that the work permit~~
19.5 ~~or visa extends~~ extension of the employment beyond the three-year period, the foreign
19.6 citizens must be reported for membership ~~from the date of the extension~~ beginning the
19.7 first of the month thereafter provided the monthly earnings as stated under subdivision 2a
19.8 are met;

19.9 ~~(13)~~ (14) public hospital employees who elected not to participate as members
19.10 of the association before 1972 and who did not elect to participate from July 1, 1988,
19.11 to October 1, 1988;

19.12 ~~(14)~~ (15) except as provided in section 353.86, volunteer ambulance service
19.13 personnel, as defined in subdivision 35, but persons who serve as volunteer ambulance
19.14 service personnel may still qualify as public employees under subdivision 2 and may
19.15 be members of the Public Employees Retirement Association and participants in the
19.16 public employees retirement fund or the public employees police and fire fund, whichever
19.17 applies, on the basis of compensation received from public employment service other than
19.18 service as volunteer ambulance service personnel;

19.19 ~~(15)~~ (16) except as provided in section 353.87, volunteer firefighters, as defined
19.20 in subdivision 36, engaging in activities undertaken as part of volunteer firefighter
19.21 duties; provided that a person who is a volunteer firefighter may still qualify as a public
19.22 employee under subdivision 2 and may be a member of the Public Employees Retirement
19.23 Association and a participant in the public employees retirement fund or the public
19.24 employees police and fire fund, whichever applies, on the basis of compensation received
19.25 from public employment activities other than those as a volunteer firefighter;

19.26 ~~(16)~~ (17) pipefitters and associated trades personnel employed by Independent
19.27 School District No. 625, St. Paul, with coverage under a collective bargaining agreement
19.28 by the pipefitters local 455 pension plan who were either first employed after May 1,
19.29 1997, or, if first employed before May 2, 1997, elected to be excluded under Laws 1997,
19.30 chapter 241, article 2, section 12;

19.31 ~~(17)~~ (18) electrical workers, plumbers, carpenters, and associated trades personnel
19.32 employed by Independent School District No. 625, St. Paul, or the city of St. Paul,
19.33 who have retirement coverage under a collective bargaining agreement by the Electrical
19.34 Workers Local 110 pension plan, the United Association Plumbers Local 34 pension plan,
19.35 or the Carpenters Local 87 pension plan who were either first employed after May 1,

20.1 2000, or, if first employed before May 2, 2000, elected to be excluded under Laws 2000,
20.2 chapter 461, article 7, section 5;

20.3 ~~(18)~~ (19) bricklayers, allied craftworkers, cement masons, glaziers, glassworkers,
20.4 painters, allied tradesworkers, and plasterers employed by the city of St. Paul or
20.5 Independent School District No. 625, St. Paul, with coverage under a collective
20.6 bargaining agreement by the Bricklayers and Allied Craftworkers Local 1 pension plan,
20.7 the Cement Masons Local 633 pension plan, the Glaziers and Glassworkers Local L-1324
20.8 pension plan, the Painters and Allied Trades Local 61 pension plan, or the Twin Cities
20.9 Plasterers Local 265 pension plan who were either first employed after May 1, 2001, or if
20.10 first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special
20.11 Session chapter 10, article 10, section 6;

20.12 ~~(19)~~ (20) plumbers employed by the Metropolitan Airports Commission, with
20.13 coverage under a collective bargaining agreement by the Plumbers Local 34 pension plan,
20.14 who either were first employed after May 1, 2001, or if first employed before May 2,
20.15 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article
20.16 10, section 6;

20.17 ~~(20)~~ (21) employees who are hired after June 30, 2002, to fill seasonal positions
20.18 under subdivision 12b which are limited in duration by the employer to 185 consecutive
20.19 calendar days or less in each year of employment with the governmental subdivision;

20.20 ~~(21)~~ (22) persons who are provided supported employment or work-study positions
20.21 by a governmental subdivision and who participate in an employment or industries
20.22 program maintained for the benefit of these persons where the governmental subdivision
20.23 limits the position's duration to three years or less, including persons participating in a
20.24 federal or state subsidized on-the-job training, work experience, senior citizen, youth, or
20.25 unemployment relief program where the training or work experience is not provided as a
20.26 part of, or for, future permanent public employment;

20.27 ~~(22)~~ (23) independent contractors and the employees of independent contractors; ~~and~~

20.28 ~~(23)~~ (24) reemployed annuitants of the association during the course of that
20.29 reemployment; and

20.30 (25) persons appointed to serve on a board or commission of a governmental
20.31 subdivision or instrumentality thereof.

20.32 (b) Any person performing the duties of a public officer in a position defined in
20.33 subdivision 2a, paragraph (a), clause (3), is not an independent contractor nor an employee
20.34 of an independent contractor.

20.35 **EFFECTIVE DATE.** This section is effective July 1, 2010, except that clause (25)
20.36 is effective for persons first appointed after June 30, 2010.

21.1 Sec. 4. Minnesota Statutes 2008, section 353.01, subdivision 2d, is amended to read:

21.2 Subd. 2d. **Optional membership.** (a) Membership in the association is optional
21.3 by action of the individual employee for the following public employees who meet the
21.4 conditions set forth in subdivision 2a:

21.5 (1) members of the coordinated plan who are also employees of labor organizations
21.6 as defined in section 353.017, subdivision 1, for their employment by the labor
21.7 organization only, if they elect to have membership under section 353.017, subdivision 2;

21.8 (2) persons who are elected or persons who are appointed to elected positions other
21.9 than local governing body elected positions who elect to participate by filing a written
21.10 election for membership;

21.11 (3) members of the association who are appointed by the governor to be a state
21.12 department head and who elect not to be covered by the general state employees retirement
21.13 plan of the Minnesota State Retirement System under section 352.021;

21.14 (4) city managers as defined in section 353.028, subdivision 1, who do not elect to be
21.15 excluded from membership in the association under section 353.028, subdivision 2; and

21.16 (5) employees of the Port Authority of the city of St. Paul on January 1, 2003,
21.17 who were at least age 45 on that date, and who elected to participate by filing a written
21.18 election for membership.

21.19 (b) Membership in the association is optional by action of the governmental
21.20 subdivision for the employees of the following governmental subdivisions under the
21.21 conditions specified:

21.22 (1) the Minnesota Association of Townships if the board of that association, at its
21.23 option, certifies to the executive director that its employees who meet the conditions set
21.24 forth in subdivision 2a are to be included for purposes of retirement coverage, in which
21.25 case the status of the association as a participating employer is permanent;

21.26 (2) a county historical society if the county in which the historical society is located,
21.27 at its option, certifies to the executive director that the employees of the historical society
21.28 who meet the conditions set forth in subdivision 2a are to be considered county employees
21.29 for purposes of retirement coverage under this chapter. The status as a county employee
21.30 must be accorded to all similarly situated county historical society employees and, once
21.31 established, must continue as long as a person is an employee of the county historical
21.32 society; and

21.33 (3) Hennepin Healthcare System, Inc., a public corporation, with respect to
21.34 employees other than paramedics, emergency medical technicians, and protection officers,
21.35 if the corporate board establishes alternative retirement plans for certain classes of

22.1 employees of the corporation and certifies to the association the applicable employees to
22.2 be excluded from future retirement coverage.

22.3 (c) For employees who are covered by paragraph (a), clause (1), (2), or (3), or
22.4 covered by paragraph (b), clause (1) or (2), if the necessary membership election is
22.5 not made, the employee is excluded from retirement coverage under this chapter. For
22.6 employees who are covered by paragraph (a), clause (4), if the necessary election is not
22.7 made, the employee must become a member and have retirement coverage under this
22.8 chapter. For employees specified in paragraph (b), clause (3), membership continues until
22.9 the exclusion option is exercised for the designated class of employee.

22.10 (d) The option to become a member, once exercised under this subdivision, may not
22.11 be withdrawn until the termination of public service as defined under subdivision 11a.

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

22.13 Sec. 5. Minnesota Statutes 2008, section 353.03, subdivision 1, is amended to read:

22.14 Subdivision 1. **Management; composition; election.** (a) The management of the
22.15 public employees retirement fund is vested in an 11-member board of trustees consisting
22.16 of ten members and the state auditor. The state auditor may designate a deputy auditor
22.17 with expertise in pension matters as the auditor's representative on the board. The
22.18 governor shall appoint five trustees to four-year terms, one of whom shall be designated to
22.19 represent school boards, one to represent cities, one to represent counties, one who is a
22.20 retired annuitant, and one who is a public member knowledgeable in pension matters. The
22.21 membership of the association, including recipients of retirement annuities and disability
22.22 and survivor benefits, shall elect five trustees for terms of four years, one of whom must
22.23 be a member of the police and fire fund and one of whom must be a former member who
22.24 met the definition of public employee under section 353.01, subdivisions 2 and 2a, for at
22.25 least five years prior to terminating membership and who is receiving a retirement annuity
22.26 or a member who receives a disability benefit. Terms expire on January 31 of the fourth
22.27 year, and positions are vacant until newly elected members are seated. Except as provided
22.28 in this subdivision, trustees elected by the membership of the association must be public
22.29 employees and members of the association.

22.30 (b) For seven days beginning October 1 of each year preceding a year in which
22.31 an election is held, the association shall accept ~~at its office filings in person or by mail~~
22.32 of candidates for the board of trustees. A candidate shall submit at the time of filing a
22.33 nominating petition signed by 25 or more members of the association. No name may
22.34 be withdrawn from nomination by the nominee after October 15. At the request of a
22.35 candidate for an elected position on the board of trustees, the board shall ~~mail~~ provide

23.1 a statement of up to 300 words prepared by the candidate to all persons eligible to vote
23.2 in the election of the candidate. The board may adopt policies, ~~subject to review and~~
23.3 ~~approval by the secretary of state under paragraph (c), and procedures to govern the form~~
23.4 and length of these statements, and the timing of mailings, and deadlines for submitting
23.5 materials to be mailed. ~~The secretary of state shall resolve disputes between the board and~~
23.6 ~~a candidate concerning application of these policies to a particular statement distributed to~~
23.7 the eligible voters.

23.8 (c) By January 10 of each year in which elections are to be held, the board shall
23.9 distribute ~~by mail to the members ballots listing~~ eligible voters the instructions and
23.10 materials necessary to vote for the candidates seeking terms on the board of trustees.
23.11 Eligible voters are the members, retirees, and other benefit recipients. No ~~member voter~~
23.12 may vote for more than one candidate for each board position to be filled. A ~~ballot~~
23.13 ~~indicating a vote for more than one person for any position is void.~~ No special marking
23.14 may be used ~~on the ballot~~ to indicate incumbents. Ballots Votes cast by using paper ballots
23.15 mailed to the association must be postmarked no later than January 31. Votes cast by using
23.16 phone or other electronic means authorized under the board's procedures must be entered
23.17 by the end of the day on January 31. ~~The ballot envelopes must be so designated and the~~
23.18 ~~ballots must be~~ design of the voting response media must be such that the votes cast are
23.19 counted in a manner that ensures that each voter's vote is secret.

23.20 (d) A candidate who receives contributions or makes expenditures in excess of \$100,
23.21 or has given implicit or explicit consent for any other person to receive contributions or
23.22 make expenditures in excess of \$100 for the purpose of bringing about the candidate's
23.23 election, shall file a report with the campaign finance and public disclosure board
23.24 disclosing the source and amount of all contributions to the candidate's campaign. The
23.25 campaign finance and public disclosure board shall prescribe forms governing these
23.26 disclosures. Expenditures and contributions have the meaning defined in section 10A.01.
23.27 These terms do not include the mailing made by the association board on behalf of the
23.28 candidate. A candidate shall file a report within 30 days from the day that the results of
23.29 the election are announced. The Campaign Finance and Public Disclosure Board shall
23.30 maintain these reports and make them available for public inspection in the same manner
23.31 as the board maintains and makes available other reports filed with it.

23.32 (e) The secretary of state shall review and approve comment on the procedures
23.33 defined by the board of trustees for conducting the elections specified in this subdivision,
23.34 including board policies adopted under paragraph (b).

23.35 (f) The board of trustees and the executive director shall undertake their activities
23.36 consistent with chapter 356A.

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

24.2 Sec. 6. Minnesota Statutes 2008, section 353.27, subdivision 4, is amended to read:

24.3 Subd. 4. **Employer reporting requirements; contributions; member status.**

24.4 (a) A representative authorized by the head of each department shall deduct employee
24.5 contributions from the salary of each public employee who qualifies for membership
24.6 under this chapter ~~and~~ or chapter 353D or 353E at the rate under section 353.27, 353.65,
24.7 353D.03, or 353E.03, whichever is applicable, that is in effect on the date the salary is
24.8 paid. The employer representative must also remit payment in a manner prescribed by
24.9 the executive director for the aggregate amount of the employee contributions; and the
24.10 required employer contributions and the additional employer contributions to be received
24.11 by the association within 14 calendar days after each pay date. If payment is less than
24.12 the amount required, the employer must subsequently pay the shortage amount to the
24.13 association and collect reimbursement of any employee contribution shortage paid on
24.14 behalf of a member through subsequent payroll withholdings from the wages of the
24.15 employee. Payment of shortages in employee contributions and associated employer
24.16 contributions, if applicable, must include interest at the rate under section 353.28,
24.17 subdivision 5, if not received within 30 days following the date the amount was initially
24.18 due under this section.

24.19 (b) The head of each department or the person's designee shall for each pay period
24.20 submit to the association a salary deduction report in the format prescribed by the
24.21 executive director. The report must be received by the association within 14 calendar days
24.22 after each pay date or the employer may be assessed a fine of \$5 per calendar day until
24.23 the association receives the required data. Data required ~~to be submitted~~ as part of salary
24.24 deduction reporting must include, but are not limited to:

24.25 (1) the legal names and Social Security numbers of employees who are members;

24.26 (2) the amount of each employee's salary deduction;

24.27 (3) the amount of salary defined in section 353.01, subdivision 10, earned in the
24.28 pay period from which each deduction was made and the salary amount earned by a
24.29 reemployed annuitant under section 353.37, subdivision 1, or 353.371, subdivision 1, or
24.30 by a disabled member under section 353.33, subdivision 7 or 7a;

24.31 (4) the beginning and ending dates of the payroll period covered and the date of
24.32 actual payment; and

24.33 (5) adjustments or corrections covering past pay periods as authorized by the
24.34 executive director.

25.1 ~~(b)~~ (c) Employers must furnish the data required for enrollment for each new
25.2 or reinstating employee who qualifies for membership in the format prescribed by the
25.3 executive director. The required enrollment data on new ~~employees~~ members must be
25.4 submitted to the association prior to or concurrent with the submission of the initial
25.5 employee salary deduction. The employer shall also report to the association all member
25.6 employment status changes, such as leaves of absence, terminations, and death, and shall
25.7 report the effective dates of those changes, on an ongoing basis for the payroll cycle in
25.8 which they occur. If an employer fails to comply with the reporting requirements under
25.9 this paragraph, the executive director may assess a fine of \$25 for each failure if the
25.10 association staff has notified the employer of the noncompliance and attempted to obtain
25.11 the missing data or form from the employer for a period of more than three months.

25.12 (d) The employer shall furnish data, forms, and reports as may be required by
25.13 the executive director for proper administration of the retirement system. Before
25.14 implementing new or different computerized reporting requirements, the executive
25.15 director shall give appropriate advance notice to governmental subdivisions to allow time
25.16 for system modifications.

25.17 ~~(e)~~ (e) Notwithstanding paragraph (a), the association may provide for less frequent
25.18 reporting and payments for small employers.

25.19 (f) The executive director may establish reporting procedures and methods as
25.20 required to review compliance by employers with the salary and contribution reporting
25.21 requirements in this chapter. A review of the payroll records of a participating employer
25.22 may be conducted by the association on a periodic basis or as a result of concerns known
25.23 to exist within a governmental subdivision. An employer under review must extract
25.24 requested data and provide records to the association after receiving reasonable advanced
25.25 notice. Failure to provide requested information or materials will result in the employer
25.26 being liable to the association for any expenses associated with a field audit, including
25.27 staff salaries, administrative expenses and travel expenses.

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

25.29 Sec. 7. Minnesota Statutes 2009 Supplement, section 353.27, subdivision 7, is
25.30 amended to read:

25.31 Subd. 7. **Adjustment for erroneous receipts or disbursements.** (a) Except
25.32 as provided in paragraph (b), erroneous employee deductions and erroneous employer
25.33 contributions and additional employer contributions for a person, who otherwise does not
25.34 qualify for membership under this chapter, are considered:

26.1 (1) valid if the initial erroneous deduction began before January 1, 1990. Upon
26.2 determination of the error by the association, the person may continue membership in the
26.3 association while employed in the same position for which erroneous deductions were
26.4 taken, or file a written election to terminate membership and apply for a refund upon
26.5 termination of public service or defer an annuity under section 353.34; or

26.6 (2) invalid, if the initial erroneous employee deduction began on or after January 1,
26.7 1990. Upon determination of the error, the association shall refund all erroneous employee
26.8 deductions and all erroneous employer contributions as specified in paragraph (e). No
26.9 person may claim a right to continued or past membership in the association based on
26.10 erroneous deductions which began on or after January 1, 1990.

26.11 (b) Erroneous deductions taken from the salary of a person who did not qualify
26.12 for membership in the association by virtue of concurrent employment before July 1,
26.13 1978, which required contributions to another retirement fund or relief association
26.14 established for the benefit of officers and employees of a governmental subdivision, are
26.15 invalid. Upon discovery of the error, the association shall remove all invalid service and,
26.16 upon termination of public service, the association shall refund all erroneous employee
26.17 deductions to the person, with interest as determined under section 353.34, subdivision 2,
26.18 and all erroneous employer contributions without interest to the employer. This paragraph
26.19 has both retroactive and prospective application.

26.20 (c) Adjustments to correct employer contributions and employee deductions taken
26.21 in error from amounts which are not salary under section 353.01, subdivision 10, must
26.22 be made as specified in paragraph (e). The period of adjustment must be limited to the
26.23 fiscal year in which the error is discovered by the association and the immediate two
26.24 preceding fiscal years.

26.25 (d) If there is evidence of fraud or other misconduct on the part of the employee or
26.26 the employer, the board of trustees may authorize adjustments to the account of a member
26.27 or former member to correct erroneous employee deductions and employer contributions
26.28 on invalid salary and the recovery of any overpayments for a period longer than provided
26.29 for under paragraph (c).

26.30 (e) Upon discovery of the receipt of erroneous employee deductions and employer
26.31 contributions under paragraph (a), clause (2), or paragraph (c), the association must require
26.32 the employer to discontinue the erroneous employee deductions and erroneous employer
26.33 contributions reported on behalf of a member. Upon discontinuation, the association must:

26.34 (1) for a member, provide a refund ~~or credit to the employer~~ in the amount of the
26.35 invalid employee deductions with interest on the invalid employee deductions at the rate
26.36 specified under section 353.34, subdivision 2, from the received date of each invalid salary

27.1 transaction through the date the credit or refund is made; ~~and the employer must pay the~~
27.2 ~~refunded employee deductions plus interest to the member;~~

27.3 (2) for a former member who:

27.4 (i) is not receiving a retirement annuity or benefit, return the erroneous employee
27.5 deductions to the former member through a refund with interest at the rate specified under
27.6 section 353.34, subdivision 2, from the received date of each invalid salary transaction
27.7 through the date the credit or refund is made; or

27.8 (ii) is receiving a retirement annuity or disability benefit, or a person who is
27.9 receiving an optional annuity or survivor benefit, for whom it has been determined an
27.10 overpayment must be recovered, adjust the payment amount and recover the overpayments
27.11 as provided under this section; and

27.12 (3) return the invalid employer contributions reported on behalf of a member or
27.13 former member to the employer by providing a credit against future contributions payable
27.14 by the employer.

27.15 (f) In the event that a salary warrant or check from which a deduction for the
27.16 retirement fund was taken has been canceled or the amount of the warrant or check
27.17 returned to the funds of the department making the payment, a refund of the sum
27.18 deducted, or any portion of it that is required to adjust the deductions, must be made
27.19 to the department or institution.

27.20 (g) If the accrual date of any retirement annuity, survivor benefit, or disability benefit
27.21 is within the limitation period specified in paragraph (c), and an overpayment has resulted
27.22 by using invalid service or salary, or due to any erroneous calculation procedure, the
27.23 association must recalculate the annuity or benefit payable and recover any overpayment
27.24 as provided under subdivision 7b.

27.25 (h) Notwithstanding the provisions of this subdivision, the association may apply
27.26 the Revenue Procedures defined in the federal Internal Revenue Service Employee Plans
27.27 Compliance Resolution System and not issue a refund of erroneous employee deductions
27.28 and employer contributions or not recover a small overpayment of benefits if the cost to
27.29 correct the error would exceed the amount of the member refund or overpayment.

27.30 (i) Any fees or penalties assessed by the federal Internal Revenue Service for any
27.31 failure by an employer to follow the statutory requirements for reporting eligible members
27.32 and salary must be paid by the employer.

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

27.34 Sec. 8. Minnesota Statutes 2008, section 353.27, subdivision 10, is amended to read:

28.1 Subd. 10. **Employer exclusion reports.** (a) The head of a department shall annually
28.2 furnish the executive director with an exclusion report listing only those employees in
28.3 potentially PERA-eligible positions who were not reported as members of the association
28.4 and who worked during the school year for school employees and calendar year for
28.5 nonschool employees. The department head must certify the accuracy and completeness
28.6 of the exclusion report to the association. The executive director shall prescribe the
28.7 manner and forms, including standardized exclusion codes, to be used by a governmental
28.8 subdivision in preparing and filing exclusion reports. The executive director shall also
28.9 check the exclusion report to ascertain whether any omissions have been made by a
28.10 department head in the reporting of new public employees for membership. The executive
28.11 director may delegate an association employee under section 353.03, subdivision 3a,
28.12 paragraph (b), clause (5), to conduct a field audit to review the payroll records of a
28.13 governmental subdivision.

28.14 (b) If an employer fails to comply with the reporting requirements under this
28.15 subdivision, the executive director may assess a fine of \$25 for each failure if the
28.16 association staff has notified the employer of the noncompliance and attempted to obtain
28.17 the missing data or form from the employer for a period of more than three months.

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

28.19 Sec. 9. Minnesota Statutes 2009 Supplement, section 353.371, subdivision 4, is
28.20 amended to read:

28.21 Subd. 4. **Duration.** Postretirement option employment shall be for an initial period
28.22 not to exceed one year. At the end of the initial period, the governing body has sole
28.23 discretion to determine if the offer of a postretirement option position will be renewed,
28.24 renewed with modifications, or terminated. Postretirement option employment may be
28.25 renewed annually, but ~~may not be renewed after the individual attains retirement age as~~
28.26 ~~defined in United States Code, title 42, section 416(f)~~ no more than four renewals may
28.27 occur.

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

28.29 Sec. 10. Minnesota Statutes 2008, section 353D.01, subdivision 2, is amended to read:

28.30 Subd. 2. **Eligibility.** (a) Eligibility to participate in the defined contribution plan
28.31 is available to:

28.32 (1) elected local government officials of a governmental subdivision who elect to
28.33 participate in the plan under section 353D.02, subdivision 1, and who, for the elected

29.1 service rendered to a governmental subdivision, are not members of the Public Employees
29.2 Retirement Association within the meaning of section 353.01, subdivision 7;

29.3 (2) physicians who, if they did not elect to participate in the plan under section
29.4 353D.02, subdivision 2, would meet the definition of member under section 353.01,
29.5 subdivision 7;

29.6 (3) basic and advanced life-support emergency medical service personnel employed
29.7 by any public ambulance service that elects to participate under section 353D.02,
29.8 subdivision 3;

29.9 (4) members of a municipal rescue squad associated with Litchfield in Meeker
29.10 County, or of a county rescue squad associated with Kandiyohi County, if an independent
29.11 nonprofit rescue squad corporation, incorporated under chapter 317A, performing
29.12 emergency management services, and if not affiliated with a fire department or ambulance
29.13 service and if its members are not eligible for membership in that fire department's or
29.14 ambulance service's relief association or comparable pension plan;

29.15 (5) employees of the Port Authority of the city of St. Paul who elect to participate in
29.16 the plan under section 353D.02, subdivision 5, and who are not members of the Public
29.17 Employees Retirement Association under section 353.01, subdivision 7;

29.18 (6) city managers who elected to be excluded from the general employees retirement
29.19 plan of the Public Employees Retirement Association under section 353.028 and who
29.20 elected to participate in the public employees defined contribution plan under section
29.21 353.028, subdivision 3, paragraph (b); ~~and~~

29.22 (7) volunteer or emergency on-call firefighters serving in a municipal fire department
29.23 or an independent nonprofit firefighting corporation who are not covered by the public
29.24 employees police and fire retirement plan and who are not covered by a volunteer
29.25 firefighters relief association and who elect to participate in the public employees defined
29.26 contribution plan;

29.27 (8) elected county sheriffs who are former members of the police and fire plan and
29.28 who are receiving a retirement annuity as provided under section 353.651; and

29.29 (9) persons who are excluded from membership under section 353.01, subdivision
29.30 2b, paragraph (a), clause (25).

29.31 (b) For purposes of this chapter, an elected local government official includes
29.32 a person appointed to fill a vacancy in an elective office. Service as an elected local
29.33 government official only includes service for the governmental subdivision for which the
29.34 official was elected by the public at large. Service as an elected local government official
29.35 ceases and eligibility to participate terminates when the person ceases to be an elected

30.1 official. An elected local government official does not include an elected county sheriff
 30.2 who must be a member of the police and fire plan as provided under chapter 353.

30.3 (c) Individuals otherwise eligible to participate in the plan under this subdivision
 30.4 who are currently covered by a public or private pension plan because of their employment
 30.5 or provision of services are not eligible to participate in the public employees defined
 30.6 contribution plan.

30.7 (d) A former participant is a person who has terminated eligible employment or
 30.8 service and has not withdrawn the value of the person's individual account.

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

30.10 Sec. 11. Minnesota Statutes 2008, section 353D.03, subdivision 1, is amended to read:

30.11 Subdivision 1. ~~Local government official contribution~~ **Contributions for eligible**
 30.12 **participants.** ~~An~~ (a) The following classes of eligible elected local government official
 30.13 participants who elects elect to participate in the public employees defined contribution
 30.14 plan under section 353D.02 shall contribute an amount equal to five percent of salary as
 30.15 defined in section 353.01, subdivision 10:

30.16 (1) ~~A participating~~ elected local government official's officials;

30.17 (2) physicians; and

30.18 (3) persons who are excluded from membership under section 353.01, subdivision
 30.19 2b, clause (25).

30.20 (b) A participant's governmental subdivision shall contribute a matching amount.

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

30.22 Sec. 12. Minnesota Statutes 2008, section 353D.04, subdivision 1, is amended to read:

30.23 Subdivision 1. **Crediting of account contributions to participant accounts.** (a)
 30.24 Contributions made by or on behalf of a ~~participating elected local government official or~~
 30.25 ~~physician~~ participant under section 353D.03, subdivisions 1, 5, and 6, paragraph (a), must
 30.26 be remitted to the Public Employees Retirement Association and credited to the individual
 30.27 account established for the participant

30.28 (b). ~~Ambulance service~~ Contributions as provided under section 353D.03,
 30.29 subdivision 3, and subdivision 6, paragraph (b), must be remitted on a regular basis to the
 30.30 association together with any member contributions paid or withheld. Those contributions
 30.31 must be credited to the individual account of each participating member.

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

31.1 Sec. 13. Minnesota Statutes 2008, section 353D.04, subdivision 2, is amended to read:

31.2 Subd. 2. **Authority to adopt policies correcting erroneous contributions.** The
31.3 executive director may adopt policies and procedures regarding deductions taken totally
31.4 or partially in error by the employer from the salary of an elected official.

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

31.6 Sec. 14. Minnesota Statutes 2009 Supplement, section 353F.02, subdivision 4, is
31.7 amended to read:

31.8 Subd. 4. **Medical facility.** "Medical facility" means:

31.9 (1) Bridges Medical Services;

31.10 (2) the City of Cannon Falls Hospital;

31.11 (3) the Chris Jenson Health and Rehabilitation Center in St. Louis County;

31.12 (4) Clearwater County Memorial Hospital doing business as Clearwater Health

31.13 Services in Bagley;

31.14 ~~(4)~~ (5) the Dassel Lakeside Community Home;

31.15 (6) the Douglas County Hospital, with respect to the Mental Health Unit;

31.16 ~~(5)~~ (7) the Fair Oaks Lodge, Wadena;

31.17 ~~(6)~~ (8) the Glencoe Area Health Center;

31.18 ~~(7)~~ (9) Hutchinson Area Health Care;

31.19 ~~(8)~~ (10) the Lakefield Nursing Home;

31.20 ~~(9)~~ (11) the Lakeview Nursing Home in Gaylord;

31.21 ~~(10)~~ (12) the Luverne Public Hospital;

31.22 ~~(11)~~ (13) the Oakland Park Nursing Home;

31.23 ~~(12)~~ (14) the RenVilla Nursing Home;

31.24 ~~(13)~~ (15) the Rice Memorial Hospital in Willmar, with respect to the Department

31.25 of Radiology and the Department of Radiation/Oncology;

31.26 ~~(14)~~ (16) the St. Peter Community Health Care Center;

31.27 ~~(15)~~ (17) the Waconia-Ridgeview Medical Center;

31.28 ~~(16)~~ (18) the Weiner Memorial Medical Center, Inc.; and

31.29 (19) the Wheaton Community Hospital; and

31.30 ~~(17)~~ (20) the Worthington Regional Hospital.

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

31.32 Sec. 15. Minnesota Statutes 2008, section 353F.025, subdivision 1, is amended to read:

32.1 Subdivision 1. **Eligibility determination.** (a) The chief clerical officer of a
32.2 governmental subdivision may submit a resolution from the governing body to the
32.3 executive director of the Public Employees Retirement Association which supports
32.4 providing coverage under this chapter for employees of that governmental subdivision
32.5 who are privatized, and which states that the governing body will pay for actuarial
32.6 calculations, as further specified in paragraph (c).

32.7 (b) The governing body must also provide a copy of any applicable purchase or
32.8 lease agreement and any other information requested by the executive director to allow the
32.9 executive director to verify that under the proposed employer change, the new employer
32.10 does not qualify as a governmental subdivision under section 353.01, subdivision 6,
32.11 making the employees ineligible for continued coverage as active members of the general
32.12 employees retirement plan of the Public Employees Retirement Association.

32.13 (c) Following receipt of a resolution and a determination by the executive director
32.14 that the new employer is not a governmental subdivision, the executive director shall
32.15 direct the consulting actuary retained under section 356.214 to determine whether the
32.16 general employees retirement plan of the Public Employees Retirement Association, if
32.17 coverage under this chapter is provided, is expected to receive a net gain or a net loss if
32.18 privatization occurs, ~~by determining whether~~. A net gain is expected if the actuarial
32.19 liability of the special benefit coverage provided under this chapter, if extended to the
32.20 applicable employees under the privatization, is less than the actuarial gain otherwise to
32.21 accrue to the plan. A net loss is expected if the actuarial accrued liability of the special
32.22 benefit coverage provided under this chapter, if extended to the applicable employees
32.23 under the privatization, is more than the actuarial gain otherwise to accrue to the plan. The
32.24 date of the actuarial calculations used to make this determination must be within one year
32.25 of the effective date, as defined in section 353F.02, subdivision 3.

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

32.27 Sec. 16. Minnesota Statutes 2008, section 353F.025, subdivision 2, is amended to read:

32.28 Subd. 2. **Recommendation to legislature.** (a) If the actuarial calculations under
32.29 subdivision 1, paragraph (c), indicate that a net gain to the general employees retirement
32.30 plan of the Public Employees Retirement Association is expected due to the privatization,
32.31 or if paragraph (c) applies, the executive director shall forward a recommendation and
32.32 supporting documentation to the chair of the Legislative Commission on Pensions and
32.33 Retirement, the chair of the Governmental Operations, Reform, Technology and Elections
32.34 Committee of the house of representatives, the chair of the State and Local Government
32.35 Operations and Oversight Committee of the senate, and the executive director of the

33.1 Legislative Commission on Pensions and Retirement. The recommendation must be in
33.2 the form of an addition to the definition of "medical facility" under section 353F.02,
33.3 subdivision 4, or to "other public employing unit" under section 353F.02, subdivision 5,
33.4 whichever is applicable. The recommendation must be forwarded to the legislature before
33.5 January 15 for the recommendation to be considered in that year's legislative session. The
33.6 recommendation may be included as part of public pension administrative legislation
33.7 under section 356B.05.

33.8 (b) If a medical facility or other public employing unit listed under section 353F.02,
33.9 subdivision 4 or 5, fails to privatize within one year of the final enactment date of the
33.10 legislation adding the entity to the applicable definition, its inclusion under this chapter
33.11 is voided, and the executive director shall include in the proposed legislation under
33.12 paragraph (a) a recommendation that the applicable entity be stricken from the definition.

33.13 (c) If the calculations under subdivision 1, paragraph (c), indicate a net loss, the
33.14 executive director shall forward a recommendation that the privatization be included as an
33.15 addition under paragraph (a) if the chief clerical officer of the applicable governmental
33.16 subdivision submits a resolution from the governing body specifying that a lump sum
33.17 payment will be made to the executive director equal to the net loss, plus interest. The
33.18 interest must be computed using the preretirement interest rate assumption under section
33.19 356.215, expressed as a monthly rate, from the date of the actuarial valuation from which
33.20 the actuarial accrued liability data was used to determine the net loss in the actuarial study
33.21 under subdivision 1, to the date of payment, with annual compounding. Payment must be
33.22 made on or after the effective date under section 353F.02.

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

33.24 Sec. 17. Minnesota Statutes 2008, section 356.96, subdivision 2, is amended to read:

33.25 Subd. 2. **Right to review.** A determination made by the ~~administration~~ chief
33.26 administrative officer of a covered pension plan regarding a person's eligibility, benefits,
33.27 or other rights under the plan with which the person does not agree is subject to review
33.28 under this section.

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

33.30 Sec. 18. Minnesota Statutes 2008, section 356.96, subdivision 3, is amended to read:

33.31 Subd. 3. **Notice of determination.** If the applicable chief administrative officer
33.32 denies an application or a written request, modifies a benefit, or terminates a benefit

34.1 of a person claiming a right or potential rights under a covered pension plan, the chief
34.2 administrative officer shall notify that person through a written notice containing:

34.3 (1) a statement of the reasons for the determination;

34.4 (2) a notice that the person may petition the governing board of the covered pension
34.5 plan for a review of the determination and that a person's petition for review must be filed
34.6 in the administrative office of the covered pension plan within 60 days of the receipt
34.7 of the written notice of the determination;

34.8 (3) a statement indicating that a failure to petition for review within 60 days
34.9 precludes the person from contesting in any other administrative review or court procedure
34.10 the issues determined by the chief administrative officer; and

34.11 (4) a statement indicating that all relevant materials, documents, affidavits, and other
34.12 records that the person wishes to be reviewed in support of the petition must be filed with
34.13 and received in the administrative office of the covered pension plan at least ~~30~~ 15 days
34.14 before the date of the hearing under subdivision 10; and

34.15 (5) a ~~copy~~ summary of this section, including all filing requirements and deadlines.

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

34.17 Sec. 19. Minnesota Statutes 2009 Supplement, section 356.96, subdivision 5, is
34.18 amended to read:

34.19 Subd. 5. **Petition for review.** (a) A person who claims a right under subdivision 2
34.20 may petition for a review of that decision by the governing board of the covered pension
34.21 plan.

34.22 (b) A petition under this section must be sent to the chief administrative officer by
34.23 mail and must be postmarked no later than 60 days after the person received the notice
34.24 required by subdivision 3. The petition must include the person's statement of the reason
34.25 or reasons that the person believes the decision of the chief administrative officer should
34.26 be reversed or modified. The petition may include all documentation and written materials
34.27 that the petitioner deems to be relevant. In developing a record for review by the board
34.28 when a decision is appealed, the ~~executive director~~ chief administrative officer may direct
34.29 that the applicant participate in a fact-finding session conducted by an administrative law
34.30 judge assigned by the Office of Administrative Hearings and, as applicable, participate in
34.31 a vocational assessment conducted by a qualified rehabilitation counselor on contract with
34.32 the applicable retirement system.

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

35.1 Sec. 20. Minnesota Statutes 2008, section 356.96, subdivision 7, is amended to read:

35.2 Subd. 7. **Notice of hearing.** (a) After receiving a petition, ~~and not less than 30~~
35.3 ~~calendar days from the date of the next regular board meeting,~~ the chief administrative
35.4 officer must schedule a timely review of the petition before the governing board of the
35.5 covered pension plan. The review must be scheduled to take into consideration any
35.6 necessary accommodations to allow the petitioner to participate in the governing board's
35.7 review.

35.8 (b) Not less than ~~15~~ 30 calendar days before the scheduled hearing date, the chief
35.9 administrative officer must provide by mail to the petitioner an acknowledgment of the
35.10 receipt of the person's petition and a follow-up notice of the time and place of the meeting
35.11 at which the governing board is scheduled to consider the petition and must provide a copy
35.12 of all relevant documents, evidence, summaries, and recommendations assembled by or
35.13 on behalf of the plan administration to be considered by the governing board.

35.14 (c) ~~Except as provided in subdivision 8, paragraph (c),~~ All documents and materials
35.15 that the petitioner wishes to be part of the record for review must be filed with the chief
35.16 administrative officer and must be received in the offices of the covered pension plan
35.17 at least ~~30~~ 15 days before the date of the meeting at which the petition is scheduled to
35.18 be heard.

35.19 (d) A petitioner; may request a continuance of a scheduled hearing if the request
35.20 is received by the chief administrative officer within ten calendar days of the scheduled
35.21 date of the applicable board meeting; ~~may request a continuance on a scheduled petition.~~
35.22 The chief administrative officer must reschedule the review within ~~60 days of the date~~
35.23 ~~of the continuance request~~ a reasonable time. Only one continuance may be granted to
35.24 any petitioner.

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

35.26 Sec. 21. Minnesota Statutes 2008, section 356.96, subdivision 8, is amended to read:

35.27 Subd. 8. **Record for review.** (a) All evidence, including all records, documents, and
35.28 affidavits in the possession of the covered pension plan of which the covered pension plan
35.29 desires to avail itself and be considered by the governing board, and all evidence which the
35.30 petitioner wishes to present to the governing board, including any evidence which would
35.31 otherwise be classified by law as "private," must be made part of the hearing record.

35.32 (b) ~~Not later than~~ The chief administrative officer must provide a copy of the record
35.33 to each member of the governing board at least seven days before the scheduled hearing
35.34 date; ~~the chief administrative officer must provide a copy of the record to each member~~
35.35 ~~of the governing board.~~

36.1 (c) ~~At least five days before the hearing, the petitioner may submit to the chief~~
36.2 ~~administrative officer, for submission to the governing board, Any additional document,~~
36.3 ~~affidavit, or other relevant information that was not initially submitted with the petition~~
36.4 ~~the petitioner requests be part of the record may be admitted with the consent of the~~
36.5 ~~governing board.~~

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

36.7 Sec. 22. Laws 2009, chapter 169, article 4, section 49, is amended to read:

36.8 Sec. 49. **CITY OF DULUTH AND DULUTH AIRPORT AUTHORITY AND**
36.9 **CITY OF VIRGINIA; CORRECTING ERRONEOUS EMPLOYEE DEDUCTIONS,**
36.10 **EMPLOYER CONTRIBUTIONS AND ADJUSTING OVERPAID BENEFITS.**

36.11 Subdivision 1. **Application.** Notwithstanding any provisions of Minnesota Statutes,
36.12 section 353.27, subdivisions 7 and 7b, or Minnesota Statutes 2008, chapters 353 and
36.13 356, to the contrary, this section establishes the procedures by which the executive
36.14 director of the Public Employees Retirement Association shall adjust erroneous employee
36.15 deductions and employer contributions paid on behalf of active employees and former
36.16 members by the city of Duluth ~~and~~₂ by the Duluth Airport Authority, and by the city
36.17 of Virginia on amounts determined by the executive director to be invalid salary under
36.18 Minnesota Statutes, section 353.01, subdivision 10, reported between January 1, 1997,
36.19 and October 23, 2008, and for adjusting benefits that were paid to former members and
36.20 their beneficiaries based upon invalid salary amounts.

36.21 Subd. 2. **Refunds of employee deductions.** (a) The executive director shall refund
36.22 to active employees or former members who are not receiving retirement annuities or
36.23 benefits all erroneous employee deductions identified by the city of Duluth ~~or~~₂ by the
36.24 Duluth Airport Authority, or by the city of Virginia as deductions taken from amounts
36.25 determined to be invalid salary. The refunds must include interest at the rate specified in
36.26 Minnesota Statutes, section 353.34, subdivision 2, from the date each invalid employee
36.27 deduction was received through the date each refund is paid.

36.28 (b) The refund payment for active employees must be sent to the ~~applicable~~
36.29 ~~governmental subdivision which must pay the refunded employee deductions plus interest~~
36.30 ~~to the active~~ home addresses of the members who are employees of the city of Duluth
36.31 ~~or~~₂ who are employees of the Duluth Airport Authority, or who are employees of the city
36.32 of Virginia, as applicable.

36.33 (c) Refunds to former members must be mailed by the executive director of the
36.34 Public Employees Retirement Association to the former member's last known address.

37.1 Subd. 3. **Benefit adjustments.** (a) For a former member who is receiving a
37.2 retirement annuity or disability benefit, or for a person receiving an optional annuity or
37.3 survivor benefit, the executive director must:

37.4 (1) adjust the annuity or benefit payment to the correct monthly benefit amount
37.5 payable by reducing the average salary under Minnesota Statutes, section 353.01,
37.6 subdivision 17a, by the invalid salary amounts;

37.7 (2) determine the amount of the overpaid benefits paid from the effective date of
37.8 the annuity or benefit payment to the first of the month in which the monthly benefit
37.9 amount is corrected;

37.10 (3) calculate the amount of employee deductions taken in error on invalid salary,
37.11 including interest at the rate specified in Minnesota Statutes, section 353.34, subdivision 2,
37.12 from the date each invalid employee deduction was received through the date the annuity
37.13 or benefit is adjusted as provided under clause (1); and

37.14 (4) determine the net amount of overpaid benefits by reducing the amount of the
37.15 overpaid annuity or benefit as determined in clause (2) by the amount of the erroneous
37.16 employee deductions with interest determined in clause (3).

37.17 (b) If a former member's erroneous employee deductions plus interest determined
37.18 under this section exceeds the amount of the person's overpaid benefits, the balance must
37.19 be refunded to the person to whom the annuity or benefit is being paid.

37.20 (c) The executive director shall recover the net amount of all overpaid annuities or
37.21 benefits as provided under subdivision 4.

37.22 Subd. 4. **Employer credits and obligations.** (a) The executive director shall
37.23 provide a credit without interest to the city of Duluth~~and~~₂ to the Duluth Airport Authority₂
37.24 and to the city of Virginia, as applicable, for the amount of that governmental subdivision's
37.25 erroneous employer contributions. The credit must first be used to offset the net amount of
37.26 the overpaid retirement annuities and the disability and survivor benefits that remains after
37.27 applying the amount of erroneous employee deductions with interest as provided under
37.28 subdivision 3, paragraph (a), clause (4). The remaining erroneous employer contributions,
37.29 if any, must be credited against future employer contributions required to be paid by
37.30 the applicable governmental subdivision. If the overpaid benefits exceed the employer
37.31 contribution credit, the balance of the overpaid benefits is the obligation of the city of
37.32 Duluth~~or~~₂ the Duluth Airport Authority, or the city of Virginia, whichever is applicable.

37.33 (b) The Public Employees Retirement Association board of trustees shall determine
37.34 the period of time and manner for the collection of overpaid retirement annuities and
37.35 benefits, if any, from the city of Duluth~~and~~₂ the Duluth Airport Authority, and the city of
37.36 Virginia.

39.1 Subd. 3. **Report by certain municipalities.** (a) Each municipality which has
39.2 an organized fire department but which does not have a firefighters' relief association
39.3 governed by section 69.77 or sections 69.771 to 69.775 and which is not exempted
39.4 under paragraph (b) shall annually prepare a detailed financial report of the receipts and
39.5 disbursements by the municipality for fire protection service during the preceding calendar
39.6 year, on a form prescribed by the state auditor. The financial report shall ~~shall~~ must contain any
39.7 information which the state auditor deems necessary to disclose the sources of receipts
39.8 and the purpose of disbursements for fire protection service. The financial report shall
39.9 must be signed by the municipal clerk or clerk-treasurer of the municipality. The financial
39.10 report shall ~~shall~~ must be filed by the municipal clerk or clerk-treasurer with the state auditor on
39.11 or before July 1 annually. The state auditor shall forward one copy to the county auditor of
39.12 the county wherein the municipality is located. The municipality shall not qualify initially
39.13 to receive, or be entitled subsequently to retain, state aid pursuant to under this chapter if
39.14 the financial reporting requirement or the applicable requirements of this chapter or any
39.15 other statute or special law have not been complied with or are not fulfilled.

39.16 (b) Each municipality which has an organized fire department and which provides
39.17 retirement coverage to its firefighters through the voluntary statewide lump-sum volunteer
39.18 firefighter retirement plan under chapter 353G qualifies to have fire state aid transmitted
39.19 to and retained in the statewide lump-sum volunteer firefighter retirement fund without
39.20 filing a detailed financial report if the executive director of the Public Employees
39.21 Retirement Association certifies compliance by the municipality with the requirements of
39.22 sections 353G.04 and 353G.08, paragraph (e), and by the applicable fire chief with the
39.23 requirements of section 353G.07.

39.24 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2010.

39.25 Sec. 2. Minnesota Statutes 2009 Supplement, section 353G.05, subdivision 2, as added
39.26 by Laws 2009, chapter 169, article 9, section 14, is amended to read:

39.27 Subd. 2. **Election of coverage.** (a) The process for electing coverage of volunteer
39.28 firefighters by the retirement plan is initiated by a request to the executive director for a
39.29 cost analysis of the prospective retirement coverage.

39.30 (b) If the volunteer firefighters are currently covered by a volunteer firefighters' relief
39.31 association governed by chapter 424A, the cost analysis of the prospective retirement
39.32 coverage must be requested jointly by the secretary of the volunteer firefighters' relief
39.33 association, following approval of the request by the board of the volunteer firefighters'
39.34 relief association, and the chief administrative officer of the entity associated with the
39.35 relief association, following approval of the request by the governing body of the entity

40.1 associated with the relief association. If the relief association is associated with more than
40.2 one entity, the chief administrative officer of each associated entity must execute the
40.3 request. If the volunteer firefighters are not currently covered by a volunteer firefighters'
40.4 relief association, the cost analysis of the prospective retirement coverage must be
40.5 requested by the chief administrative officer of the entity operating the fire department.
40.6 The request must be made in writing and must be made on a form prescribed by the
40.7 executive director.

40.8 (c) The cost analysis of the prospective retirement coverage by the statewide
40.9 retirement plan must be based on the service pension amount under section 353G.11
40.10 closest to the service pension amount provided by the volunteer firefighters' relief
40.11 association; ~~if there is one~~ the relief association is a lump-sum defined benefit plan, or
40.12 the amount equal to 95 percent of the most current average account balance per relief
40.13 association member if the relief association is a defined contribution plan, or to the
40.14 lowest service pension amount under section 353G.11 if there is no volunteer firefighters'
40.15 relief association, rounded up, and any other service pension amount designated by
40.16 the requester or requesters. The cost analysis must be prepared using a mathematical
40.17 procedure certified as accurate by an approved actuary retained by the Public Employees
40.18 Retirement Association.

40.19 (d) If a cost analysis is requested and a volunteer firefighters' relief association exists
40.20 that has filed the information required under section 69.051 in a timely fashion, upon
40.21 request by the executive director, the state auditor shall provide the most recent data
40.22 available on the financial condition of the volunteer firefighters' relief association, the most
40.23 recent firefighter demographic data available, and a copy of the current relief association
40.24 bylaws. If a cost analysis is requested, but no volunteer firefighters' relief association
40.25 exists, the chief administrative officer of the entity operating the fire department shall
40.26 provide the demographic information on the volunteer firefighters serving as members
40.27 of the fire department requested by the executive director.

40.28 (e) If a cost analysis is requested, the executive director of the State Board of
40.29 Investment shall review the investment portfolio of the relief association, if applicable,
40.30 for compliance with the applicable provisions of chapter 11A and for appropriateness
40.31 for retention under the established investment objectives and investment policies of the
40.32 State Board of Investment. If the prospective retirement coverage change is approved
40.33 under paragraph (f), the State Board of Investment may require that the relief association
40.34 liquidate any investment security or other asset which the executive director of the State
40.35 Board of Investment has determined to be an ineligible or inappropriate investment for
40.36 retention by the State Board of Investment. The security or asset liquidation must occur

41.1 before the effective date of the transfer of retirement plan coverage. If requested to do
41.2 so by the chief administrative officer of the relief association, the executive director of
41.3 the State Board of Investment shall provide advice about the best means to conduct the
41.4 liquidation.

41.5 (f) Upon receipt of the cost analysis, the governing body of the municipality or
41.6 independent nonprofit firefighting corporation associated with the fire department shall
41.7 approve or disapprove the retirement coverage change within 90 days. If the retirement
41.8 coverage change is not acted upon within 90 days, it is deemed to be disapproved. If the
41.9 retirement coverage change is approved by the applicable governing body, coverage by
41.10 the voluntary statewide lump-sum volunteer firefighter retirement plan is effective on the
41.11 next following January 1.

41.12 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2010.

41.13 Sec. 3. Minnesota Statutes 2009 Supplement, section 353G.06, subdivision 1, is
41.14 amended to read:

41.15 Subdivision 1. **Special fund disestablishment.** ~~(a)~~ On the date immediately prior
41.16 to the effective date of the coverage change, the special fund of the applicable volunteer
41.17 firefighters' relief association, if one exists, ceases to exist as a pension fund of the
41.18 association and legal title to the assets of the special fund transfers to the State Board of
41.19 Investment, with the beneficial title to the assets of the special fund remaining in the
41.20 applicable volunteer firefighters.

41.21 ~~(b) If the market value of the special fund of the volunteer firefighters' relief~~
41.22 ~~association for which retirement coverage changed under this chapter declines in the~~
41.23 ~~interval between the date of the most recent financial report or statement, and the special~~
41.24 ~~fund disestablishment date, the applicable municipality shall transfer an additional amount~~
41.25 ~~to the State Board of Investment equal to that decline. If more than one municipality is~~
41.26 ~~responsible for the direct management of the fire department, the municipalities shall~~
41.27 ~~allocate the additional transfer amount among the various applicable municipalities~~
41.28 ~~one-half in proportion to the population of each municipality and one-half in proportion~~
41.29 ~~to the market value of each municipality.~~

41.30 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2010.

41.31 Sec. 4. Minnesota Statutes 2009 Supplement, section 353G.08, is amended to read:

41.32 **353G.08 RETIREMENT PLAN FUNDING; DISBURSEMENTS.**

42.1 Subdivision 1. Annual funding requirements. (a) Annually, the executive director
42.2 shall determine the funding requirements of each account in the voluntary statewide
42.3 lump-sum volunteer firefighter retirement plan on or before August 1. The funding
42.4 requirements as directed under this section, must be determined using a mathematical
42.5 procedure developed and certified as accurate by an approved actuary retained by the
42.6 Public Employees Retirement Association and based on present value factors using a six
42.7 percent interest rate, without any decrement assumptions. The funding requirements
42.8 must be certified to the entity or entities associated with the fire department whose active
42.9 firefighters are covered by the retirement plan.

42.10 (b) The overall funding balance of each account for the current calendar year must
42.11 be determined in the following manner:

42.12 (1) The total accrued liability for all active and deferred members of the account as
42.13 of December 31 of the current year must be calculated based on the good time service
42.14 credit of active and deferred members as of that date.

42.15 (2) The total present assets of the account projected to December 31 of the current
42.16 year, including receipts by and disbursements from the account anticipated to occur on or
42.17 before December 31, must be calculated. To the extent possible, the market value of assets
42.18 must be utilized in making this calculation.

42.19 (3) The amount of the total present assets calculated under clause (2) must be
42.20 subtracted from the amount of the total accrued liability calculated under clause (1). If the
42.21 amount of total present assets exceeds the amount of the total accrued liability, then the
42.22 account is considered to have a surplus over full funding. If the amount of the total present
42.23 assets is less than the amount of the total accrued liability, then the account is considered
42.24 to have a deficit from full funding. If the amount of total present assets is equal to the
42.25 amount of the total accrued liability, then the special fund is considered to be fully funded.

42.26 (c) The financial requirements of each account for the following calendar year must
42.27 be determined in the following manner:

42.28 (1) The total accrued liability for all active and deferred members of the account
42.29 as of December 31 of the calendar year next following the current calendar year must be
42.30 calculated based on the good time service used in the calculation under paragraph (b),
42.31 clause (1), increased by one year.

42.32 (2) The increase in the total accrued liability of the account for the following calendar
42.33 year over the total accrued liability of the account for the current year must be calculated.

42.34 (3) The amount of anticipated future administrative expenses of the account must be
42.35 calculated by multiplying the dollar amount of the administrative expenses for the most
42.36 recent prior calendar year by the factor of 1.035.

43.1 (4) If the account is fully funded, the financial requirement of the account for the
43.2 following calendar year is the total of the amounts calculated under clauses (2) and (3).

43.3 (5) If the account has a deficit from full funding, the financial requirement of the
43.4 account for the following calendar year is the total of the amounts calculated under clauses
43.5 (2) and (3) plus an amount equal to one-tenth of the amount of the deficit from full
43.6 funding of the account.

43.7 (6) If the account has a surplus over full funding, the financial requirement of
43.8 the account for the following calendar year is the financial requirement of the account
43.9 calculated as though the account was fully funded under clause (4) and, if the account has
43.10 also had a surplus over full funding during the prior two years, additionally reduced by an
43.11 amount equal to one-tenth of the amount of the surplus over full funding of the account.

43.12 (d) The required contribution of the entity or entities associated with the fire
43.13 department whose active firefighters are covered by the retirement plan is the annual
43.14 financial requirements of the account of the retirement plan under paragraph (c) reduced
43.15 by the amount of any fire state aid payable under sections 69.011 to 69.051 reasonably
43.16 anticipated to be received by the retirement plan attributable to the entity or entities during
43.17 the following calendar year, and an amount of interest on the assets projected to be
43.18 received during the following calendar year calculated at the rate of six percent per annum.
43.19 The required contribution must be allocated between the entities if more than one entity
43.20 is involved. A reasonable amount of anticipated fire state aid is an amount that does not
43.21 exceed the fire state aid actually received in the prior year multiplied by the factor 1.035.

43.22 (e) The required contribution calculated in paragraph (d) must be paid to the
43.23 retirement plan on or before December 31 of the year for which it was calculated. If
43.24 the contribution is not received by the retirement plan by December 31, it is payable
43.25 with interest at an annual compound rate of six percent from the date due until the date
43.26 payment is received by the retirement plan. If the entity does not pay the full amount of
43.27 the required contribution, the executive director shall collect the unpaid amount under
43.28 section 353.28, subdivision 6.

43.29 ~~(f)~~

43.30 Subd. 2. Cash flow funding requirement. If the executive director determines that
43.31 an account in the voluntary statewide lump-sum volunteer firefighter retirement plan has
43.32 insufficient assets to meet the service pensions determined payable from the account,
43.33 the executive director shall certify the amount of the potential service pension shortfall
43.34 to the municipality or municipalities and the municipality or municipalities shall make
43.35 an additional employer contribution to the account within ten days of the certification.
43.36 If more than one municipality is associated with the account, unless the municipalities

44.1 agree to a different allocation, the municipalities shall allocate the additional employer
44.2 contribution one-half in proportion to the population of each municipality and one-half in
44.3 proportion to the market value of the property of each municipality.

44.4 Subd. 3. **Authorized Account Disbursements.** The assets of the retirement fund
44.5 may only be disbursed for:

44.6 (1) the administrative expenses of the retirement plan;

44.7 (2) the investment expenses of the retirement fund;

44.8 (3) the service pensions payable under section 353G.10, 353G.11, 353G.14, or
44.9 353G.15; ~~and~~

44.10 (4) the survivor benefits payable under section 353G.12; and

44.11 (5) the disability benefit coverage insurance premiums under section 353G.115.

44.12 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2010.

44.13 Sec. 5. Minnesota Statutes 2009 Supplement, section 353G.09, subdivision 3, as added
44.14 by Laws 2009, chapter 169, article 9, section 18, is amended to read:

44.15 Subd. 3. **Alternative pension eligibility and computation.** (a) An active member
44.16 of the retirement plan is entitled to an alternative lump-sum service pension from the
44.17 retirement plan if the person:

44.18 (1) has separated from active service with the fire department for at least 30 days;

44.19 (2) has attained the age of at least 50 years or the age for receipt of a service pension
44.20 under the benefit plan of the applicable former volunteer firefighters' relief association
44.21 as of the date immediately prior to the election of the retirement coverage change,
44.22 whichever is later;

44.23 (3) has completed at least five years of active service with the fire department and at
44.24 least five years in total as a member of the applicable former volunteer firefighters' relief
44.25 association or of the retirement plan, but has not rendered at least five years of good time
44.26 service credit as a member of the retirement plan; and

44.27 (4) applies in a manner prescribed by the executive director for the service pension.

44.28 (b) If retirement coverage prior to statewide retirement plan coverage was provided
44.29 by a defined benefit plan volunteer firefighters relief association, the alternative lump-sum
44.30 service pension is the service pension amount specified in the bylaws of the applicable
44.31 former volunteer firefighters' relief association either as of the date immediately prior to
44.32 the election of the retirement coverage change or as of the date immediately before the
44.33 termination of firefighting services, whichever is earlier, multiplied by the total number
44.34 of years of service as a member of that volunteer firefighters' relief association and as
44.35 a member of the retirement plan. If retirement coverage prior to statewide retirement

45.1 plan coverage was provided by a defined contribution plan volunteer firefighters relief
 45.2 association, the alternative lump-sum service pension is an amount equal to the person's
 45.3 account balance as of the date immediately prior to the date on which statewide retirement
 45.4 plan coverage was first provided to the person plus six percent annual compound interest
 45.5 from that date until the date immediately prior to the date of retirement.

45.6 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2010.

45.7 Sec. 6. Minnesota Statutes 2009 Supplement, section 353G.11, subdivision 1, is
 45.8 amended to read:

45.9 Subdivision 1. **Levels.** The retirement plan provides the following levels of service
 45.10 pension amounts to be selected at the election of coverage, or, if fully funded, thereafter:

45.11	Level A	\$500 per year of good time service credit
45.12	Level B	\$750 <u>\$600</u> per year of good time service credit
45.13	<u>Level C</u>	<u>\$700 per year of good time service credit</u>
45.14	<u>Level D</u>	<u>\$800 per year of good time service credit</u>
45.15	<u>Level E</u>	<u>\$900 per year of good time service credit</u>
45.16	Level E <u>F</u>	\$1,000 per year of good time service credit
45.17	<u>Level G</u>	<u>\$1,250 per year of good time service credit</u>
45.18	Level D <u>H</u>	\$1,500 per year of good time service credit
45.19	Level E <u>I</u>	\$2,000 per year of good time service credit
45.20	Level F <u>J</u>	\$2,500 per year of good time service credit
45.21	Level G <u>K</u>	\$3,000 per year of good time service credit
45.22	Level H <u>L</u>	\$3,500 per year of good time service credit
45.23	Level I <u>M</u>	\$4,000 per year of good time service credit
45.24	Level J <u>N</u>	\$4,500 per year of good time service credit
45.25	Level K <u>O</u>	\$5,000 per year of good time service credit
45.26	Level L <u>P</u>	\$5,500 per year of good time service credit
45.27	Level M <u>Q</u>	\$6,000 per year of good time service credit
45.28	Level N <u>R</u>	\$6,500 per year of good time service credit
45.29	Level O <u>S</u>	\$7,000 per year of good time service credit
45.30	Level P <u>T</u>	\$7,500 per year of good time service credit

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

45.32 Sec. 7. Minnesota Statutes 2009 Supplement, section 353G.11, is amended by adding a
 45.33 subdivision to read:

45.34 Subd. 1a. **Continuation of prior service pension levels.** If a municipality or
 45.35 independent nonprofit firefighting corporation elects to be covered by the retirement
 45.36 plan prior to January 1, 2010, and selects the \$750 per year of good time service credit

46.1 service pension amount effective for January 1, 2010, that level continues for the volunteer
46.2 firefighters of that municipality or independent nonprofit firefighting corporation until a
46.3 different service pension amount is selected under subdivision 2 after January 1, 2010.

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

46.5 Sec. 8. **[353G.115] DISABILITY BENEFIT COVERAGE; AUTHORITY FOR**
46.6 **CASUALTY INSURANCE.**

46.7 (a) Except as provided in paragraph (b), no disability benefit is payable from the
46.8 statewide retirement plan.

46.9 (b) If the board approves the arrangement, disability coverage for statewide
46.10 retirement plan members may be provided through a group disability insurance policy
46.11 obtained from an insurance company licensed to do business in this state. The voluntary
46.12 statewide lump-sum volunteer retirement plan is authorized to pay the premium for the
46.13 disability insurance authorized by this paragraph. The proportional amount of the total
46.14 annual disability insurance premium must be added to the required contribution amount
46.15 determined under section 353G.08.

46.16 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2010.

46.17 Sec. 9. Minnesota Statutes 2008, section 424A.08, as amended by Laws 2009, chapter
46.18 169, article 10, section 45, is amended to read:

46.19 **424A.08 MUNICIPALITY WITHOUT RELIEF ASSOCIATION;**
46.20 **AUTHORIZED DISBURSEMENTS.**

46.21 (a) Any qualified municipality which is entitled to receive fire state aid but which
46.22 has no volunteer firefighters' relief association directly associated with its fire department
46.23 and which has no full-time firefighters with retirement coverage by the public employees
46.24 police and fire retirement plan shall deposit the fire state aid in a special account
46.25 established for that purpose in the municipal treasury. Disbursement from the special
46.26 account may not be made for any purpose except:

46.27 (1) payment of the fees, dues and assessments to the Minnesota State Fire
46.28 Department Association and to the state Volunteer Firefighters' Benefit Association in
46.29 order to entitle its firefighters to membership in and the benefits of these state associations;

46.30 (2) payment of the cost of purchasing and maintaining needed equipment for the
46.31 fire department; and

46.32 (3) payment of the cost of construction, acquisition, repair, or maintenance of
46.33 buildings or other premises to house the equipment of the fire department.

47.1 (b) A qualified municipality which is entitled to receive fire state aid, which has no
47.2 volunteer firefighters' relief association directly associated with its fire department, which
47.3 does not participate in the voluntary lump-sum volunteer firefighter retirement plan under
47.4 chapter 353G, and which has full-time firefighters with retirement coverage by the public
47.5 employees police and fire retirement plan may disburse the fire state aid as provided in
47.6 paragraph (a), for the payment of the employer contribution requirement with respect to
47.7 firefighters covered by the public employees police and fire retirement plan under section
47.8 353.65, subdivision 3, or for a combination of the two types of disbursements.

47.9 (c) A municipality which has no volunteer firefighters' relief association directly
47.10 associated with it and which participates in the voluntary lump-sum volunteer firefighter
47.11 retirement plan under chapter 353G shall transmit any fire state aid that it receives to the
47.12 voluntary lump-sum volunteer firefighter retirement fund.

47.13 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2010.

47.14 ARTICLE 5

47.15 TEACHERS RETIREMENT ASSOCIATION SERVICE CREDIT 47.16 PROCEDURE REVISIONS

47.17 Section 1. Minnesota Statutes 2008, section 354.05, is amended by adding a
47.18 subdivision to read:

47.19 Subd. 41. **Annual base salary.** (a) "Annual base salary" means:

47.20 (1) for an independent school district or educational cooperative, the lowest full-time
47.21 Bachelor of Arts (BA) base contract salary for the previous fiscal year for that employing
47.22 unit;

47.23 (2) for a charter school, the lowest starting annual salary for a full-time licensed
47.24 teacher employed during the previous fiscal year for that employing unit; and

47.25 (3) for a state agency or professional organization, the lowest starting annual salary
47.26 for a full-time Teachers Retirement Association covered position for the previous fiscal
47.27 year for that employing unit.

47.28 (b) If there is no previous fiscal year data because an employer unit is new and
47.29 paragraph (c) does not apply, the annual base salary for the first year of operation will be
47.30 as stated in paragraph (a), except that the base contract salary for the current fiscal year,
47.31 rather than the previous fiscal year, must be used.

47.32 (c) For a new employer unit created as a result of a merger or consolidation, the
47.33 annual base salary will be the lowest annual base salary as specified in paragraph (a) for
47.34 any of the employer units involved in the merger or consolidation.

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

48.2 Sec. 2. Minnesota Statutes 2008, section 354.091, is amended to read:

48.3 **354.091 SERVICE CREDIT.**

48.4 Subdivision 1. **Definition; monthly base salary.** For purposes of this section,
48.5 "monthly base salary" means the annual base salary, as defined in section 354.05,
48.6 subdivision 41, divided by 12.

48.7 Subd. 2. **Service credit annual limit.** (a) ~~In computing service credit,~~ No teacher
48.8 may receive credit for more than one year of teaching service for any fiscal year.

48.9 ~~Additionally, in crediting allowable service:~~

48.10 ~~(1) if a teacher teaches less than five hours in a day, service credit must be given for~~
48.11 ~~the fractional part of the day as the term of service performed bears to five hours;~~

48.12 ~~(2) if a teacher teaches five or more hours in a day, service credit must be given for~~
48.13 ~~only one day;~~

48.14 ~~(3) if a teacher teaches at least 170 full days in any fiscal year, service credit must be~~
48.15 ~~given for a full year of teaching service; and~~

48.16 ~~(4) if a teacher teaches for only a fractional part of the year, service credit must be~~
48.17 ~~given for such fractional part of the year in the same relationship as the period of service~~
48.18 ~~performed bears to 170 days.~~

48.19 ~~(b) A teacher must receive a full year of service credit based on the number of days~~
48.20 ~~in the employer's full school year if that school year is less than 170 days. Teaching~~
48.21 ~~service performed before July 1, 1961, must be computed under the law in effect at the~~
48.22 ~~time it was performed.~~

48.23 ~~(c) A teacher must not lose or gain retirement service credit as a result of the~~
48.24 ~~employer converting to a flexible or alternate work schedule. If the employer converts~~
48.25 ~~to a flexible or alternate work schedule, the forms for reporting teaching service and the~~
48.26 ~~procedures for determining service credit must be determined by the executive director~~
48.27 ~~with the approval of the board of trustees.~~

48.28 Subd. 3. **Service credit calculation.** (a) Except as specified in subdivisions 4 and
48.29 5, service credit will be calculated monthly by dividing the teacher's monthly salary by
48.30 the monthly base salary for the teacher's employing unit and multiplying the result by
48.31 11.1 percent.

48.32 (b) For purposes of computing service credit, salary will be allocated to each
48.33 calendar month based on the pay period begin and end dates. If the pay period covers
48.34 more than one calendar month, the salary must be allocated based on the number of days
48.35 in each calendar month.

49.1 (c) A teacher may not receive more than 11.1 percent of a year's service credit in
49.2 a calendar month.

49.3 (d) Annual service credit is calculated by adding the allowable monthly service
49.4 credit for all 12 months of the fiscal year with the result rounded to two decimal places,
49.5 subject to the annual limit specified in subdivision 2.

49.6 **Subd. 4. Service credit determination for Minnesota State Colleges and**
49.7 **Universities system teachers.** ~~(d)~~ For all services rendered on or after July 1, 2003,
49.8 service credit for all members employed by the Minnesota State Colleges and Universities
49.9 system must be determined:

49.10 (1) for full-time employees, by the definition of full-time employment contained in
49.11 the collective bargaining agreement for those units listed in section 179A.10, subdivision
49.12 2, or contained in the applicable personnel or salary plan for those positions designated in
49.13 section 179A.10, subdivision 1; and

49.14 (2) for part-time employees, by the appropriate proration of full-time equivalency
49.15 based on the provisions contained in the collective bargaining agreement for those units
49.16 listed in section 179A.10, subdivision 2, or contained in the applicable personnel or salary
49.17 plan for those positions designated in section 179A.10, subdivision 1, and the applicable
49.18 procedures of the Minnesota State Colleges and Universities system; ~~and~~

49.19 ~~(3) in no case may a member receive more than one year of service credit for any~~
49.20 ~~fiscal year.~~

49.21 **Subd. 5. Service credit procedure, nontraditional schedules.** For employer units
49.22 that have nontraditional work schedules or pay schedules, the procedure for determining
49.23 service credit must be specified by the executive director with the approval of the board of
49.24 trustees.

49.25 **EFFECTIVE DATE.** This section is effective for teaching service performed after
49.26 June 30, 2010.

49.27 Sec. 3. Minnesota Statutes 2009 Supplement, section 354.52, subdivision 4b, is
49.28 amended to read:

49.29 Subd. 4b. **Payroll cycle reporting requirements.** An employing unit shall provide
49.30 the following data to the association for payroll warrants on an ongoing basis within 14
49.31 calendar days after the date of the payroll warrant in a format prescribed by the executive
49.32 director:

49.33 (1) association member number;

49.34 (2) employer-assigned employee number;

49.35 (3) Social Security number;

- 50.1 (4) amount of each salary deduction;
- 50.2 (5) amount of salary as defined in section 354.05, subdivision 35, from which each
- 50.3 deduction was made;
- 50.4 (6) reason for payment;
- 50.5 ~~(7) service credit;~~
- 50.6 ~~(8)~~ (7) the beginning and ending dates of the payroll period covered and the date
- 50.7 of actual payment;
- 50.8 ~~(9)~~ (8) fiscal year of salary earnings;
- 50.9 ~~(10)~~ (9) total remittance amount including employee, employer, and additional
- 50.10 employer contributions;
- 50.11 ~~(11)~~ (10) reemployed annuitant salary under section 354.44, subdivision 5; and
- 50.12 ~~(12)~~ (11) other information as may be required by the executive director.

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

50.14 Sec. 4. Minnesota Statutes 2008, section 354.52, is amended by adding a subdivision

50.15 to read:

50.16 **Subd. 4d. Annual base salary reporting.** An employing unit must provide the

50.17 following data to the association on or before June 30 of each fiscal year:

50.18 (1) annual base salary, as defined in section 354.05, subdivision 41; and

50.19 (2) beginning and ending dates for the regular school work year.

50.20 **EFFECTIVE DATE.** This section is effective July 1, 2009.

50.21 Sec. 5. Minnesota Statutes 2008, section 354.52, subdivision 6, is amended to read:

50.22 **Subd. 6. Noncompliance consequences.** (a) An employing unit that does not

50.23 comply with the reporting requirements under subdivision 2a, 4a, ~~or 4b,~~ or 4d, must pay a

50.24 fine of \$5 per calendar day until the association receives the required data.

50.25 (b) If the annual base salary required to be reported under subdivision 4d has not

50.26 been settled or determined as of June 16, the fine must commence if the annual base salary

50.27 has not been reported to the association within 14 days following the settlement date.

50.28 **EFFECTIVE DATE.** This section is effective July 1, 2009.

50.29 Sec. 6. Minnesota Statutes 2008, section 354.66, subdivision 3, is amended to read:

50.30 **Subd. 3. Part-time teaching position, defined.** (a) For purposes of this section,

50.31 the term "part-time teaching position" means a teaching position within the district in

50.32 which the teacher is ~~employed for at least 50 full days or a fractional equivalent thereof as~~

51.1 ~~prescribed in section 354.091, and for which the teacher is compensated in~~ for an amount
51.2 of at least 30 percent, but not exceeding 80 percent of the compensation established by the
51.3 board for a full-time teacher with identical education and experience with the employing
51.4 unit.

51.5 (b) For a teacher to which subdivision 1c, paragraph (b), applies, the term "part-time
51.6 teaching position" means a teaching position within the district in which the teacher is
51.7 ~~employed for at least 25 full days or a fractional equivalent thereof as prescribed in section~~
51.8 ~~354.091, and for which the teacher is compensated in~~ for an amount of at least 15 percent,
51.9 but not exceeding 40 percent of the compensation established by the board for a full-time
51.10 teacher, with identical education and experience with the employing unit.

51.11 **EFFECTIVE DATE.** This section is effective for service provided after June 30,
51.12 2010.

51.13 **ARTICLE 6**

51.14 **MnSCU IRAP ADMINISTRATIVE PROVISIONS**

51.15 Section 1. Minnesota Statutes 2008, section 354B.25, subdivision 1, is amended to read:

51.16 Subdivision 1. **General governance.** The individual retirement account plan is the
51.17 administrative responsibility of the Board of Trustees of the Minnesota State Colleges
51.18 and Universities. The Board of Trustees of the Minnesota State Colleges and Universities
51.19 may administer the plan directly or may contract out for administrative services with a
51.20 qualified third-party plan administrative entity and may contract out for investment review
51.21 and selection service.

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

51.23 Sec. 2. Minnesota Statutes 2008, section 354B.25, subdivision 3, is amended to read:

51.24 Subd. 3. **Selection of financial institutions.** (a) The investment options provided
51.25 under subdivision 2 must be selected by the board. The board may contract with the State
51.26 Board of Investment or with a third party to provide the investment review and selection
51.27 services. The board must not contract with a third party to provide the investment option
51.28 review and selection services if the third party markets, offers, or has other material
51.29 interest in investment products. The board must require any third party contracted to
51.30 provide investment review and selection services to disclose to the board any contracts
51.31 for services and any financial relationships it has with vendors under consideration to
51.32 provide investment products under the plan.

52.1 In making its selection, at a minimum, the ~~State board of Investment~~ shall consider
52.2 the following:

52.3 (1) the experience and ability of the financial institution to provide benefits and
52.4 products that are suited to meet the needs of plan participants;

52.5 (2) the relationship of those benefits and products provided by the financial
52.6 institution to their cost;

52.7 (3) the financial strength and stability of the financial institution; and

52.8 (4) the fees and expenses associated with the investment products in comparison to
52.9 other products of similar risk and rates of return.

52.10 (b) After selecting a financial institution, the ~~State board of Investment~~ must
52.11 periodically review each financial institution and the offered products. The periodic
52.12 review must occur at least every three years. In making its review, the ~~State board of~~
52.13 ~~Investment~~ may retain appropriate consulting services to assist it in its periodic review,
52.14 establish a budget for the cost of the periodic review process, and charge a proportional
52.15 share of these costs to the reviewed financial institution.

52.16 (c) Contracts with financial institutions under this section must be executed by the
52.17 board ~~and must be approved by the State Board of Investment before execution.~~

52.18 ~~(d) The State Board of Investment shall also establish policies and procedures under~~
52.19 ~~section 11A.04, clause (2), to carry out the provisions of this subdivision.~~

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

52.21 Sec. 3. Minnesota Statutes 2008, section 354C.14, is amended to read:

52.22 **354C.14 INVESTMENT OF DEDUCTIONS AND CONTRIBUTIONS.**

52.23 (a) The Board of Trustees of the Minnesota State Colleges and Universities shall
52.24 invest the deductions and contributions under section 354C.12, after deduction of
52.25 administrative expenses under section 354C.12, subdivision 4, in annuity contracts or
52.26 custodial accounts from financial institutions selected ~~by the State Board of Investment~~
52.27 under section 354B.25, subdivision 3.

52.28 (b) The retirement contributions and death benefits provided by annuity contracts or
52.29 custodial accounts purchased by the Board of Trustees of the Minnesota State Colleges
52.30 and Universities are owned by the supplemental retirement plan and must be paid in
52.31 accordance with those annuity contracts or custodial account agreements.

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

52.33 Sec. 4. **REPEALER.**

53.1 Minnesota Statutes 2008, section 354C.15, is repealed.

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

53.3 **ARTICLE 7**

53.4 **ACTUARIAL VALUATION REPORTING DEADLINE DATES**

53.5 Section 1. Minnesota Statutes 2008, section 356.215, subdivision 3, is amended to read:

53.6 Subd. 3. **Reports.** (a) The actuarial valuations required annually must be made as of
53.7 the beginning of each fiscal year.

53.8 (b) Two copies of the completed valuation must be delivered to the executive
53.9 director of the Legislative Commission on Pensions and Retirement, to the commissioner
53.10 of management and budget, and to the Legislative Reference Library. The copies of the
53.11 actuarial valuation must be filed with the executive director of the Legislative Commission
53.12 on Pensions and Retirement, the commissioner of management and budget, and the
53.13 Legislative Reference Library no later than the last day of the sixth month occurring
53.14 after the end of the previous fiscal year.

53.15 (c) Two copies of a quadrennial experience study must be filed with the
53.16 executive director of the Legislative Commission on Pensions and Retirement, with the
53.17 commissioner of management and budget, and with the Legislative Reference Library, not
53.18 later than the ~~first~~ last day of the ~~11th~~ 12th month occurring after the end of the last fiscal
53.19 year of the four-year period which the experience study covers.

53.20 (d) For actuarial valuations and experience studies prepared at the direction of
53.21 the Legislative Commission on Pensions and Retirement, ~~two copies~~ one copy of the
53.22 document must be delivered to the governing or managing board or administrative officials
53.23 of the applicable public pension and retirement fund or plan.

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

53.25 **ARTICLE 8**

53.26 **EARLY RETIREMENT INCENTIVE MODIFICATIONS**

53.27 Section 1. Minnesota Statutes 2008, section 356.351, subdivision 1, is amended to read:

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

53.30 (1) has at least 15 years of ~~allowable service in one or more of the funds listed~~
53.31 ~~in section 356.30, subdivision 3, or has at least 15 years of coverage by the individual~~
53.32 ~~retirement account plan governed by chapter 354B~~ employment as indicated in the

54.1 personnel records of the applicable employing unit and upon retirement is immediately
 54.2 eligible for a retirement annuity or benefit from one or more of these funds retirement plan
 54.3 governed by Minnesota Statutes, chapter 354B, or Minnesota Statutes, section 356.30;

54.4 (2) terminates service after the effective date of this section, and before ~~July 15,~~
 54.5 ~~2009~~ October 1, 2012; and

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

54.9 (4) has not been eligible to receive a retirement annuity for a period longer than
 54.10 10 years.

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

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

54.15 (d) Employees of the Minnesota State Colleges and Universities System who
 54.16 participate in the incentive program under section 136F.481 are not eligible for the
 54.17 incentive under this section.

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

54.19 Sec. 2. Minnesota Statutes 2008, section 356.351, subdivision 2, as amended by Laws
 54.20 2009, chapter 169, article 1, section 72, is amended to read:

54.21 Subd. 2. **Incentive.** (a) For an employee who is eligible under subdivision 1, ~~if for~~
 54.22 whom an early retirement incentive is approved under paragraph (b), and who terminates
 54.23 employment as provided for in the agreement, the employer may provide ~~an amount up to~~
 54.24 ~~\$17,000, to an employee who terminates service;~~

54.25 (1) a severance amount in lieu of and not to exceed the maximum amount of regular
 54.26 state-provided unemployment compensation for that particular person if the person had
 54.27 been laid off; and

54.28 (2) an additional severance amount not to exceed the amount of the employer's
 54.29 contribution for health insurance, dental insurance, and basic life insurance that would
 54.30 have been payable to the particular person under the applicable collective bargaining
 54.31 agreement or personnel policy at the time of termination,

54.32 to be used:

54.33 ~~(1)~~ (i) unless the appointing authority has designated the use under clause ~~(2)~~
 54.34 (ii) or the use under clause ~~(3)~~ (iii) for the initial retirement incentive applicable to that

55.1 employing entity under Laws 2007, chapter 134, after May 26, 2007, for deposit in the
55.2 employee's account in the health care savings plan established by section 352.98;

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

55.10 ~~(3)~~ (iii) if the appointing authority has designated the use under this clause for the
55.11 initial retirement incentive applicable to the employing entity under Laws 2007, chapter
55.12 134, after May 26, 2007, for purchase of a lifetime annuity or an annuity for a specific
55.13 number of years from the applicable retirement plan to provide additional benefits, as
55.14 provided in paragraph (d).

55.15 (b) Approval to provide the incentive must be obtained from the commissioner
55.16 of finance if the eligible employee is a state employee and must be obtained from the
55.17 applicable governing board with respect to any other employing entity. An employee is
55.18 eligible for the payment under paragraph (a), clause ~~(2)~~ (ii), if the employee uses money
55.19 from a deferred compensation account that, combined with the payment under paragraph
55.20 (a), clause ~~(2)~~ (ii), would be sufficient to purchase enough service credit to qualify for
55.21 retirement under section 352.116, subdivision 1, paragraph (b); 353.30, subdivision 1a;
55.22 354.44, subdivision 6, paragraph (b), or 354A.31, subdivision 6, paragraph (b), whichever
55.23 applies.

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

55.26 (d) ~~The~~ An annuity purchase under paragraph (a), clause ~~(3)~~ (iii), must be made using
55.27 annuity factors, as determined by the actuary retained under section 356.214, derived from
55.28 the applicable factors used by the applicable retirement plan to calculate optional annuity
55.29 forms. The purchased annuity must be the actuarial equivalent of the incentive amount.

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

ARTICLE 9

OPTIONAL ANNUITY REVOCATION FOLLOWING CERTAIN
MARRIAGE DISSOLUTIONSSection 1. [356.48] REVOCATION OF OPTIONAL ANNUITY DUE TO
MARRIAGE DISSOLUTION OR ANNULMENT.

Subdivision 1. Covered plans. This section applies to the following retirement plans:

(1) the general state employees retirement plan of the Minnesota State Retirement System established under chapter 352;

(2) the correctional state employees retirement plan of the Minnesota State Retirement System established under chapter 352;

(3) the state patrol retirement plan established under chapter 352B;

(4) the unclassified state employees retirement program of the Minnesota State Retirement System established under chapter 352D;

(5) the general employee retirement plan of the Public Employees Retirement Association established under chapter 353;

(6) the public employees police and fire retirement plan established under chapter 353;

(7) the local government correctional employees retirement plan of the Public Employees Retirement Association established under chapter 353E;

(8) the Teachers Retirement Association established under chapter 354; and

(9) the uniform judicial retirement plan established under chapter 490.

Subd. 2. Treatment. (a) The treatment specified in this section applies if, after the accrual date of an annuity or benefit from an applicable plan or plans, a marriage dissolution decree or annulment decree specifies that the designation of an optional annuity must be revoked and if the other requirements specified in this section are satisfied.

(b) Notwithstanding any law to the contrary, if the applicable pension plan or plans have provisions of law that revise the monthly benefit amount payable to the primary annuitant upon the death of the individual named as the optional joint annuitant, the monthly benefit amount must be recomputed as though the individual that had been named as the optional joint annuitant died on the date a certified copy of the marriage dissolution or annulment decree is received by the chief administrative officer. Payment of any benefit adjustment is prospective only.

Subd. 3. Restrictions. (a) This section does not apply if the marriage dissolution decree or annulment decree is not consistent with the requirements under section 518.58.

57.1 (b) The pension plan benefit recipient must not designate, and the court may not
57.2 require that the member designate, a subsequent optional annuity beneficiary.

57.3 (c) This section does not apply if more than one surviving individual was named as
57.4 an optional joint annuitant.

57.5 Subd. 4. **Submission of documentation.** To receive the treatment provided in
57.6 this section, an eligible retiree or disabilitant must provide, to the chief administrative
57.7 officer of the applicable pension plan, a certified copy of the marriage dissolution or
57.8 annulment decree. The retiree or disabilitant and the joint annuitant must also submit a
57.9 form, prescribed by the chief administrative officer of the applicable pension plan and
57.10 signed by both individuals, requesting the annuity bounce back as provided in subdivision
57.11 2. The individuals must also provide any other documentation the chief administrative
57.12 officer may request.

57.13 **EFFECTIVE DATE.** This section is effective the day following final enactment and
57.14 applies retroactively to any marriage dissolution decree or annulment decree requiring the
57.15 revocation of an optional annuity form granted at any time prior to the date of enactment.

57.16 Sec. 2. Minnesota Statutes 2008, section 518.58, subdivision 3, is amended to read:

57.17 Subd. 3. **Sale or distribution while proceeding pending.** (a) If the court finds
57.18 that it is necessary to preserve the marital assets of the parties, the court may order the
57.19 sale of the homestead of the parties or the sale of other marital assets, as the individual
57.20 circumstances may require, during the pendency of a proceeding for a dissolution of
57.21 marriage or an annulment. If the court orders a sale, it may further provide for the
57.22 disposition of the funds received from the sale during the pendency of the proceeding.
57.23 ~~If liquid or readily liquidated marital property other than property representing vested~~
57.24 ~~pension benefits or rights is available, the court, so far as possible, shall divide the property~~
57.25 ~~representing vested pension benefits or rights by the disposition of an equivalent amount~~
57.26 ~~of the liquid or readily liquidated property.~~

57.27 (b) The court may order a partial distribution of marital assets during the pendency
57.28 of a proceeding for a dissolution of marriage or an annulment for good cause shown or
57.29 upon the request of both parties, provided that the court shall fully protect the interests
57.30 of the other party.

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

57.32 Sec. 3. Minnesota Statutes 2008, section 518.58, subdivision 4, is amended to read:

58.1 Subd. 4. **Pension plans.** (a) The division of marital property that represents pension
58.2 plan benefits or rights in the form of future pension plan payments:

58.3 (1) is payable only to the extent of the amount of the pension plan benefit payable
58.4 under the terms of the plan;

58.5 (2) is not payable for a period that exceeds the time that pension plan benefits are
58.6 payable to the pension plan benefit recipient;

58.7 (3) is not payable in a lump-sum amount from defined benefit pension plan assets
58.8 attributable in any fashion to a spouse with the status of an active member, deferred
58.9 retiree, or benefit recipient of a pension plan;

58.10 (4) if the former spouse to whom the payments are to be made dies prior to the end
58.11 of the specified payment period with the right to any remaining payments accruing to an
58.12 estate or to more than one survivor, is payable only to a trustee on behalf of the estate or
58.13 the group of survivors for subsequent apportionment by the trustee; and

58.14 (5) in the case of defined benefit public pension plan benefits or rights, may not
58.15 commence until the public plan member submits a valid application for a public pension
58.16 plan benefit and the benefit becomes payable.

58.17 (b) The individual retirement account plans established under chapter 354B may
58.18 provide in its plan document, if published and made generally available, for an alternative
58.19 marital property division or distribution of individual retirement account plan assets. If an
58.20 alternative division or distribution procedure is provided, it applies in place of paragraph
58.21 (a), clause (5).

58.22 (c) If liquid or readily liquidated marital property other than property representing
58.23 vested pension benefits or rights is available, the court, so far as possible, shall divide the
58.24 property representing vested pension benefits or rights by the disposition of an equivalent
58.25 amount of the liquid or readily liquidated property.

58.26 (d) If sufficient liquid or readily liquidated marital property other than property
58.27 representing vested pension benefits or rights is not available, the court may order the
58.28 revocation of the designation of an optional annuity beneficiary in pension plans specified
58.29 in section 356.48 or in any other pension plan in which plan-governing law or governing
58.30 documents allow revocation of an optional annuity in marital dissolution or annulment
58.31 situations.

58.32 **EFFECTIVE DATE.** (a) This section is effective the day following final enactment.

58.33 (b) This section applies retroactively, for plans specified in section 1, to any marriage
58.34 dissolution decree or annulment decree requiring the revocation of an optional annuity
58.35 form granted at any time prior to the date of enactment.

ARTICLE 10**VOLUNTEER FIREFIGHTER RELIEF ASSOCIATION MODIFICATIONS**

Section 1. Minnesota Statutes 2009 Supplement, section 69.772, subdivision 6, is amended to read:

Subd. 6. **Municipal ratification for plan amendments.** If the special fund of the relief association does not have a surplus over full funding pursuant to subdivision 3, clause (2), subclause (e), ~~or~~ and if the municipality is required to provide financial support to the special fund of the relief association pursuant to this section, the adoption of or any amendment to the articles of incorporation or bylaws of a relief association which increases or otherwise affects the retirement coverage provided by or the service pensions or retirement benefits payable from the special fund of any relief association to which this section applies is not effective until it is ratified by the governing body of the municipality in which the relief association is located and the officers of a relief association shall not seek municipal ratification prior to preparing and certifying an estimate of the expected increase in the accrued liability and annual accruing liability of the relief association attributable to the amendment. If the special fund of the relief association has a surplus over full funding pursuant to subdivision 3, clause (2), subclause (e), and if the municipality is not required to provide financial support to the special fund of the relief association pursuant to this section, the relief association may adopt or amend its articles of incorporation or bylaws which increase or otherwise affect the retirement coverage provided by or the service pensions or retirement benefits payable from the special fund of the relief association which are effective without municipal ratification so long as this does not cause the amount of the resulting increase in the accrued liability of the special fund of the relief association to exceed 90 percent of the amount of the surplus over full funding reported in the prior year and this does not result in the financial requirements of the special fund of the relief association exceeding the expected amount of the future fire state aid to be received by the relief association as determined by the board of trustees following the preparation of an estimate of the expected increase in the accrued liability and annual accruing liability of the relief association attributable to the change. If a relief association adopts or amends its articles of incorporation or bylaws without municipal ratification pursuant to this subdivision, and, subsequent to the amendment or adoption, the financial requirements of the special fund of the relief association pursuant to this section are such so as to require financial support from the municipality, the provision which was implemented without municipal ratification is no longer effective without municipal ratification and any service pensions or retirement benefits payable after that

60.1 date may be paid only in accordance with the articles of incorporation or bylaws as
60.2 amended or adopted with municipal ratification.

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

60.4 Sec. 2. Minnesota Statutes 2009 Supplement, section 69.773, subdivision 6, is
60.5 amended to read:

60.6 Subd. 6. **Municipal ratification for plan amendments.** If the special fund of the
60.7 relief association does not have a surplus over full funding pursuant to subdivision 4, ~~or~~
60.8 and if the municipality is required to provide financial support to the special fund of
60.9 the relief association pursuant to this section, the adoption of or any amendment to the
60.10 articles of incorporation or bylaws of a relief association which increases or otherwise
60.11 affects the retirement coverage provided by or the service pensions or retirement benefits
60.12 payable from the special fund of any relief association to which this section applies is
60.13 not effective until it is ratified by the governing body of the municipality in which the
60.14 relief association is located. If the special fund of the relief association has a surplus over
60.15 full funding pursuant to subdivision 4, and if the municipality is not required to provide
60.16 financial support to the special fund of the relief association pursuant to this section,
60.17 the relief association may adopt or amend its articles of incorporation or bylaws which
60.18 increase or otherwise affect the retirement coverage provided by or the service pensions
60.19 or retirement benefits payable from the special fund of the relief association which are
60.20 effective without municipal ratification so long as this does not cause the amount of the
60.21 resulting increase in the accrued liability of the special fund of the relief association to
60.22 exceed 90 percent of the amount of the surplus over full funding reported in the prior year
60.23 and this does not result in the financial requirements of the special fund of the relief
60.24 association exceeding the expected amount of the future fire state aid to be received by the
60.25 relief association as determined by the board of trustees following the preparation of an
60.26 updated actuarial valuation including the proposed change or an estimate of the expected
60.27 actuarial impact of the proposed change prepared by the actuary of the relief association.
60.28 If a relief association adopts or amends its articles of incorporation or bylaws without
60.29 municipal ratification pursuant to this subdivision, and, subsequent to the amendment or
60.30 adoption, the financial requirements of the special fund of the relief association pursuant
60.31 to this section are such so as to require financial support from the municipality, the
60.32 provision which was implemented without municipal ratification is no longer effective
60.33 without municipal ratification and any service pensions or retirement benefits payable after
60.34 that date may be paid only in accordance with the articles of incorporation or bylaws as
60.35 amended or adopted with municipal ratification.

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

61.2 Sec. 3. Minnesota Statutes 2008, section 356A.06, subdivision 8, is amended to read:

61.3 Subd. 8. **Minimum liquidity requirements.** A covered pension plan described by
61.4 subdivision 6, ~~paragraph (a) or 7~~, in order to pay benefits as they come due, shall invest
61.5 a portion of its assets in authorized short-term debt obligations that can be immediately
61.6 liquidated without accrual of a substantial determinable penalty or loss and that have an
61.7 average maturity of no more than 90 days. The chief administrative officer of the plan
61.8 shall determine the minimum liquidity requirement of the plan and shall retain appropriate
61.9 documentation of that determination for three years from the date of determination.

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

61.11 Sec. 4. Minnesota Statutes 2009 Supplement, section 424A.01, subdivision 1, is
61.12 amended to read:

61.13 Subdivision 1. **Minors.** ~~(a) No volunteer firefighters' relief association associated~~
61.14 ~~with a municipality or an independent nonprofit firefighting corporation may include as a~~
61.15 ~~relief association member a minor serving as a firefighter, except for members of a youth,~~
61.16 ~~civic, or educational organization or program who participate with uninterrupted adult~~
61.17 ~~supervision, as allowed by federal law and by section 181A.04. Such organizations or~~
61.18 ~~programs include, but are not limited to, Boy Scout Explorer programs or firefighting~~
61.19 ~~degree programs.~~

61.20 ~~(b)~~ No volunteer firefighters' relief association associated with a municipality or an
61.21 independent nonprofit firefighting corporation may include as a relief association member
61.22 a minor serving as a volunteer firefighter.

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

61.24 Sec. 5. Minnesota Statutes 2009 Supplement, section 424A.01, subdivision 6, is
61.25 amended to read:

61.26 Subd. 6. **Return to active firefighting after break in service.** (a) The requirements
61.27 of this section apply to all breaks in service, except breaks in service mandated by federal
61.28 or state law.

61.29 (b)(1) If a ~~former active~~ firefighter who has ceased to perform or supervise fire
61.30 suppression and fire prevention duties for at least 60 days resumes performing active
61.31 firefighting with the fire department associated with the relief association, if the bylaws of
61.32 the relief association so permit, the ~~person~~ firefighter may again become an active member

62.1 of the relief association. A firefighter who returns to active service and membership is
62.2 subject to the service pension calculation requirements under this section.

62.3 (2) A firefighter who has been granted an approved leave of absence not exceeding
62.4 one year by the fire department or by the relief association is exempt from the minimum
62.5 period of resumption service requirement of this section.

62.6 (3) A person who has a break in service not exceeding one year but has not been
62.7 granted an approved leave of absence and who has not received a service pension or
62.8 disability benefit may be made exempt from the minimum period of resumption service
62.9 requirement of this section by the relief association bylaws.

62.10 (4) If the bylaws so provide, a firefighter who returns to active relief association
62.11 membership under this paragraph may continue to collect a monthly service pension,
62.12 notwithstanding the service pension eligibility requirements under chapter 424A.

62.13 ~~(b)~~ (c) If a former firefighter who has received a service pension or disability benefit
62.14 returns to active relief association membership under paragraph ~~(a)~~ (b), the firefighter may
62.15 qualify for the receipt of a service pension from the relief association for the resumption
62.16 service period if the firefighter meets a minimum period of resumption service specified in
62.17 the relief association bylaws the service requirements of section 424A.016, subdivision 3,
62.18 or section 424A.02, subdivision 2.

62.19 (d) If a former firefighter who has not received a service pension or disability benefit
62.20 returns to active relief association membership under paragraph (b), the firefighter may
62.21 qualify for the receipt of a service pension from the relief association for the resumption
62.22 service period if the firefighter meets the minimum period of resumption service specified
62.23 in the relief association bylaws and the service requirements of section 424A.016,
62.24 subdivision 3, or section 424A.02, subdivision 2.

62.25 ~~(c)~~ (e) A firefighter who returns to active lump-sum relief association membership
62.26 and who qualifies for a service pension under paragraph ~~(b)~~ (c) or (d) must have, upon
62.27 a subsequent cessation of duties, any service pension for the resumption service period
62.28 calculated as a separate benefit. If a lump-sum service pension had been paid to the
62.29 firefighter upon the firefighter's previous cessation of duties, a second lump-sum service
62.30 pension for the resumption service period must be calculated to apply the service pension
62.31 amount in effect on the date of the firefighter's termination of the resumption service for all
62.32 years of the resumption service. No firefighter may be paid a service pension twice for the
62.33 same period of service. If a lump-sum service pension had not been paid to the firefighter
62.34 upon the firefighter's previous cessation of duties and the firefighter meets the minimum
62.35 service requirement of section 424A.016, subdivision 3, or section 424A.02, subdivision

63.1 2, a service pension must be calculated to apply the service pension amount in effect on the
63.2 date of the firefighter's termination of the resumption service for all years of service credit.

63.3 ~~(d)~~ (f) A firefighter who had not been paid a lump-sum service pension returns
63.4 to active relief association membership under paragraph ~~(a)~~ (b), who does not qualify
63.5 for a service pension under paragraph ~~(b)~~ (d), but who does meet the minimum service
63.6 requirement of section 424A.016, subdivision 3, or section 424A.02, subdivision 2,
63.7 based on the firefighter's previous years of active service, must have, upon a subsequent
63.8 cessation of duties, a service pension calculated for the previous years of service based
63.9 on the service pension amount in effect on the date of the firefighter's termination of the
63.10 resumption service, or, if the bylaws so provide, based on the service pension amount in
63.11 effect on the date of the firefighter's previous cessation of duties.

63.12 ~~(e)~~ (g) If a firefighter receiving a monthly benefit service pension returns to active
63.13 monthly benefit relief association membership under paragraph ~~(a)~~ (b), and if the relief
63.14 association bylaws do not allow for the firefighter to continue collecting a monthly service
63.15 pension, any monthly benefit service pension payable to the firefighter is suspended as
63.16 of the first day of the month next following the date on which the firefighter returns to
63.17 active membership. If the firefighter was receiving a monthly benefit service pension,
63.18 and qualifies for a service pension under paragraph ~~(b)~~ (c), the firefighter is entitled to
63.19 an additional monthly benefit service pension upon a subsequent cessation of duties
63.20 calculated based on the resumption service credit and the service pension accrual amount
63.21 in effect on the date of the termination of the resumption service. ~~The~~ A suspended initial
63.22 service pension resumes as of the first of the month next following the termination of the
63.23 resumption service. If the firefighter was not receiving a monthly benefit service pension
63.24 and meets the minimum service requirement of section 424A.02, subdivision 2, a service
63.25 pension must be calculated to apply the service pension amount in effect on the date of the
63.26 firefighter's termination of the resumption service for all years of service credit.

63.27 ~~(f)~~ (h) A firefighter who was not receiving a monthly benefit service pension returns
63.28 to active relief association membership under paragraph ~~(a)~~ (b), who does not qualify
63.29 for a service pension under paragraph ~~(b)~~ (d), but who does meet the minimum service
63.30 requirement of section 424A.02, subdivision 2, based on the firefighter's previous years
63.31 of active service, must have, upon a subsequent cessation of duties, a service pension
63.32 calculated for the previous years of service based on the service pension amount in effect
63.33 on the date of the firefighter's termination of the resumption service, or, if the bylaws so
63.34 provide, based on the service pension amount in effect on the date of the firefighter's
63.35 previous cessation of duties.

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

64.1 Sec. 6. Minnesota Statutes 2009 Supplement, section 424A.015, is amended by adding
64.2 a subdivision to read:

64.3 Subd. 5. **Minnesota deferred compensation plan transfers.** A relief association
64.4 may directly transfer on an institution-to-institution basis the eligible member's
64.5 lump-sum pension amount to the requesting member's account in the Minnesota deferred
64.6 compensation plan, if:

64.7 (1) the governing articles of incorporation or bylaws so provide;

64.8 (2) the volunteer firefighter participates in the Minnesota deferred compensation
64.9 plan at the time of retirement; and

64.10 (3) the applicable retiring firefighter requests in writing that the relief association
64.11 do so.

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

64.13 Sec. 7. Minnesota Statutes 2009 Supplement, section 424A.016, subdivision 4, is
64.14 amended to read:

64.15 Subd. 4. **Individual accounts.** (a) An individual account must be established for
64.16 each firefighter who is a member of the relief association.

64.17 (b) To each individual active member account must be credited an equal share of:

64.18 (1) any amounts of fire state aid received by the relief association;

64.19 (2) any amounts of municipal contributions to the relief association raised from
64.20 levies on real estate or from other available municipal revenue sources exclusive of fire
64.21 state aid; and

64.22 (3) any amounts equal to the share of the assets of the special fund to the credit of:

64.23 (i) any former member who terminated active service with the fire department to
64.24 which the relief association is associated before meeting the minimum service requirement
64.25 provided for in subdivision 2, paragraph (b), and has not returned to active service with
64.26 the fire department for a period no shorter than five years; or

64.27 (ii) any retired member who retired before obtaining a full nonforfeitable interest in
64.28 the amounts credited to the individual member account under subdivision 2, paragraph
64.29 (b), and any applicable provision of the bylaws of the relief association. In addition, any
64.30 investment return on the assets of the special fund must be credited in proportion to the
64.31 share of the assets of the special fund to the credit of each individual active member
64.32 account. Administrative expenses of the relief association payable from the special
64.33 fund may be deducted from individual accounts in a manner specified in the bylaws of
64.34 the relief association.

65.1 (c) If the bylaws so permit and as the bylaws define, the relief association may credit
65.2 any investment return on the assets of the special fund to the accounts of inactive members.

65.3 (d) Amounts to be credited to individual accounts must be allocated uniformly for
65.4 all years of active service and allocations must be made for all years of service, except for
65.5 caps on service credit if so provided in the bylaws of the relief association. The allocation
65.6 method may utilize monthly proration for fractional years of service, as the bylaws or
65.7 articles of incorporation of the relief association so provide. The bylaws or articles of
65.8 incorporation may define a "month," but the definition must require a calendar month to
65.9 have at least 16 days of active service. If the bylaws or articles of incorporation do not
65.10 define a "month," a "month" is a completed calendar month of active service measured
65.11 from the member's date of entry to the same date in the subsequent month.

65.12 ~~(d)~~ (e) At the time of retirement under subdivision 2 and any applicable provision
65.13 of the bylaws of the relief association, a retiring member is entitled to that portion of the
65.14 assets of the special fund to the credit of the member in the individual member account
65.15 which is nonforfeitable under subdivision 3 and any applicable provision of the bylaws of
65.16 the relief association based on the number of years of service to the credit of the retiring
65.17 member.

65.18 ~~(e)~~ (f) Annually, the secretary of the relief association shall certify the individual
65.19 account allocations to the state auditor at the same time that the annual financial statement
65.20 or financial report and audit of the relief association, whichever applies, is due under
65.21 section 69.051.

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

65.23 Sec. 8. Minnesota Statutes 2009 Supplement, section 424A.016, subdivision 7, is
65.24 amended to read:

65.25 Subd. 7. **Limitation on ancillary benefits.** (a) A defined contribution relief
65.26 association may only pay an ancillary benefit which would constitute an authorized
65.27 disbursement as specified in section 424A.05. The ancillary benefit for active members
65.28 must equal the vested ~~or~~ and nonvested amount of the individual account of the member.

65.29 (b) For deferred members, the ancillary benefit must equal the vested amount of
65.30 the individual account of the member. For the recipient of installment payments of a
65.31 service pension, the ancillary benefit must equal the remaining balance in the individual
65.32 account of the recipient.

65.33 (c)(1) If a survivor or death benefit is payable under the articles of incorporation or
65.34 bylaws, the benefit must be paid:

65.35 (i) as a survivor benefit to the surviving spouse of the deceased firefighter;

66.1 (ii) as a survivor benefit to the surviving child or children of the deceased firefighter
66.2 if no surviving spouse;

66.3 (iii) as a survivor benefit to a designated beneficiary of the deceased firefighter if no
66.4 surviving spouse or surviving child or children; or

66.5 (iv) as a death benefit to the estate of the deceased active or deferred firefighter if no
66.6 surviving spouse, no surviving child or children and no beneficiary designated.

66.7 (2) If there is no surviving child or are no surviving children, the surviving spouse
66.8 may waive, in writing, wholly or partially, the spouse's entitlement to a survivor benefit.

66.9 (d) For purposes of this section, for a defined contribution volunteer fire relief
66.10 association, a trust created under chapter 501B may be a designated beneficiary. If a
66.11 trust payable to the surviving child or children organized under chapter 501B has been
66.12 established as authorized by this section and there is no surviving spouse, the survivor
66.13 benefit may be paid to the trust, notwithstanding the requirements of this section.

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

66.15 Sec. 9. Minnesota Statutes 2009 Supplement, section 424A.02, subdivision 9, is
66.16 amended to read:

66.17 Subd. 9. **Limitation on ancillary benefits.** A defined benefit relief association,
66.18 including any volunteer firefighters relief association governed by section 69.77 or any
66.19 volunteer firefighters division of a relief association governed by chapter 424, may only
66.20 pay ancillary benefits which would constitute an authorized disbursement as specified in
66.21 section 424A.05 subject to the following requirements or limitations:

66.22 (1) with respect to a defined benefit relief association in which governing bylaws
66.23 provide for a lump-sum service pension to a retiring member, no ancillary benefit may
66.24 be paid to any former member or paid to any person on behalf of any former member
66.25 after the former member (i) terminates active service with the fire department and active
66.26 membership in the relief association; and (ii) commences receipt of a service pension as
66.27 authorized under this section; and

66.28 (2) with respect to any defined benefit relief association, no ancillary benefit paid or
66.29 payable to any member, to any former member, or to any person on behalf of any member
66.30 or former member, may exceed in amount the total earned service pension of the member
66.31 or former member. The total earned service pension must be calculated by multiplying
66.32 the service pension amount specified in the bylaws of the relief association at the time of
66.33 death or disability, whichever applies, by the years of service credited to the member or
66.34 former member. The years of service must be determined as of (i) the date the member or
66.35 former member became entitled to the ancillary benefit; or (ii) the date the member or

67.1 former member died entitling a survivor or the estate of the member or former member to
67.2 an ancillary benefit. The ancillary benefit must be calculated without regard to whether the
67.3 member had attained the minimum amount of service and membership credit specified in
67.4 the governing bylaws. For active members, the amount of a permanent disability benefit
67.5 or a survivor benefit must be equal to the member's total earned service pension except
67.6 that the bylaws of a defined benefit relief association may provide for the payment of a
67.7 survivor benefit in an amount not to exceed five times the yearly service pension amount
67.8 specified in the bylaws on behalf of any member who dies before having performed five
67.9 years of active service in the fire department with which the relief association is affiliated.

67.10 (3)(i) If a lump sum survivor or death benefit is payable under the articles of
67.11 incorporation or bylaws, the benefit must be paid:

67.12 (A) as a survivor benefit to the surviving spouse of the deceased firefighter;

67.13 (B) as a survivor benefit to the surviving child or children of the deceased firefighter
67.14 if no surviving spouse;

67.15 (C) as a survivor benefit to a designated beneficiary of the deceased firefighter if no
67.16 surviving spouse or surviving child or children; or

67.17 (D) as a death benefit to the estate of the deceased active or deferred firefighter if no
67.18 surviving child or children and no beneficiary designated.

67.19 (ii) If there is no surviving child or are no surviving children, the surviving spouse
67.20 may waive, in writing, wholly or partially, the spouse's entitlement to a survivor benefit.

67.21 (4)(i) If a monthly benefit survivor or death benefit is payable under the articles of
67.22 incorporation or bylaws, the benefit must be paid:

67.23 (A) as a survivor benefit to the surviving spouse of the deceased firefighter;

67.24 (B) as a survivor benefit to the surviving child or children of the deceased firefighter
67.25 if no surviving spouse;

67.26 (C) as a survivor benefit to a designated beneficiary of the deceased firefighter if no
67.27 surviving spouse or surviving child or children; or

67.28 (D) as a death benefit to the estate of the deceased active or deferred firefighter if no
67.29 surviving spouse, no surviving child or children and no beneficiary designated.

67.30 (ii) If there is no surviving child or are no surviving children, the surviving spouse
67.31 may waive, in writing, wholly or partially, the spouse's entitlement to a survivor benefit.

67.32 (iii) For purposes of this clause, if the relief association bylaws authorize a monthly
67.33 survivor benefit payable to a designated beneficiary, the relief association bylaws may
67.34 limit the total survivor benefit amount payable.

67.35 (5) For purposes of this section, for a monthly benefit volunteer fire relief association
67.36 or for a combination lump-sum and monthly benefit volunteer fire relief association where

68.1 a monthly benefit service pension has been elected by or a monthly benefit is payable with
68.2 respect to a firefighter, a designated beneficiary must be a natural person. For purposes
68.3 of this section, for a lump-sum volunteer fire relief association or for a combination
68.4 lump-sum and monthly benefit volunteer fire relief association where a lump-sum service
68.5 pension has been elected by or a lump-sum benefit is payable with respect to a firefighter,
68.6 a trust created under chapter 501B may be a designated beneficiary. If a trust is payable
68.7 to the surviving child or children organized under chapter 501B as authorized by this
68.8 section and there is no surviving spouse, the survivor benefit may be paid to the trust,
68.9 notwithstanding a requirement of this section to the contrary.

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

68.11 Sec. 10. Minnesota Statutes 2009 Supplement, section 424A.02, subdivision 10,
68.12 is amended to read:

68.13 Subd. 10. **Local approval of bylaw amendments; filing requirements.** (a) Each
68.14 defined benefit relief association to which this section applies must file a revised copy
68.15 of its governing bylaws with the state auditor upon the adoption of any amendment to
68.16 its governing bylaws by the relief association or upon the approval of any amendment
68.17 to its governing bylaws granted by the governing body of each municipality served by
68.18 the fire department to which the relief association is directly associated. Failure of the
68.19 relief association to file a copy of the bylaws or any bylaw amendments with the state
68.20 auditor disqualifies the municipality from the distribution of any future fire state aid until
68.21 this filing requirement has been completed.

68.22 (b) If the special fund of the relief association does not have a surplus over full
68.23 funding under section 69.772, subdivision 3, clause (2), subclause (e), or 69.773,
68.24 subdivision 4, and if the municipality is required to provide financial support to the special
68.25 fund of the relief association under section 69.772 or 69.773, no bylaw amendment which
68.26 would affect the amount of, the manner of payment of, or the conditions for qualification
68.27 for service pensions or ancillary benefits or disbursements other than administrative
68.28 expenses authorized under section 69.80 payable from the special fund of the relief
68.29 association is effective until it has been ratified ~~by the governing body or bodies of the~~
68.30 ~~appropriate municipalities~~ as required under section 69.772, subdivision 6, or 69.773,
68.31 subdivision 6. If the special fund of the relief association has a surplus over full funding
68.32 under section 69.772, subdivision 3, or 69.773, subdivision 4, and if the municipality is
68.33 not required to provide financial support to the special fund under this section, the relief
68.34 association may adopt or amend without municipal ratification its articles of incorporation
68.35 or bylaws which increase or otherwise affect the service pensions or ancillary benefits

69.1 payable from the special fund ~~so long as the changes do not cause the amount of the~~
69.2 ~~resulting increase in the accrued liability of the special fund to exceed 90 percent of the~~
69.3 ~~amount of the surplus over full funding reported in the prior year and the changes do not~~
69.4 ~~result in the financial requirements of the special fund exceeding the expected amount~~
69.5 ~~of the subsequent calendar year's fire state aid to be received by the relief association if~~
69.6 authorized under section 69.772, subdivision 6, or 69.773, subdivision 6.

69.7 (c) If the relief association pays only a lump-sum pension, the financial requirements
69.8 are to be determined by the board of trustees following the preparation of an estimate
69.9 of the expected increase in the accrued liability and annual accruing liability of the
69.10 relief association attributable to the change. If the relief association pays a monthly
69.11 benefit service pension, the financial requirements are to be determined by the board of
69.12 trustees following either an updated actuarial valuation including the proposed change
69.13 or an estimate of the expected actuarial impact of the proposed change prepared by the
69.14 actuary of the relief association. If a relief association adopts or amends its articles
69.15 of incorporation or bylaws without municipal ratification under this subdivision, and,
69.16 subsequent to the amendment or adoption, the financial requirements of the special fund
69.17 under this section are such so as to require financial support from the municipality, the
69.18 provision which was implemented without municipal ratification is no longer effective
69.19 without municipal ratification, and any service pensions or ancillary benefits payable after
69.20 that date must be paid only in accordance with the articles of incorporation or bylaws as
69.21 amended or adopted with municipal ratification.

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

69.23 Sec. 11. Minnesota Statutes 2009 Supplement, section 424A.05, subdivision 3, is
69.24 amended to read:

69.25 Subd. 3. **Authorized disbursements from the special fund.** ~~(a)~~ Disbursements
69.26 from the special fund may not be made for any purpose other than one of the following:

69.27 (1) for the payment of service pensions to retired members of the relief association if
69.28 authorized and paid under law and the bylaws governing the relief association;

69.29 (2) for the purchase of an annuity for the applicable person under section 424A.015,
69.30 subdivision 3, for the transfer of service pension or benefit amounts to the applicable
69.31 person's individual retirement account under section 424A.015, subdivision 4, or to the
69.32 applicable person's account in the Minnesota deferred compensation plan under section
69.33 424A.015, subdivision 5;

70.1 ~~(2)~~ (3) for the payment of temporary or permanent disability benefits to disabled
 70.2 members of the relief association if authorized and paid under law and specified in amount
 70.3 in the bylaws governing the relief association;

70.4 ~~(3)~~ (4) for the payment of survivor benefits ~~to surviving spouses and surviving~~
 70.5 ~~children, or if none, to designated beneficiaries, of deceased members of the relief~~
 70.6 ~~association, and if no survivors and if no designated beneficiary, or~~ for the payment of a
 70.7 death benefit to the estate of the deceased active or deferred firefighter, if authorized by
 70.8 and paid under law and specified in amount in the bylaws governing the relief association;

70.9 ~~(4)~~ (5) for the payment of the fees, dues and assessments to the Minnesota State
 70.10 Fire Department Association and to the Minnesota Area Relief Association Coalition in
 70.11 order to entitle relief association members to membership in and the benefits of these
 70.12 associations or organizations;

70.13 ~~(5)~~ (6) for the payment of insurance premiums to the state Volunteer Firefighters
 70.14 Benefit Association, or an insurance company licensed by the state of Minnesota offering
 70.15 casualty insurance, in order to entitle relief association members to membership in and the
 70.16 benefits of the association or organization; and

70.17 ~~(6)~~ (7) for the payment of administrative expenses of the relief association as
 70.18 authorized under section 69.80.

70.19 ~~(b) For purposes of this chapter, for a monthly benefit volunteer fire relief association~~
 70.20 ~~or for a combination lump-sum and monthly benefit volunteer fire relief association where~~
 70.21 ~~a monthly benefit service pension has been elected by or a monthly benefit is payable with~~
 70.22 ~~respect to a firefighter, a designated beneficiary must be a natural person. For purposes of~~
 70.23 ~~this chapter, for a defined contribution volunteer fire relief association, for a lump-sum~~
 70.24 ~~volunteer fire relief association, or for a combination lump-sum and monthly benefit~~
 70.25 ~~volunteer fire relief association where a lump-sum service pension has been elected by~~
 70.26 ~~or a lump-sum benefit is payable with respect to a firefighter, a designated beneficiary~~
 70.27 ~~may be a trust created under chapter 501B.~~

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

70.29 Sec. 12. Minnesota Statutes 2009 Supplement, section 424A.05, is amended by adding
 70.30 a subdivision to read:

70.31 **Subd. 3a. Corrections of erroneous special fund deposits.** Upon notification
 70.32 of funds deposited in error in the special fund and after presentation of evidence that
 70.33 the error occurred in good faith, the state auditor may require the relief association to
 70.34 provide a written legal opinion concluding that the transfer of funds from the special
 70.35 fund is consistent with federal and state law. Taking into consideration the evidence of

71.1 good faith presented and the legal opinion, if any, provided, the state auditor may order
71.2 the transfer from the special fund to the appropriate fund or account an amount equal
71.3 to the funds deposited in error.

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

71.5 Sec. 13. **REPEALER.**

71.6 (a) Minnesota Statutes 2009 Supplement, section 424A.001, subdivision 6, is
71.7 repealed.

71.8 (b) Laws 2009, chapter 169, article 10, section 32, is repealed.

71.9 **EFFECTIVE DATE.** Paragraph (a) of this section is effective the day following
71.10 final enactment. Paragraph (b) of this section is effective retroactively from July 1, 2009.

353.46 SAVINGS CLAUSES.

Subd. 1a. **Purchase of allowable service; annuity.** A person who purchased allowable service in the Public Employees Retirement Association for a period of time including June 30, 1957, but was not in fact a member of the association on June 30, 1957, shall not be entitled to receive retirement annuity computed under Minnesota Statutes 1971, section 353.46, subdivision 1. This section shall have retroactive application to any such person receiving or found eligible by the district court to receive benefits calculated under Minnesota Statutes 1971, section 353.46, subdivision 1.

353D.03 FUNDING OF PLAN.

Subd. 2. **Physician contribution.** An eligible physician who elects to participate in the plan shall contribute an amount equal to five percent of salary as defined in section 353.01, subdivision 10. The employer shall contribute a matching amount.

353D.12 CONTRIBUTIONS FOR PRIOR ELECTED SERVICE.

Subdivision 1. **Eligibility; contributions.** An elected local government official who participates in the defined contribution plan under this chapter may make contributions to the plan for the service as an elected public officer rendered before June 30, 1991, that was not covered by a public or private employer contributory pension plan, including a plan administered by the public employees retirement association under chapter 353. An elected local government official may make contributions for prior elected service to the defined contribution plan even if eligibility criteria for the defined benefit plan under chapter 353 were not met at the time service was rendered. The association shall not accept contributions for prior elected service from a former elected official after the end of the tax year in which the elected official ceases to hold office. Employer contributions on behalf of the former elected official must be made to the association no later than 30 days after April 15 following the end of the tax year under section 415 of the federal Internal Revenue Code, as amended. Employee contributions must be made to the association no later than 30 days after the close of the limitation year under section 415 of the federal Internal Revenue Code, as amended.

Subd. 2. **Amount of prior service contributions.** (a) The employee purchase amount is that amount that the participating elected local government official specifies, but combined with subdivision 6 may not exceed in total the amount of the employee and employer contributions that would have been payable under section 353.27, subdivisions 2, 3, and 3a, based on the actual salary or compensation of the elected local government official from public sources during the prior service and based on the rates in effect during the prior service, plus interest at an annual compound rate of six percent.

(b) In any year, the purchase amount to be paid in is subject to the limitation for defined contribution plans under section 415(c) of the federal Internal Revenue Code, as amended, or comparable contribution limitation set forth in the federal Internal Revenue Code, and applicable regulations and revenue rulings, remaining after subtracting the funding amounts under section 353D.03, paragraph (a), for that year.

Subd. 3. **Installment payments.** The purchase amount may be made in annual installments but may not exceed, combined with subdivision 6, in any installment the limitation set forth in subdivision 2, paragraph (a), or in total the limitation set forth in subdivision 2, paragraph (a).

Subd. 4. **Authorized rollovers.** To the extent allowed by federal law, the employee purchase amount may be made with funds distributed from: (1) a plan qualified under section 401(a) of the federal Internal Revenue Code, as amended; (2) an annuity qualified under section 403(a) of the federal Internal Revenue Code, as amended; (3) an individual retirement account used solely to receive a nontaxable rollover from that type of plan or annuity; (4) the state deferred compensation plan authorized under section 352.965 and qualified under section 457 of the federal Internal Revenue Code, as amended; or (5) another tax qualified plan or annuity that authorizes rollovers. The participating elected local government official shall supply sufficient written documentation that the transfer amounts are eligible for tax-free rollover treatment. An authorized tax-free rollover, plus any other purchase amount payments under this section, including subdivision 6, may not exceed the limitation in subdivision 2, paragraph (a). Notwithstanding any provision of state law or rule to the contrary, to the extent permitted under federal law, the employee purchase amount may be transferred from the state deferred compensation plan before the employee terminates public employment.

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Subd. 5. **Prior service and compensation documentation.** The participating elected local government official shall supply sufficient documentation of the person's prior uncredited service and compensation for which the purchase payment is made.

Subd. 6. **Employing unit payment.** The employing unit of the participating elected local government official shall pay the amount of the employer contributions that could have been payable under section 353.27, subdivisions 3 and 3a, based on the actual salary or compensation of the elected local government official from public sources during the prior service, plus interest at an annual compound rate of six percent. This amount combined with any employee purchase amount and any contributions under section 353D.03, paragraph (a), must in any year comply with the limitation set forth in subdivision 2, paragraph (a).

354C.15 REDEMPTION OF SUPPLEMENTAL INVESTMENT FUND SHARES.

(a) The Board of Trustees of the Minnesota State Colleges and Universities shall redeem all shares in the accounts of the Minnesota supplemental investment fund held on behalf of personnel covered by the supplemental retirement plan upon the election by the person of an investment option other than the supplemental investment fund, except as provided in paragraph (b).

(b) The redemption of shares in the fixed interest account attributable to a guaranteed investment contract as of July 1, 1994, may not occur until the expiration date of the applicable guaranteed investment contract.

(c) The Board of Trustees of the Minnesota State Colleges and Universities shall transfer the cash realized from a redemption of Minnesota supplemental investment fund shares to the financial institution or institutions selected by the State Board of Investment under section 354B.25, subdivision 3.

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Subd. 6. **Surviving spouse.** For purposes of this chapter, and the bylaws governing a relief association to which this chapter applies, "surviving spouse" means the spouse of a deceased member who was legally married to the member at the time of the member's death.

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Laws 2009, chapter 169, article 10, section 32

Sec. 32. Minnesota Statutes 2008, section 424A.02, subdivision 9b, is amended to read:

Subd. 9b. **Repayment of service pension in certain instances.** If a retired volunteer firefighter does not permanently separate from active firefighting service as required by subdivision 1 and section 424A.001, subdivision 9, by resuming active service as a firefighter in the same volunteer fire department or as a person in charge of firefighters in the same volunteer fire department, no additional service pension amount is payable to the person, no additional service is creditable to the person, and the person must repay to the defined benefit relief association any previously received service pension.

EFFECTIVE DATE. This section is effective July 1, 2009.