

## Difference #1

ARTICLE 1  
FINANCIAL SUSTAINABILITY PROVISIONS

3.10 Section 1. Minnesota Statutes 2008, section 3A.02, subdivision 4, is amended to read:  
 3.11 Subd. 4. **Deferred annuities augmentation.** (a) The deferred retirement allowance  
 3.12 of any former legislator must be augmented as provided herein.  
 3.13 (b) The required reserves applicable to the deferred retirement allowance,  
 3.14 determined as of the date the benefit begins to accrue using an appropriate mortality table  
 3.15 and an interest assumption of six percent, must be augmented from the first of the month  
 3.16 following the termination of active service, or July 1, 1973, whichever is later, to the first  
 3.17 day of the month in which the allowance begins to accrue, at the following annually  
 3.18 compounded rate or rates:  
 3.19 (1) five percent until January 1, 1981;  
 3.20 (2) three percent from January 1, 1981, or from the first day of the month following  
 3.21 the termination of active service, whichever is later, until January 1 of the year in which  
 3.22 the former legislator attains age 55 or until January 1, 2011, whichever is earlier; and  
 3.23 (3) five percent from the period end date under clause (2) ~~to~~ until the effective date  
 3.24 of retirement or until January 1, 2011, whichever is earlier; and  
 3.25 (4) two percent after December 31, 2010.  
 3.26 **EFFECTIVE DATE.** This section is effective the day following final enactment.

7.12 Sec. 8. Minnesota Statutes 2008, section 352.72, subdivision 2, is amended to read:  
 7.13 Subd. 2. **Computation of deferred annuity.** (a) The deferred annuity, if any,  
 7.14 accruing under subdivision 1, or section 352.22, subdivision 3, must be computed as  
 7.15 provided in section 352.22, subdivision 3, on the basis of allowable service before  
 7.16 termination of state service and augmented as provided herein. The required reserves  
 7.17 applicable to a deferred annuity or to an annuity for which a former employee was eligible  
 7.18 but had not applied or to any deferred segment of an annuity must be determined as of  
 7.19 the date the benefit begins to accrue and augmented by interest compounded annually  
 7.20 from the first day of the month following the month in which the employee ceased to be  
 7.21 a state employee, or July 1, 1971, whichever is later, to the first day of the month in  
 7.22 which the annuity begins to accrue. The rates of interest used for this purpose must be  
 7.23 five percent compounded annually until January 1, 1981, and three percent compounded  
 7.24 annually thereafter until January 1 of the year following the year in which the former  
 7.25 employee attains age 55 or until January 1, 2011, whichever is earlier, and from ~~that date~~  
 7.26 the January 1 next following the attainment of age 55 to the effective date of retirement or  
 7.27 until January 1, 2011, whichever is earlier, the rate is five percent compounded annually if  
 7.28 the employee became an employee before July 1, 2006, and at 2.5 percent compounded  
 7.29 annually until January 1, 2011, if the employee becomes an employee after June 30, 2006,  
 7.30 and two percent compounded annually after December 31, 2010, irrespective of when the  
 7.31 employee became a state employee. If a person has more than one period of uninterrupted  
 7.32 service, the required reserves related to each period must be augmented by interest under  
 7.33 this subdivision. The sum of the augmented required reserves so determined is the present  
 7.34 value of the annuity. "Uninterrupted service" for the purpose of this subdivision means  
 7.35 periods of covered employment during which the employee has not been separated from  
 8.1 state service for more than two years. If a person repays a refund, the service restored by  
 8.2 the repayment must be considered continuous with the next period of service for which the  
 8.3 employee has credit with this system. The formula percentages used for each period of  
 8.4 uninterrupted service must be those applicable to a new employee. The mortality table  
 8.5 and interest assumption used to compute the annuity must be those in effect when the  
 8.6 employee files application for annuity. This section does not reduce the annuity otherwise  
 8.7 payable under this chapter.  
 8.8 (b) The retirement annuity or disability benefit of, or the survivor benefit payable on  
 8.9 behalf of, a former state employee who terminated service before July 1, 1997, which is  
 8.10 not first payable until after June 30, 1997, must be increased on an actuarial equivalent  
 8.11 basis to reflect the change in the postretirement interest rate actuarial assumption under  
 8.12 section 356.215, subdivision 8, from five percent to six percent under a calculation  
 8.13 procedure and the tables adopted by the board and approved by the actuary retained under  
 8.14 section 356.214.  
 8.15 **EFFECTIVE DATE.** This section is effective the day following final enactment.

ARTICLE 1  
FINANCIAL SUSTAINABILITY PROVISIONS

3.10 Section 1. Minnesota Statutes 2008, section 3A.02, subdivision 4, is amended to read:  
 3.11 Subd. 4. **Deferred annuities augmentation.** (a) The deferred retirement allowance  
 3.12 of any former legislator must be augmented as provided herein.  
 3.13 (b) The required reserves applicable to the deferred retirement allowance,  
 3.14 determined as of the date the benefit begins to accrue using an appropriate mortality table  
 3.15 and an interest assumption of six percent, must be augmented from the first of the month  
 3.16 following the termination of active service, or July 1, 1973, whichever is later, to the first  
 3.17 day of the month in which the allowance begins to accrue, at the following annually  
 3.18 compounded rate or rates:  
 3.19 (1) five percent until January 1, 1981;  
 3.20 (2) three percent from January 1, 1981, or from the first day of the month following  
 3.21 the termination of active service, whichever is later, until January 1 of the year in which  
 3.22 the former legislator attains age 55 or until January 1, 2012, whichever is earlier; and  
 3.23 (3) five percent from the period end date under clause (2) ~~to~~ until the effective date  
 3.24 of retirement or until January 1, 2012, whichever is earlier; and  
 3.25 (4) two percent after December 31, 2011.  
 3.26 **EFFECTIVE DATE.** This section is effective the day following final enactment.

7.12 Sec. 8. Minnesota Statutes 2008, section 352.72, subdivision 2, is amended to read:  
 7.13 Subd. 2. **Computation of deferred annuity.** (a) The deferred annuity, if any,  
 7.14 accruing under subdivision 1, or section 352.22, subdivision 3, must be computed as  
 7.15 provided in section 352.22, subdivision 3, on the basis of allowable service before  
 7.16 termination of state service and augmented as provided herein. The required reserves  
 7.17 applicable to a deferred annuity or to an annuity for which a former employee was eligible  
 7.18 but had not applied or to any deferred segment of an annuity must be determined as of  
 7.19 the date the benefit begins to accrue and augmented by interest compounded annually  
 7.20 from the first day of the month following the month in which the employee ceased to be  
 7.21 a state employee, or July 1, 1971, whichever is later, to the first day of the month in  
 7.22 which the annuity begins to accrue. The rates of interest used for this purpose must be  
 7.23 five percent compounded annually until January 1, 1981, and three percent compounded  
 7.24 annually thereafter until January 1 of the year following the year in which the former  
 7.25 employee attains age 55 or until January 1, 2012, whichever is earlier, and from ~~that date~~  
 7.26 the January 1 next following the attainment of age 55 to the effective date of retirement or  
 7.27 until January 1, 2012, whichever is earlier, the rate is five percent compounded annually if  
 7.28 the employee became an employee before July 1, 2006, and at 2.5 percent compounded  
 7.29 annually until January 1, 2012, if the employee becomes an employee after June 30, 2006,  
 7.30 and two percent compounded annually after December 31, 2011, irrespective of when the  
 7.31 employee became a state employee. If a person has more than one period of uninterrupted  
 7.32 service, the required reserves related to each period must be augmented by interest under  
 7.33 this subdivision. The sum of the augmented required reserves so determined is the present  
 7.34 value of the annuity. "Uninterrupted service" for the purpose of this subdivision means  
 7.35 periods of covered employment during which the employee has not been separated from  
 8.1 state service for more than two years. If a person repays a refund, the service restored by  
 8.2 the repayment must be considered continuous with the next period of service for which the  
 8.3 employee has credit with this system. The formula percentages used for each period of  
 8.4 uninterrupted service must be those applicable to a new employee. The mortality table  
 8.5 and interest assumption used to compute the annuity must be those in effect when the  
 8.6 employee files application for annuity. This section does not reduce the annuity otherwise  
 8.7 payable under this chapter.  
 8.8 (b) The retirement annuity or disability benefit of, or the survivor benefit payable on  
 8.9 behalf of, a former state employee who terminated service before July 1, 1997, which is  
 8.10 not first payable until after June 30, 1997, must be increased on an actuarial equivalent  
 8.11 basis to reflect the change in the postretirement interest rate actuarial assumption under  
 8.12 section 356.215, subdivision 8, from five percent to six percent under a calculation  
 8.13 procedure and the tables adopted by the board and approved by the actuary retained under  
 8.14 section 356.214.  
 8.15 **EFFECTIVE DATE.** This section is effective the day following final enactment.

## Senate (S2918-3)

8.16 Sec. 9. Minnesota Statutes 2009 Supplement, section 352.75, subdivision 4, is  
8.17 amended to read:  
8.18 Subd. 4. **Existing deferred retirees.** Any former member of the former  
8.19 Metropolitan Transit Commission-Transit Operating Division employees retirement  
8.20 fund is entitled to a retirement annuity from the Minnesota State Retirement System if  
8.21 the employee:  
8.22 (1) is not an active employee of the Transit Operating Division of the former  
8.23 Metropolitan Transit Commission on July 1, 1978; (2) has at least ten years of active  
8.24 continuous service with the Transit Operating Division of the former Metropolitan  
8.25 Transit Commission as defined by the former Metropolitan Transit Commission-Transit  
8.26 Operating Division employees retirement plan document in effect on December 31, 1977;  
8.27 (3) has not received a refund of contributions; (4) has not retired or begun receiving an  
8.28 annuity or benefit from the former Metropolitan Transit Commission-Transit Operating  
8.29 Division employees retirement fund; (5) is at least 55 years old; and (6) submits a valid  
8.30 application for a retirement annuity to the executive director of the Minnesota State  
8.31 Retirement System.  
8.32 The person is entitled to a retirement annuity in an amount equal to the normal  
8.33 old age retirement allowance calculated under the former Metropolitan Transit  
8.34 Commission-Transit Operating Division employees retirement fund plan document in  
8.35 effect on December 31, 1977, subject to an early retirement reduction or adjustment in  
9.1 amount on account of retirement before the normal retirement age specified in that former  
9.2 Metropolitan Transit Commission-Transit Operating Division employees retirement fund  
9.3 plan document.  
9.4 The deferred retirement annuity of any person to whom this subdivision applies  
9.5 must be augmented. The required reserves applicable to the deferred retirement annuity,  
9.6 determined as of the date the allowance begins to accrue using an appropriate mortality  
9.7 table and an interest assumption of five percent, must be augmented by interest at the  
9.8 rate of five percent per year compounded annually from January 1, 1978, to January 1,  
9.9 1981, ~~and~~ three percent per year compounded annually from January 1, 1981, until the  
9.10 date that the annuity begins to accrue or June 30, 2010, whichever is earlier, and two  
9.11 percent after June 30, 2010, to the first day of the month in which the annuity begins to  
9.12 accrue. After the commencement of the retirement annuity, the annuity is eligible for  
9.13 postretirement adjustments under section 356.415. On applying for a retirement annuity  
9.14 under this subdivision, the person is entitled to elect a joint and survivor optional annuity  
9.15 under section 352.116, subdivision 3.  
9.16 **EFFECTIVE DATE.**This section is effective the day following final enactment.

15.14 Sec. 20. Minnesota Statutes 2008, section 352B.30, subdivision 2, is amended to read:  
15.15 Subd. 2. **Computation of deferred annuity.** Deferred annuities must be computed  
15.16 according to this chapter on the basis of allowable service before termination of service  
15.17 and augmented as provided in this chapter. The required reserves applicable to a deferred  
15.18 annuity must be augmented by interest compounded annually from the first day of the  
15.19 month following the month in which the member terminated service, or July 1, 1971,  
15.20 whichever is later, to the first day of the month in which the annuity begins to accrue. The  
15.21 rates of interest used for this purpose ~~shall must~~ be five percent per year compounded  
15.22 annually until January 1, 1981, ~~and after that date~~ three percent per year compounded  
15.23 annually after January 1, 1981, until January 1, 2011, if the employee became an employee  
15.24 before July 1, 2006, ~~and at~~ 2.5 percent compounded annually if the employee becomes  
15.25 an employee after June 30, 2006, ~~and two percent per year compounded annually after~~  
15.26 December 31, 2010, irrespective of when the employee was first employed. The mortality  
15.27 table and interest assumption used to compute the annuity ~~shall must~~ be those in effect  
15.28 when the member files application for annuity.  
15.29 **EFFECTIVE DATE.**This section is effective the day following final enactment.

28.20 Sec. 41. Minnesota Statutes 2008, section 353.71, subdivision 2, is amended to read:  
28.21 Subd. 2. **Deferred annuity computation; augmentation.** (a) The deferred annuity  
28.22 accruing under subdivision 1, or under sections 353.34, subdivision 3, and 353.68,  
28.23 subdivision 4, must be computed on the basis of allowable service prior to the termination  
28.24 of public service and augmented as provided in this ~~paragraph~~ subdivision. The required  
28.25 reserves applicable to a deferred annuity, or to any deferred segment of an annuity must  
28.26 be determined as of the first day of the month following the month in which the former  
28.27 member ceased to be a public employee, or July 1, 1971, whichever is later. ~~These~~

## House (UES2918-1)

8.16 Sec. 9. Minnesota Statutes 2009 Supplement, section 352.75, subdivision 4, is  
8.17 amended to read:  
8.18 Subd. 4. **Existing deferred retirees.** Any former member of the former  
8.19 Metropolitan Transit Commission-Transit Operating Division employees retirement  
8.20 fund is entitled to a retirement annuity from the Minnesota State Retirement System if  
8.21 the employee:  
8.22 (1) is not an active employee of the Transit Operating Division of the former  
8.23 Metropolitan Transit Commission on July 1, 1978; (2) has at least ten years of active  
8.24 continuous service with the Transit Operating Division of the former Metropolitan  
8.25 Transit Commission as defined by the former Metropolitan Transit Commission-Transit  
8.26 Operating Division employees retirement plan document in effect on December 31, 1977;  
8.27 (3) has not received a refund of contributions; (4) has not retired or begun receiving an  
8.28 annuity or benefit from the former Metropolitan Transit Commission-Transit Operating  
8.29 Division employees retirement fund; (5) is at least 55 years old; and (6) submits a valid  
8.30 application for a retirement annuity to the executive director of the Minnesota State  
8.31 Retirement System.  
8.32 The person is entitled to a retirement annuity in an amount equal to the normal  
8.33 old age retirement allowance calculated under the former Metropolitan Transit  
8.34 Commission-Transit Operating Division employees retirement fund plan document in  
8.35 effect on December 31, 1977, subject to an early retirement reduction or adjustment in  
9.1 amount on account of retirement before the normal retirement age specified in that former  
9.2 Metropolitan Transit Commission-Transit Operating Division employees retirement fund  
9.3 plan document.  
9.4 The deferred retirement annuity of any person to whom this subdivision applies  
9.5 must be augmented. The required reserves applicable to the deferred retirement annuity,  
9.6 determined as of the date the allowance begins to accrue using an appropriate mortality  
9.7 table and an interest assumption of five percent, must be augmented by interest at the  
9.8 rate of five percent per year compounded annually from January 1, 1978, to January 1,  
9.9 1981, ~~and~~ three percent per year compounded annually from January 1, 1981, until the  
9.10 date that the annuity begins to accrue or June 30, 2011, whichever is earlier, and two  
9.11 percent after June 30, 2011, to the first day of the month in which the annuity begins to  
9.12 accrue. After the commencement of the retirement annuity, the annuity is eligible for  
9.13 postretirement adjustments under section 356.415. On applying for a retirement annuity  
9.14 under this subdivision, the person is entitled to elect a joint and survivor optional annuity  
9.15 under section 352.116, subdivision 3.  
9.16 **EFFECTIVE DATE.**This section is effective the day following final enactment.

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15.15 Subd. 2. **Computation of deferred annuity.** Deferred annuities must be computed  
15.16 according to this chapter on the basis of allowable service before termination of service  
15.17 and augmented as provided in this chapter. The required reserves applicable to a deferred  
15.18 annuity must be augmented by interest compounded annually from the first day of the  
15.19 month following the month in which the member terminated service, or July 1, 1971,  
15.20 whichever is later, to the first day of the month in which the annuity begins to accrue. The  
15.21 rates of interest used for this purpose ~~shall must~~ be five percent per year compounded  
15.22 annually until January 1, 1981, ~~and after that date~~ three percent per year compounded  
15.23 annually after January 1, 1981, until January 1, 2012, if the employee became an employee  
15.24 before July 1, 2006, ~~and at~~ 2.5 percent compounded annually if the employee becomes  
15.25 an employee after June 30, 2006, ~~and two percent per year compounded annually after~~  
15.26 December 31, 2011, irrespective of when the employee was first employed. The mortality  
15.27 table and interest assumption used to compute the annuity ~~shall must~~ be those in effect  
15.28 when the member files application for annuity.  
15.29 **EFFECTIVE DATE.**This section is effective the day following final enactment.

28.20 Sec. 41. Minnesota Statutes 2008, section 353.71, subdivision 2, is amended to read:  
28.21 Subd. 2. **Deferred annuity computation; augmentation.** (a) The deferred annuity  
28.22 accruing under subdivision 1, or under sections 353.34, subdivision 3, and 353.68,  
28.23 subdivision 4, must be computed on the basis of allowable service prior to the termination  
28.24 of public service and augmented as provided in this ~~paragraph~~ subdivision. The required  
28.25 reserves applicable to a deferred annuity, or to any deferred segment of an annuity must  
28.26 be determined as of the first day of the month following the month in which the former  
28.27 member ceased to be a public employee, or July 1, 1971, whichever is later. ~~These~~

## Senate (S2918-3)

28.28 (b) For a person who became a public employee before July 1, 2006, whose period  
28.29 of deferral began after June 30, 1971, and who terminated public employment before  
28.30 January 1, 2011, the required reserves of the deferred annuity must be augmented at  
28.31 the following applicable rate of or rates:  
28.32 (1) five percent annually compounded annually annual compound interest until  
28.33 January 1, 1981, and at the rate of;  
28.34 (2) three percent thereafter annual compound interest after January 1, 1981, or until  
28.35 the earlier of December 31, 2010, or after the date of the termination of public service or  
29.1 the termination of membership, whichever is later, until January 1 of the year following  
29.2 the year in which the former member attains age 55 and;  
29.3 (3) five percent annual compound interest from that date to the effective date of  
29.4 retirement, the rate is five percent compounded annually if the employee became an  
29.5 employee before July 1, 2006, and at 2.5 percent compounded annually if the employee  
29.6 becomes an January 1 of the year following the year in which the former member attains  
29.7 age 55, or until December 31, 2010, whichever is earlier; and  
29.8 (4) one percent annual compound interest from January 1, 2011.  
29.9 (c) For a person who became a public employee after June 30, 2006, and who  
29.10 terminated public employment before January 1, 2011, the required reserves of the  
29.11 deferred annuity must be augmented at 2.5 percent annual compound interest from the date  
29.12 of termination of public service or termination of membership, whichever is earlier, until  
29.13 December 31, 2010, and one percent annual compound interest after December 31, 2010.  
29.14 (d) For a person who terminates public employment after December 31, 2010, the  
29.15 required reserves of the deferred annuity must not be augmented.  
29.16 (e) If a person has more than one period of uninterrupted service, the required  
29.17 reserves related to each period must be augmented as specified in this paragraph. The sum  
29.18 of the augmented required reserves is the present value of the annuity. Uninterrupted  
29.19 service for the purpose of this subdivision means periods of covered employment during  
29.20 which the employee has not been separated from public service for more than two years.  
29.21 If a person repays a refund, the restored service must be considered as continuous with the  
29.22 next period of service for which the employee has credit with this association. This section  
29.23 must not reduce the annuity otherwise payable under this chapter. This paragraph applies  
29.24 to individuals who become deferred annuitants on or after July 1, 1971. For a member  
29.25 who became a deferred annuitant before July 1, 1971, the paragraph applies from July 1,  
29.26 1971, if the former active member applies for an annuity after July 1, 1973.  
29.27 (b) (f) The retirement annuity or disability benefit of, or the survivor benefit payable  
29.28 on behalf of, a former member who terminated service before July 1, 1997, or the  
29.29 survivor benefit payable on behalf of a basic or police and fire member who was receiving  
29.30 disability benefits before July 1, 1997, which is first payable after June 30, 1997, must  
29.31 be increased on an actuarial equivalent basis to reflect the change in the postretirement  
29.32 interest rate actuarial assumption under section 356.215, subdivision 8, from five percent  
29.33 to six percent under a calculation procedure and tables adopted by the board and approved  
29.34 by the actuary retained under section 356.214.  
29.35 **EFFECTIVE DATE.** This section is effective the day following final enactment.

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

37.1 Subd. 11. **Deferred annuity; augmentation.** (a) Any person covered under section  
37.2 354.44, subdivision 6, who ceases to render teaching service, may leave the person's  
37.3 accumulated deductions in the fund for the purpose of receiving a deferred annuity  
37.4 at retirement.  
37.5 (b) The amount of the deferred retirement annuity is determined by section 354.44,  
37.6 subdivision 6, and augmented as provided in this subdivision. The required reserves for  
37.7 the annuity which had accrued when the member ceased to render teaching service must  
37.8 be augmented, as further specified in this subdivision, by the applicable interest rate  
37.9 compounded annually from the first day of the month following the month during which  
37.10 the member ceased to render teaching service to the effective date of retirement.  
37.11 (c) No augmentation is not creditable if the deferral period is less than three months  
37.12 or if deferral commenced before July 1, 1971.  
37.13 (d) For persons who became covered employees before July 1, 2006, with a deferral  
37.14 period commencing after June 30, 1971, the annuity must be augmented using as follows:  
37.15 (1) five percent interest compounded annually until January 1, 1981, and;  
37.16 (2) three percent interest compounded annually thereafter from January 1, 1981, until  
37.17 January 1 of the year following the year in which the deferred annuitant attains age 55; i

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28.28 (b) For a person who became a public employee before July 1, 2006, whose period  
28.29 of deferral began after June 30, 1971, and who terminated public employment before  
28.30 January 1, 2012, the required reserves of the deferred annuity must be augmented at  
28.31 the following applicable rate of or rates:  
28.32 (1) five percent annually compounded annually annual compound interest until  
28.33 January 1, 1981, and at the rate of;  
28.34 (2) three percent thereafter annual compound interest after January 1, 1981, or until  
28.35 the earlier of December 31, 2011, or after the date of the termination of public service or  
29.1 the termination of membership, whichever is later, until January 1 of the year following  
29.2 the year in which the former member attains age 55 and;  
29.3 (3) five percent annual compound interest from that date to the effective date of  
29.4 retirement, the rate is five percent compounded annually if the employee became an  
29.5 employee before July 1, 2006, and at 2.5 percent compounded annually if the employee  
29.6 becomes an January 1 of the year following the year in which the former member attains  
29.7 age 55, or until December 31, 2011, whichever is earlier; and  
29.8 (4) one percent annual compound interest from January 1, 2012.  
29.9 (c) For a person who became a public employee after June 30, 2006, and who  
29.10 terminated public employment before January 1, 2012, the required reserves of the  
29.11 deferred annuity must be augmented at 2.5 percent annual compound interest from the date  
29.12 of termination of public service or termination of membership, whichever is earlier, until  
29.13 December 31, 2011, and one percent annual compound interest after December 31, 2011.  
29.14 (d) For a person who terminates public employment after December 31, 2011, the  
29.15 required reserves of the deferred annuity must not be augmented.  
29.16 (e) If a person has more than one period of uninterrupted service, the required  
29.17 reserves related to each period must be augmented as specified in this paragraph. The sum  
29.18 of the augmented required reserves is the present value of the annuity. Uninterrupted  
29.19 service for the purpose of this subdivision means periods of covered employment during  
29.20 which the employee has not been separated from public service for more than two years.  
29.21 If a person repays a refund, the restored service must be considered as continuous with the  
29.22 next period of service for which the employee has credit with this association. This section  
29.23 must not reduce the annuity otherwise payable under this chapter. This paragraph applies  
29.24 to individuals who become deferred annuitants on or after July 1, 1971. For a member  
29.25 who became a deferred annuitant before July 1, 1971, the paragraph applies from July 1,  
29.26 1971, if the former active member applies for an annuity after July 1, 1973.  
29.27 (b) (f) The retirement annuity or disability benefit of, or the survivor benefit payable  
29.28 on behalf of, a former member who terminated service before July 1, 1997, or the  
29.29 survivor benefit payable on behalf of a basic or police and fire member who was receiving  
29.30 disability benefits before July 1, 1997, which is first payable after June 30, 1997, must  
29.31 be increased on an actuarial equivalent basis to reflect the change in the postretirement  
29.32 interest rate actuarial assumption under section 356.215, subdivision 8, from five percent  
29.33 to six percent under a calculation procedure and tables adopted by the board and approved  
29.34 by the actuary retained under section 356.214.  
29.35 **EFFECTIVE DATE.** This section is effective the day following final enactment.

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

37.1 Subd. 11. **Deferred annuity; augmentation.** (a) Any person covered under section  
37.2 354.44, subdivision 6, who ceases to render teaching service, may leave the person's  
37.3 accumulated deductions in the fund for the purpose of receiving a deferred annuity  
37.4 at retirement.  
37.5 (b) The amount of the deferred retirement annuity is determined by section 354.44,  
37.6 subdivision 6, and augmented as provided in this subdivision. The required reserves for  
37.7 the annuity which had accrued when the member ceased to render teaching service must  
37.8 be augmented, as further specified in this subdivision, by the applicable interest rate  
37.9 compounded annually from the first day of the month following the month during which  
37.10 the member ceased to render teaching service to the effective date of retirement.  
37.11 (c) No augmentation is not creditable if the deferral period is less than three months  
37.12 or if deferral commenced before July 1, 1971.  
37.13 (d) For persons who became covered employees before July 1, 2006, with a deferral  
37.14 period commencing after June 30, 1971, the annuity must be augmented using as follows:  
37.15 (1) five percent interest compounded annually until January 1, 1981, and;  
37.16 (2) three percent interest compounded annually thereafter from January 1, 1981, until  
37.17 January 1 of the year following the year in which the deferred annuitant attains age 55; i

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~~37.18 From that date (3) five percent interest compounded annually from the date~~  
~~37.19 established in clause (2) to the effective date of retirement, the rate is five percent~~  
~~37.20 compounded annually, or until June 30, 2011, whichever is earlier; and~~  
37.21 (4) two percent interest compounded annually after June 30, 2011.  
37.22 (e) For persons who become covered employees after June 30, 2006, the interest  
37.23 rate used to augment the deferred annuity is 2.5 percent interest compounded annually  
37.24 until June 30, 2011, or until the effective date of retirement, whichever is earlier, and two  
37.25 percent interest compounded annually after June 30, 2011.

44.27 Sec. 64. Minnesota Statutes 2008, section 354A.37, subdivision 2, is amended to read:  
44.28 Subd. 2. **Eligibility for deferred retirement annuity.** (a) Any coordinated member  
44.29 who ceases to render teaching services for the school district in which the teachers  
44.30 retirement fund association is located, with sufficient allowable service credit to meet  
44.31 the minimum service requirements specified in section 354A.31, subdivision 1, shall be  
44.32 entitled to a deferred retirement annuity in lieu of a refund pursuant to subdivision 1. The  
44.33 deferred retirement annuity shall be computed pursuant to section 354A.31 and shall be  
45.1 augmented as provided in this subdivision. The deferred annuity shall commence upon  
45.2 application after the person on deferred status attains at least the minimum age specified in  
45.3 section 354A.31, subdivision 1.  
45.4 (b) The monthly annuity amount that had accrued when the member ceased to  
45.5 render teaching service must be augmented from the first day of the month following the  
45.6 month during which the member ceased to render teaching service to the effective date  
45.7 of retirement. There is no augmentation if this period is less than three months. For a  
45.8 member of the St. Paul Teachers Retirement Fund Association, the rate of augmentation  
45.9 is three percent compounded annually until January 1 of the year following the year in  
45.10 which the former member attains age 55, and five percent compounded annually after that  
45.11 date to the effective date of retirement if the employee became an employee before July  
45.12 1, 2006, and at 2.5 percent compounded annually if the employee becomes an employee  
45.13 after June 30, 2006. For a member of the Duluth Teachers Retirement Fund Association,  
45.14 the rate of augmentation is three percent compounded annually until January 1 of the year  
45.15 following the year in which the former member attains age 55, five percent compounded  
45.16 annually after that date to July 1, 2010, and two percent compounded annually after that  
45.17 date to the effective date of retirement if the employee became an employee before  
45.18 July 1, 2006, and at 2.5 percent compounded annually to July 1, 2010, and two percent  
45.19 compounded annually after that date to the effective date of retirement if the employee  
45.20 becomes an employee after June 30, 2006. If a person has more than one period of  
45.21 uninterrupted service, a separate average salary determined under section 354A.31 must  
45.22 be used for each period, and the monthly annuity amount related to each period must be  
45.23 augmented as provided in this subdivision. The sum of the augmented monthly annuity  
45.24 amounts determines the total deferred annuity payable. If a person repays a refund, the  
45.25 service restored by the repayment must be considered as continuous with the next period  
45.26 of service for which the person has credit with the fund. If a person does not render  
45.27 teaching services in any one fiscal year or more consecutive fiscal years and then resumes  
45.28 teaching service, the formula percentages used from the date of resumption of teaching  
45.29 service are those applicable to new members. The mortality table and interest assumption  
45.30 used to compute the annuity are the table established by the fund to compute other  
45.31 annuities, and the interest assumption under section 356.215 in effect when the member  
45.32 retires. A period of uninterrupted service for the purpose of this subdivision means a  
45.33 period of covered teaching service during which the member has not been separated from  
45.34 active service for more than one fiscal year.  
45.35 (c) The augmentation provided by this subdivision applies to the benefit provided  
45.36 in section 354A.35, subdivision 2. The augmentation provided by this subdivision does  
46.1 not apply to any period in which a person is on an approved leave of absence from an  
46.2 employer unit.  
46.3 **EFFECTIVE DATE.** This section is effective July 1, 2010.

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~~37.18 From that date (3) five percent interest compounded annually from the date~~  
~~37.19 established in clause (2) to the effective date of retirement, the rate is five percent~~  
~~37.20 compounded annually, or until June 30, 2012, whichever is earlier; and~~  
37.21 (4) two percent interest compounded annually after June 30, 2012.  
37.22 (e) For persons who become covered employees after June 30, 2006, the interest  
37.23 rate used to augment the deferred annuity is 2.5 percent interest compounded annually  
37.24 until June 30, 2012, or until the effective date of retirement, whichever is earlier, and two  
37.25 percent interest compounded annually after June 30, 2012.

44.23 Sec. 64. Minnesota Statutes 2008, section 354A.37, subdivision 2, is amended to read:  
44.24 Subd. 2. **Eligibility for deferred retirement annuity.** (a) Any coordinated member  
44.25 who ceases to render teaching services for the school district in which the teachers  
44.26 retirement fund association is located, with sufficient allowable service credit to meet  
44.27 the minimum service requirements specified in section 354A.31, subdivision 1, shall be  
44.28 entitled to a deferred retirement annuity in lieu of a refund pursuant to subdivision 1. The  
44.29 deferred retirement annuity shall be computed pursuant to section 354A.31 and shall be  
44.30 augmented as provided in this subdivision. The deferred annuity shall commence upon  
44.31 application after the person on deferred status attains at least the minimum age specified in  
44.32 section 354A.31, subdivision 1.  
45.1 (b) The monthly annuity amount that had accrued when the member ceased to  
45.2 render teaching service must be augmented from the first day of the month following the  
45.3 month during which the member ceased to render teaching service to the effective date  
45.4 of retirement. There is no augmentation if this period is less than three months. For a  
45.5 member of the St. Paul Teachers Retirement Fund Association, the rate of augmentation  
45.6 is three percent compounded annually until January 1 of the year following the year in  
45.7 which the former member attains age 55, and five percent compounded annually after that  
45.8 date to the effective date of retirement if the employee became an employee before July  
45.9 1, 2006, and at 2.5 percent compounded annually if the employee becomes an employee  
45.10 after June 30, 2006. For a member of the Duluth Teachers Retirement Fund Association,  
45.11 the rate of augmentation is three percent compounded annually until January 1 of the year  
45.12 following the year in which the former member attains age 55, five percent compounded  
45.13 annually after that date to July 1, 2012, and two percent compounded annually after that  
45.14 date to the effective date of retirement if the employee became an employee before  
45.15 July 1, 2006, and at 2.5 percent compounded annually to July 1, 2012, and two percent  
45.16 compounded annually after that date to the effective date of retirement if the employee  
45.17 becomes an employee after June 30, 2006. If a person has more than one period of  
45.18 uninterrupted service, a separate average salary determined under section 354A.31 must  
45.19 be used for each period, and the monthly annuity amount related to each period must be  
45.20 augmented as provided in this subdivision. The sum of the augmented monthly annuity  
45.21 amounts determines the total deferred annuity payable. If a person repays a refund, the  
45.22 service restored by the repayment must be considered as continuous with the next period  
45.23 of service for which the person has credit with the fund. If a person does not render  
45.24 teaching services in any one fiscal year or more consecutive fiscal years and then resumes  
45.25 teaching service, the formula percentages used from the date of resumption of teaching  
45.26 service are those applicable to new members. The mortality table and interest assumption  
45.27 used to compute the annuity are the table established by the fund to compute other  
45.28 annuities, and the interest assumption under section 356.215 in effect when the member  
45.29 retires. A period of uninterrupted service for the purpose of this subdivision means a  
45.30 period of covered teaching service during which the member has not been separated from  
45.31 active service for more than one fiscal year.  
45.32 (c) The augmentation provided by this subdivision applies to the benefit provided  
45.33 in section 354A.35, subdivision 2. The augmentation provided by this subdivision does  
45.34 not apply to any period in which a person is on an approved leave of absence from an  
45.35 employer unit.  
45.36 **EFFECTIVE DATE.** This section is effective July 1, 2010.

## Difference #2

ARTICLE 1  
FINANCIAL SUSTAINABILITY PROVISIONS

38.27 Sec. 56. Minnesota Statutes 2008, section 354A.12, subdivision 1, is amended to read:  
 38.28 Subdivision 1. **Employee contributions.** (a) The contribution required to be paid  
 38.29 by each member of a teachers retirement fund association ~~shall not be less than~~ is the  
 38.30 percentage of total salary specified below for the applicable association and program:

38.31 Association and Program	Percentage of Total Salary
38.32 Duluth Teachers Retirement Fund Association	
38.33 old law and new law	
38.34 coordinated programs	<del>5.5 percent</del>
38.35 <u>before July 1, 2011</u>	<u>5.5 percent</u>
39.1 <u>effective July 1, 2011</u>	<u>6.0 percent</u>
39.2 <u>effective July 1, 2012</u>	<u>6.5 percent</u>
39.3 St. Paul Teachers Retirement Fund Association	
39.4 basic program <u>before July 1, 2011</u>	8 percent
39.5 basic program <u>after June 30, 2011</u>	<u>8.25 percent</u>
39.6 <u>basic program after June 30, 2012</u>	<u>8.5 percent</u>
39.7 <u>basic program after June 30, 2013</u>	<u>8.75 percent</u>
39.8 <u>basic program after June 30, 2014</u>	<u>9.0 percent</u>
39.9 coordinated program <u>before July 1, 2011</u>	5.5 percent
39.10 <u>coordinated program after June 30, 2011</u>	<u>5.75 percent</u>
39.11 <u>coordinated program after June 30, 2012</u>	<u>6.0 percent</u>
39.12 <u>coordinated program after June 30, 2013</u>	<u>6.25 percent</u>
39.13 <u>coordinated program after June 30, 2014</u>	<u>6.50 percent</u>

39.14 (b) Contributions shall be made by deduction from salary and must be remitted  
 39.15 directly to the respective teachers retirement fund association at least once each month.  
 39.16 (c) When an employee contribution rate changes for a fiscal year, the new  
 39.17 contribution rate is effective for the entire salary paid by the employer with the first  
 39.18 payroll cycle reported.  
 39.19 **EFFECTIVE DATE.** This section is effective July 1, 2010.

39.20 Sec. 57. Minnesota Statutes 2009 Supplement, section 354A.12, subdivision 2a,  
 39.21 is amended to read:  
 39.22 Subd. 2a. **Employer regular and additional contributions.** (a) The employing  
 39.23 units shall make the following employer contributions to teachers retirement fund  
 39.24 associations:  
 39.25 (1) for any coordinated member of one of the following teachers retirement fund  
 39.26 associations in a city of the first class, the employing unit shall make a regular employer  
 39.27 contribution to the respective retirement fund association in an amount equal to the  
 39.28 designated percentage of the salary of the coordinated member as provided below:

39.29 Duluth Teachers Retirement Fund Association	<del>4.50 percent</del>
39.30 <u>before July 1, 2011</u>	<u>5.79 percent</u>
39.31 <u>effective July 1, 2011</u>	<u>6.29 percent</u>
39.32 <u>effective July 1, 2012</u>	<u>6.79 percent</u>
39.33 St. Paul Teachers Retirement Fund Association	
39.34 <u>before July 1, 2011</u>	4.50 percent
39.35 <u>after June 30, 2011</u>	<u>4.75 percent</u>
39.36 <u>after June 30, 2012</u>	<u>5.0 percent</u>
39.37 <u>after June 30, 2013</u>	<u>5.25 percent</u>

ARTICLE 1  
FINANCIAL SUSTAINABILITY PROVISIONS

38.27 Sec. 56. Minnesota Statutes 2008, section 354A.12, subdivision 1, is amended to read:  
 38.28 Subdivision 1. **Employee contributions.** (a) The contribution required to be paid  
 38.29 by each member of a teachers retirement fund association ~~shall not be less than~~ is the  
 38.30 percentage of total salary specified below for the applicable association and program:

38.31 Association and Program	Percentage of Total Salary
38.32 Duluth Teachers Retirement Fund Association	
38.33 old law and new law	
38.34 coordinated programs	<del>5.5 percent</del>
38.35 <u>before July 1, 2011</u>	<u>5.5 percent</u>
39.1 <u>effective July 1, 2011</u>	<u>6.0 percent</u>
39.2 <u>effective July 1, 2012</u>	<u>6.5 percent</u>
39.3 St. Paul Teachers Retirement Fund Association	
39.4 basic program <u>before July 1, 2010</u>	8 percent
39.5 <u>basic program after June 30, 2010</u>	<u>8.5 percent</u>
39.6 <u>basic program after June 30, 2011</u>	<u>9.0 percent</u>
39.7 <u>coordinated program before July 1, 2010</u>	5.5 percent
39.8 <u>coordinated program after June 30, 2010</u>	<u>6.0 percent</u>
39.9 <u>coordinated program after June 30, 2011</u>	<u>6.5 percent</u>

39.10 (b) Contributions shall be made by deduction from salary and must be remitted  
 39.11 directly to the respective teachers retirement fund association at least once each month.  
 39.12 (c) When an employee contribution rate changes for a fiscal year, the new  
 39.13 contribution rate is effective for the entire salary paid by the employer with the first  
 39.14 payroll cycle reported.  
 39.15 **EFFECTIVE DATE.** This section is effective July 1, 2010.

39.16 Sec. 57. Minnesota Statutes 2009 Supplement, section 354A.12, subdivision 2a,  
 39.17 is amended to read:  
 39.18 Subd. 2a. **Employer regular and additional contributions.** (a) The employing  
 39.19 units shall make the following employer contributions to teachers retirement fund  
 39.20 associations:  
 39.21 (1) for any coordinated member of one of the following teachers retirement fund  
 39.22 associations in a city of the first class, the employing unit shall make a regular employer  
 39.23 contribution to the respective retirement fund association in an amount equal to the  
 39.24 designated percentage of the salary of the coordinated member as provided below:

39.25 Duluth Teachers Retirement Fund Association	<del>4.50 percent</del>
39.26 <u>before July 1, 2011</u>	<u>5.79 percent</u>
39.27 <u>effective July 1, 2011</u>	<u>6.29 percent</u>
39.28 <u>effective July 1, 2012</u>	<u>6.79 percent</u>
39.29 St. Paul Teachers Retirement Fund Association	
39.30 <u>before July 1, 2010</u>	4.50 percent
39.31 <u>after June 30, 2010</u>	<u>5.0 percent</u>
39.32 <u>after June 30, 2011</u>	<u>5.5 percent</u>

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- 40.1 after June 30, 2014 5.5 percent
- 40.2 (2) for any basic member of the St. Paul Teachers Retirement Fund Association, the
- 40.3 employing unit shall make a regular employer contribution to the respective retirement
- 40.4 fund in an amount equal to ~~8.00 percent of the salary of the basic member~~ according to
- 40.5 the schedule below:
- 40.6 before July 1, 2011 8.0 percent of salary
- 40.7 after June 30, 2011 8.25 percent of salary
- 40.8 after June 30, 2012 8.5 percent of salary
- 40.9 after June 30, 2013 8.75 percent of salary
- 40.10 after June 30, 2014 9.0 percent of salary
- 40.11 (3) for a basic member of the St. Paul Teachers Retirement Fund Association, the
- 40.12 employing unit shall make an additional employer contribution to the respective fund in
- 40.13 an amount equal to 3.64 percent of the salary of the basic member;
- 40.14 (4) for a coordinated member of ~~a teachers retirement fund association in a city of~~
- 40.15 ~~the first class~~ the St. Paul Teachers Retirement Fund Association, the employing unit shall
- 40.16 make an additional employer contribution to the respective fund in an amount equal to the
- 40.17 applicable percentage of the coordinated member's salary, as provided below:
- 40.18 ~~Duluth Teachers Retirement~~ 1.29 percent
- 40.19 ~~Fund Association~~
- 40.20 St. Paul Teachers Retirement 3.84 percent
- 40.21 Fund Association
- 40.22 (b) The regular and additional employer contributions must be remitted directly to
- 40.23 the respective teachers retirement fund association at least once each month. Delinquent
- 40.24 amounts are payable with interest under the procedure in subdivision 1a.
- 40.25 (c) Payments of regular and additional employer contributions for school district
- 40.26 or technical college employees who are paid from normal operating funds must be made
- 40.27 from the appropriate fund of the district or technical college.
- 40.28 (d) When an employer contribution rate changes for a fiscal year, the new
- 40.29 contribution rate is effective for the entire salary paid by the employer with the first
- 40.30 payroll cycle reported.
- 40.31 **EFFECTIVE DATE.**This section is effective July 1, 2010.

## House (UES2918-1)

- 39.33 after June 30, 2013 6.5 percent
- 39.34 (2) for any basic member of the St. Paul Teachers Retirement Fund Association, the
- 39.35 employing unit shall make a regular employer contribution to the respective retirement
- 39.36 fund in an amount equal to ~~8.00 percent of the salary of the basic member~~ according to
39. schedule below:
- 40.1 before July 1, 2010 8.0 percent of the salary of the basic member
- 40.2 before July 1, 2011 8.5 percent of the salary of the basic member
- 40.3 before July 1, 2012 9.0 percent of the salary of the basic member
- 40.4 before July 1, 2013 9.5 percent of the salary of the basic member
- 40.5 before July 1, 2014 10.0 percent of the salary of the basic member
- 40.6 (3) for a basic member of the St. Paul Teachers Retirement Fund Association, the
- 40.7 employing unit shall make an additional employer contribution to the respective fund in
- 40.8 an amount equal to 3.64 percent of the salary of the basic member;
- 40.9 (4) for a coordinated member of ~~a teachers retirement fund association in a city of~~
- 40.10 ~~the first class~~ the St. Paul Teachers Retirement Fund Association, the employing unit shall
- 40.11 make an additional employer contribution to the respective fund in an amount equal to the
- 40.12 applicable percentage of the coordinated member's salary, as provided below:
- 40.13 ~~Duluth Teachers Retirement~~ 1.29 percent
- 40.14 ~~Fund Association~~
- 40.15 St. Paul Teachers Retirement 3.84 percent
- 40.16 Fund Association
- 40.17 (b) The regular and additional employer contributions must be remitted directly to
- 40.18 the respective teachers retirement fund association at least once each month. Delinquent
- 40.19 amounts are payable with interest under the procedure in subdivision 1a.
- 40.20 (c) Payments of regular and additional employer contributions for school district
- 40.21 or technical college employees who are paid from normal operating funds must be made
- 40.22 from the appropriate fund of the district or technical college.
- 40.23 (d) When an employer contribution rate changes for a fiscal year, the new
- 40.24 contribution rate is effective for the entire salary paid by the employer with the first
- 40.25 payroll cycle reported.
- 40.26 **EFFECTIVE DATE.**This section is effective July 1, 2010.

Difference #3

ARTICLE 1  
FINANCIAL SUSTAINABILITY PROVISIONS

NO PROVISION

- 69.21 Sec. 86. ST. PAUL TEACHERS RETIREMENT FUND ASSOCIATION;
- 69.22 TEMPORARY SUSPENSION OF POSTRETIREMENT ADJUSTMENT.
- 69.23 Notwithstanding Minnesota Statutes, section 354A.29, no postretirement benefit
- 69.24 adjustment to benefit recipients of the St. Paul Teachers Retirement Fund Association
- 69.25 shall be provided for the year commencing January 1, 2011.
- 69.26 EFFECTIVE DATE.This section is effective the day following final enactment.

## Difference #4

NO PROVISION

ARTICLE 10  
EARLY RETIREMENT INCENTIVE MODIFICATIONS

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

140.14 Subdivision 1. **Eligibility.** (a) An eligible appointing authority may offer the early

140.15 retirement incentive in this section to an employee who:

140.16 (1) has at least 15 years of allowable service in one or more of the funds listed

140.17 in section 356.30, subdivision 2, or has at least 15 years of coverage by the individual

140.18 retirement account plan governed by chapter 354B employment as indicated in the

140.19 personnel records of the applicable employing unit and upon retirement is immediately

140.20 eligible for a retirement annuity or benefit from one or more of these funds retirement plan

140.21 governed by chapter 354B or section 356.30;

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

140.23 2009 October 1, 2012; and

140.24 (3) is not in receipt of a public retirement plan retirement annuity, retirement

140.25 allowance, or service pension during the month preceding the termination of qualified

140.26 employment.

140.27 (b) An eligible appointing authority is any Minnesota governmental employing unit

140.28 which employs one or more employees with retirement coverage by a retirement plan

140.29 listed in section 356.30 by virtue of that employment.

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

140.31 (d) Employees of the Minnesota State Colleges and Universities System who

140.32 participate in the incentive program under section 136F.481 are not eligible for the

140.33 incentive under this section.

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

141.1 Sec. 2. Minnesota Statutes 2009 Supplement, section 356.351, subdivision 2, is

141.2 amended to read:

141.3 Subd. 2. **Incentive.** (a) For an employee who is eligible under subdivision 1, if for

141.4 whom an early retirement incentive is approved under paragraph (b), and who terminates

141.5 employment as provided for in the agreement, the employer may provide an amount up to

141.6 \$17,000, to an employee who terminates service, to:

141.7 (1) a severance amount in lieu of and not to exceed the maximum amount of regular

141.8 state-provided unemployment compensation for that particular person if the person had

141.9 been laid off; and

141.10 (2) an additional severance amount not to exceed the amount of the employer's

141.11 contribution for health insurance, dental insurance, and basic life insurance that would

141.12 have been payable to the particular person under the applicable collective bargaining

141.13 agreement or personnel policy at the time of termination if the person had been laid off.

141.14 (b) The severance amounts under paragraph (a) must be used:

141.15 (1) unless the appointing authority has designated the use under clause (2) or the use

141.16 under clause (3) for the initial retirement incentive applicable to that employing entity

141.17 under Laws 2007, chapter 134, after May 26, 2007, for deposit in the employee's account

141.18 in the health care savings plan established by section 352.98;

141.19 (2) notwithstanding section 352.01, subdivision 11, or 354.05, subdivision 13,

141.20 whichever applies, if the appointing authority has designated the use under this clause

141.21 for the initial retirement incentive applicable to that employing entity under Laws 2007,

141.22 chapter 134, after May 26, 2007, for purchase of service credit for unperformed service

141.23 sufficient to enable the employee to retire under section 352.116, subdivision 1, paragraph

141.24 (b); 353.30; 354.44, subdivision 6, paragraph (b), or 354A.31, subdivision 6, paragraph

141.25 (b), whichever applies; or

141.26 (3) if the appointing authority has designated the use under this clause for the initial

141.27 retirement incentive applicable to the employing entity under Laws 2007, chapter 134,

141.28 after May 26, 2007, for purchase of a lifetime annuity or an annuity for a specific number

141.29 of years from the applicable retirement plan to provide additional benefits, as provided in

141.30 paragraph (d).

141.31 ~~(b)~~ (c) Approval to provide the incentive must be obtained from the commissioner

141.32 of finance if the eligible employee is a state employee and must be obtained from the

141.33 applicable governing board with respect to any other employing entity. An employee is

141.34 eligible for the payment under paragraph ~~(a)~~ (b), clause (2), if the employee uses money

141.35 from a deferred compensation account that, combined with the payment under paragraph

141.36 ~~(a)~~ (b), clause (2), would be sufficient to purchase enough service credit to qualify for

142.1 retirement under section 352.116, subdivision 1, paragraph (b); 353.30, subdivision 1a;

142.2 354.44, subdivision 6 , paragraph (b), or 354A.31, subdivision 6, paragraph (b), whichever  
142.3 applies.

142.4 ~~(e)~~ (d) The cost to purchase service credit under paragraph ~~(a)~~ (b), clause (2), must  
142.5 be made in accordance with section 356.551.

142.6 ~~(d)~~ The ~~(e)~~ An annuity purchase under paragraph ~~(a)~~ (b), clause (3), must be made  
142.7 using annuity factors, as determined by the actuary retained under section 356.214,

142.8 derived from the applicable factors used by the applicable retirement plan to calculate  
142.9 optional annuity forms. The purchased annuity must be the actuarial equivalent of the

142.10 incentive amount.

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

142.12 Sec. 3. Laws 2006, chapter 271, article 3, section 43, as amended by Laws 2007,

142.13 chapter 134, article 11, section 11, the effective date, is amended to read:

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

142.15 ~~(b) This section expires on July 15, 2009.~~

142.16 **EFFECTIVE DATE.** This section is effective retroactively from July 2, 2009.

## Differences #5 &amp; 6

## ARTICLE 12

ADMINISTRATIVE CONSOLIDATION OF THE MINNEAPOLIS EMPLOYEES RETIREMENT FUND  
INTO THE PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

166.18 Sec. 17. [353.50] MERF CONSOLIDATION ACCOUNT; ESTABLISHMENT  
 166.19 AND OPERATION.

168.10 Subd. 7. MERF division account contributions. (a) After June 30, 2010, the  
 168.11 member and employer contributions to the MERF division account are governed by this  
 168.12 subdivision.  
 168.13 (b) An active member covered by the MERF division must make an employee  
 168.14 contribution of 9.75 percent of the total salary of the member as defined in section 353.01,  
 168.15 subdivision 10. The employee contribution must be made by payroll deduction by the  
 168.16 member's employing unit under section 353.27, subdivision 4, and is subject to the  
 168.17 provisions of section 353.27, subdivisions 7, 7a, 7b, 12, 12a, and 12b.  
 168.18 (c) The employer regular contribution to the MERF division account with respect  
 168.19 to an active MERF division member is 9.75 percent of the total salary of the member as  
 168.20 defined in section 353.01, subdivision 10.  
 168.21 (d) The employer additional contribution to the MERF division account with respect  
 168.22 to an active member of the MERF division is 2.68 percent of the total salary of the member  
 168.23 as defined in section 353.01, subdivision 10, plus the employing unit's share of \$3,900,000  
 168.24 that the employing unit paid or is payable to the former Minneapolis Employees  
 168.25 Retirement Fund under Minnesota Statutes 2008, section 422A.101, subdivision 1a, 2,  
 168.26 or 2a, during calendar year 2009, as was certified by the former executive director of the  
 168.27 former Minneapolis Employees Retirement Fund.  
 168.28 (e) Annually after June 30, 2012, The employer supplemental contribution to  
 168.29 the MERF division account by the city of Minneapolis, Special School District No. 1,  
 168.30 Minneapolis, a Minneapolis-owned public utility, improvement, or municipal activity,  
 168.31 Hennepin county, the Metropolitan Council, the Metropolitan Airports Commission,  
 168.32 and the Minnesota State Colleges and Universities system is the amount by which the  
 168.33 total actuarial required contribution determined under section 356.215 by the approved  
 168.34 actuary retained by the Public Employees Retirement Association in the most recent  
 168.35 actuarial valuation of the MERF division and based on a June 30, 2031, amortization  
 168.36 date, after subtracting the contributions under paragraphs (b), (c), and (d), exceeds  
 169.1 \$36,500,000. Unless the various employing units agree to a different allocation and file  
 169.2 that agreement with the executive director by August 15 for the following calendar year,  
 169.3 each employing unit's share of the total employer supplemental contribution amount  
 169.4 is equal to its percentage share of the total amount allocated under Minnesota Statutes  
 169.5 2008, section 422A.101, subdivision 3, payable for calendar year 2009. The initial total  
 169.6 actuarial required contribution after June 30, 2012, must be calculated using the mortality  
 169.7 assumption change recommended on September 30, 2009, for the Minneapolis Employees  
 169.8 Retirement Fund by the approved consulting actuary retained by the Minneapolis  
 169.9 Employees Retirement Fund board.  
 169.10 (f) Notwithstanding any provision of paragraph (c), (d), or (e) to the contrary, as of  
 169.11 August 1 annually, if the amount of the retirement annuities and benefits paid from the  
 169.12 MERF division account during the preceding fiscal year, multiplied by the factor of 1.035,  
 169.13 exceeds the market value of the assets of the MERF division account on the preceding  
 169.14 June 30, plus state aid of \$9,000,000 or \$36,500,000, whichever applies, plus the amounts  
 169.15 payable under paragraphs (b), (c), (d), and (e) during the preceding fiscal year, multiplied  
 169.16 by the factor of 1.035, the balance calculated is a special additional employer contribution.  
 169.17 The special additional employer contribution under this paragraph is payable in addition  
 169.18 to any employer contribution required under paragraphs (c), (d), and (e), and is payable  
 169.19 on or before the following June 30. The special additional employer contribution under  
 169.20 this paragraph must be allocated between the city of Minneapolis, Special School District  
 169.21 No. 1, Minneapolis, any Minneapolis-owned public utility, improvement, or municipal  
 169.22 activity, the Minnesota State Colleges and Universities system, Hennepin County, the  
 169.23 Metropolitan Council, and the Metropolitan Airports Commission in proportion to their  
 169.24 share of the actuarial accrued liability of the former Minneapolis Employees Retirement  
 169.25 Fund as of July 1, 2009, as calculated by the approved actuary retained under section  
 169.26 356.214 as part of the actuarial valuation prepared as of July 1, 2009, under section  
 169.27 356.215 and the Standards for Actuarial Work adopted by the Legislative Commission on  
 169.28 Pensions and Retirement.

## ARTICLE 11

ADMINISTRATIVE CONSOLIDATION OF THE MINNEAPOLIS EMPLOYEES RETIREMENT FUND  
INTO THE PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

164.16 Sec. 17. [353.50] MERF CONSOLIDATION ACCOUNT; ESTABLISHMENT  
 164.17 AND OPERATION.

166.7 Subd. 7. MERF division account contributions. (a) After June 30, 2010, the  
 166.8 member and employer contributions to the MERF division account are governed by this  
 166.9 subdivision.  
 166.10 (b) An active member covered by the MERF division must make an employee  
 166.11 contribution of 9.75 percent of the total salary of the member as defined in section 353.01,  
 166.12 subdivision 10. The employee contribution must be made by payroll deduction by the  
 166.13 member's employing unit under section 353.27, subdivision 4, and is subject to the  
 166.14 provisions of section 353.27, subdivisions 7, 7a, 7b, 12, 12a, and 12b.  
 166.15 (c) The employer regular contribution to the MERF division account with respect  
 166.16 to an active MERF division member is 9.75 percent of the total salary of the member as  
 166.17 defined in section 353.01, subdivision 10.  
 166.18 (d) The employer additional contribution to the MERF division account with respect  
 166.19 to an active member of the MERF division is 2.68 percent of the total salary of the member  
 166.20 as defined in section 353.01, subdivision 10, plus the employing unit's share of \$3,900,000  
 166.21 that the employing unit paid or is payable to the former Minneapolis Employees  
 166.22 Retirement Fund under Minnesota Statutes 2008, section 422A.101, subdivision 1a, 2,  
 166.23 or 2a, during calendar year 2009, as was certified by the former executive director of the  
 166.24 former Minneapolis Employees Retirement Fund.  
 166.25 (e) Annually after June 30, 2012, the employer supplemental contribution to  
 166.26 the MERF division account by the city of Minneapolis, Special School District No. 1,  
 166.27 Minneapolis, a Minneapolis-owned public utility, improvement, or municipal activity,  
 166.28 Hennepin county, the Metropolitan Council, the Metropolitan Airports Commission, and  
 166.29 the Minnesota State Colleges and Universities system is the larger of the following:  
 166.30 (1) the amount by which the total actuarial required contribution determined under  
 166.31 section 356.215 by the approved actuary retained by the Public Employees Retirement  
 166.32 Association in the most recent actuarial valuation of the MERF division and based on a  
 166.33 June 30, 2031, amortization date, after subtracting the contributions under paragraphs  
 166.34 (b), (c), and (d), exceeds \$24,000,000; or  
 166.35 (2) the amount of \$27,000,000, but the total supplemental contribution amount  
 166.36 plus the contributions under paragraphs (c) and (d) may not exceed \$34,000,000. Each  
 166.37 employing unit's share of the total employer supplemental contribution amount is equal  
 166.38 to the applicable portion specified in paragraph (g). The initial total actuarial required  
 166.39 contribution after June 30, 2012, must be calculated using the mortality assumption  
 166.40 change recommended on September 30, 2009, for the Minneapolis Employees Retirement  
 166.41 Fund by the approved consulting actuary retained by the Minneapolis Employees  
 166.42 Retirement Fund board.  
 166.43 (f) Notwithstanding any provision of paragraph (c), (d), or (e) to the contrary, as of  
 166.44 August 1 annually, if the amount of the retirement annuities and benefits paid from the  
 166.45 MERF division account during the preceding fiscal year, multiplied by the factor of 1.035,  
 166.46 exceeds the market value of the assets of the MERF division account on the preceding  
 166.47 June 30, plus state aid of \$9,000,000 or \$24,000,000, whichever applies, plus the amounts  
 166.48 payable under paragraphs (b), (c), (d), and (e) during the preceding fiscal year, multiplied  
 166.49 by the factor of 1.035, the balance calculated is a special additional employer contribution.  
 166.50 The special additional employer contribution under this paragraph is payable in addition  
 166.51 to any employer contribution required under paragraphs (c), (d), and (e), and is payable on  
 166.52 or before the following June 30. The special additional employer contribution under this  
 166.53 paragraph must be allocated as specified in paragraph (g).  
 166.54 (g) The employer supplemental contribution under paragraph (e) or the special  
 166.55 additional employer contribution under paragraph (f) must be allocated between the city  
 166.56 of Minneapolis, Special School District No. 1, Minneapolis, any Minneapolis-owned  
 166.57 public utility, improvement, or municipal activity, the Minnesota State Colleges and  
 166.58 Universities system, Hennepin County, the Metropolitan Council, and the Metropolitan  
 166.59 Airports Commission in proportion to their share of the actuarial accrued liability of the  
 166.60 former Minneapolis Employees Retirement Fund as of July 1, 2009, as calculated by the  
 166.61 approved actuary retained under section 356.214 as part of the actuarial valuation prepared

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169.29 (g) The employer contributions under paragraphs (c), (d), and (e) must be paid as  
 169.30 provided in section 353.28.  
 169.31 (h) Contributions under this subdivision are subject to the provisions of section  
 169.32 353.27, subdivisions 4, 7, 7a, 7b, 11, 12, 12a, 12b, 13, and 14.

178.29 Sec. 21. Minnesota Statutes 2008, section 422A.101, subdivision 3, is amended to read:  
 178.30 Subd. 3. **State contributions.** (a) Subject to the limitation ~~set forth~~ in paragraph  
 178.31 (c), the state shall pay to the MERF division account of the Public Employees Retirement  
 178.32 Association with respect to the former Minneapolis Employees Retirement Fund annually  
 178.33 an amount equal to the amount calculated under paragraph (b).  
 178.34 (b) The payment amount is an amount equal to the financial requirements of the  
 178.35 ~~Minneapolis Employees Retirement Fund~~ MERF division of the Public Employees  
 179.1 Retirement Association reported in the actuarial valuation of the ~~fund~~ general employees  
 179.2 retirement plan of the Public Employees Retirement Association prepared by the actuary  
 179.3 retained under section 356.214 consistent with section 356.215 for the most recent year  
 179.4 but based on a target date for full amortization of the unfunded actuarial accrued liabilities  
 179.5 by June 30, ~~2020~~ 2031, less the amount of employee contributions required under section  
 179.6 ~~422A.10~~ 353.50, subdivision 7, paragraph (b), and the amount of employer contributions  
 179.7 required under ~~subdivisions 1a, 2, and 2a~~ section 353.50, subdivision 7, paragraphs (c)  
 179.8 and (d). Payments ~~shall~~ must be made September 15 annually.  
 179.9 (c) The annual state contribution under this subdivision may not exceed \$9,000,000,  
 179.10 plus the cost of the annual supplemental benefit determined under Minnesota Statutes  
 179.11 2008, section 356.43, through June 30, 2012, and may not exceed \$9,000,000, plus the  
 179.12 cost of the annual supplemental benefit determined under Minnesota Statutes 2008, section  
 179.13 356.43, plus \$27,500,000 annually after June 30, 2012, and until June 30, 2031.  
 179.14 (d) Annually and after June 30, 2012, if the amount determined under paragraph  
 179.15 (b) exceeds \$9,000,000 the applicable maximum amount specified in paragraph (c),  
 179.16 the excess must be allocated to and paid to the fund by the employers identified in  
 179.17 Minnesota Statutes 2008, section 422A.101, subdivisions 1a and, 2, and 2a other than  
 179.18 units of metropolitan government. Each employer's share of the excess is proportionate  
 179.19 to the employer's share of the fund's unfunded actuarial accrued liability as disclosed in  
 179.20 the annual actuarial valuation prepared by the actuary retained under section 356.214  
 179.21 compared to the total unfunded actuarial accrued liability as of July 1, 2009, attributed  
 179.22 to all employers identified in Minnesota Statutes 2008, section 422A.101, subdivisions  
 179.23 1a and 2, other than units of metropolitan government. Payments must be made in equal  
 179.24 installments as set forth in paragraph (b).  
 179.25 (e) State contributions under this section end on September 15, 2031, or on  
 179.26 September 1 following the first date on which the current assets of the MERF division  
 179.27 of the Public Employees Retirement Association equal or exceed the actuarial accrued  
 179.28 liability of the MERF division of the Public Employees Retirement Association,  
 179.29 whichever occurs earlier.

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167.26 as of July 1, 2009, under section 356.215 and the Standards for Actuarial Work adopted by  
 167.27 the Legislative Commission on Pensions and Retirement.  
 167.28 (h) The employer contributions under paragraphs (c), (d), and (e) must be paid as  
 167.29 provided in section 353.28.  
 167.30 (i) Contributions under this subdivision are subject to the provisions of section  
 167.31 353.27, subdivisions 4, 7, 7a, 7b, 11, 12, 12a, 12b, 13, and 14.

176.29 Sec. 21. Minnesota Statutes 2008, section 422A.101, subdivision 3, is amended to read:  
 176.30 Subd. 3. **State contributions.** (a) Subject to the limitation ~~set forth~~ in paragraph  
 176.31(c), the state shall pay to the MERF division account of the Public Employees Retirement  
 176.32 Association with respect to the former Minneapolis Employees Retirement Fund annually  
 176.33 an amount equal to the amount calculated under paragraph (b).  
 176.34 (b) The payment amount is an amount equal to the financial requirements of the  
 176.35 ~~Minneapolis Employees Retirement Fund~~ MERF division of the Public Employees  
 177.1 Retirement Association reported in the actuarial valuation of the ~~fund~~ general employees  
 177.2 retirement plan of the Public Employees Retirement Association prepared by the actuary  
 177.3 retained under section 356.214 consistent with section 356.215 for the most recent year  
 177.4 but based on a target date for full amortization of the unfunded actuarial accrued liabilities  
 177.5 by June 30, ~~2020~~ 2031, less the amount of employee contributions required under section  
 177.6 ~~422A.10~~ 353.50, subdivision 7, paragraph (b), and the amount of employer contributions  
 177.7 required under ~~subdivisions 1a, 2, and 2a~~ section 353.50, subdivision 7, paragraphs (c)  
 177.8 and (d). Payments ~~shall~~ must be made September 15 annually.  
 177.9 (c) The annual state contribution under this subdivision may not exceed \$9,000,000,  
 177.10 plus the cost of the annual supplemental benefit determined under Minnesota Statutes  
 177.11 2008, section 356.43, through June 30, 2012, and may not exceed \$9,000,000, plus the  
 177.12 cost of the annual supplemental benefit determined under Minnesota Statutes 2008, section  
 177.13 356.43, plus \$15,000,000 annually after June 30, 2012, and until June 30, 2031.  
 177.14 (d) Annually and after June 30, 2012, if the amount determined under paragraph  
 177.15 (b) exceeds \$9,000,000 the applicable maximum amount specified in paragraph (c),  
 177.16 the excess must be allocated to and paid to the fund by the employers identified in  
 177.17 Minnesota Statutes 2008, section 422A.101, subdivisions 1a and, 2, other than units of  
 177.18 metropolitan government and 2a. Each employer's share of the excess is proportionate  
 177.19 to the employer's share of the fund's unfunded actuarial accrued liability as disclosed in  
 177.20 the annual actuarial valuation prepared by the actuary retained under section 356.214  
 177.21 compared to the total unfunded actuarial accrued liability as of July 1, 2009, attributed  
 177.22 to all employers identified in Minnesota Statutes 2008, section 422A.101, subdivisions  
 177.23 1a and 2, other than units of metropolitan government. Payments must be made in equal  
 177.24 installments as set forth in paragraph (b).  
 177.25 (e) State contributions under this section end on September 15, 2031, or on  
 177.26 September 1 following the first date on which the current assets of the MERF division  
 177.27 of the Public Employees Retirement Association equal or exceed the actuarial accrued  
 177.28 liability of the MERF division of the Public Employees Retirement Association,  
 177.29 whichever occurs earlier.

## Difference #7

NO PROVISION

ARTICLE 14  
ONE PERSON/SMALL GROUP PENSION ISSUES

230.16 Sec. 2. TEACHERS RETIREMENT ASSOCIATION; SECOND CHANCE  
230.17 RETIREMENT COVERAGE AUTHORITY FOR IRAP MEMBER.  
230.18 (a) Notwithstanding any provision of Minnesota Statutes, chapter 352, 353, or  
230.19 354B or section 356.551 to the contrary, an eligible person described in paragraph (b) is  
230.20 entitled to elect retirement coverage for Minnesota State Colleges and Universities System  
230.21 employment by the Teachers Retirement Association under Minnesota Statutes, section  
230.22 354B.21, subdivisions 2 and 3, despite the time limitation on the election.  
230.23 (b) An eligible person is a person who:  
230.24 (1) was born on July 19, 1948;  
230.25 (2) was employed by Mankato State University in 1969, with retirement coverage in  
230.26 the general state employees retirement plan of the Minnesota State Retirement System, for  
230.27 which a refund of member contributions and interest was taken before 2007;  
230.28 (3) was employed by the city of Austin in the early 1980s, with retirement coverage  
230.29 in the general employees retirement plan of the Public Employees Retirement Association,  
230.30 for which a refund of member contributions and interest was taken before 2007;  
230.31 (4) is employed by the Minnesota State Colleges and Universities System at  
230.32 Riverland Community College; and  
230.33 (5) had the person's employment position upgraded by the Minnesota State Colleges  
230.34 and Universities System on September 9, 2007, and had retirement coverage transferred  
230.35 by operation of law to the higher education individual retirement account plan.  
231.1 (c) An election to change retirement coverage from the Minnesota State Colleges  
231.2 and Universities System individual retirement account plan to the Teachers Retirement  
231.3 Association must be made by July 1, 2010, and is retroactive to September 9, 2007. If  
231.4 the election is made, Minnesota Statutes, section 356.551, applies to the purchase of  
231.5 past service except for subdivision 1, paragraph (c), of that provision, which requires  
231.6 all refunds to be paid before the service credit purchase. The eligible person's account  
231.7 in the individual retirement account plan must be liquidated by transfer to the Teachers  
231.8 Retirement Association fund by August 1, 2010, and used to cover part of the service  
231.9 credit purchase payment amount. Any remaining payment amount must be paid in a lump  
231.10 sum to the executive director of the Teachers Retirement Association for deposit in the  
231.11 Teachers Retirement Association fund by September 1, 2010. Retroactive service credit  
231.12 in the Teachers Retirement Association must be granted to the eligible person once the  
231.13 transfers and payments required under this paragraph have been made.  
231.14 (d) If an eligible person under paragraph (b) elects Teachers Retirement Association  
231.15 coverage but fails to make the full payment required under paragraph (c), the election of  
231.16 Teachers Retirement Association coverage is voided and the individual retains coverage  
231.17 by the Minnesota State Colleges and Universities System individual retirement account  
231.18 plan. If amounts were transferred under paragraph (c) from the individual retirement  
231.19 account plan, those amounts must be returned to the individual's account or accounts  
231.20 under that plan.  
231.21 **EFFECTIVE DATE.** This section is effective the day following final enactment.

## Difference #8

No Provision

ARTICLE 15  
MISCELLANEOUS PROVISIONS

231.24 Section 1. [352.016] UNIVERSITY OF MINNESOTA EMPLOYEES;  
 231.25 FURLOUGH SERVICE AND SALARY CREDIT.  
 231.26 A furloughed employee of the University of Minnesota who is a member of the  
 231.27 general state employees retirement plan of the Minnesota State Retirement System  
 231.28 may obtain allowable service credit and salary credit for the furlough period. The  
 231.29 allowable service and salary credit authorization under this section is a leave of absence  
 231.30 authorization for purposes of section 352.017 and the purchase payment procedure of  
 231.31 section 352.017, subdivision 2, applies.  
 231.32 EFFECTIVE DATE.This section is effective the day following final enactment.

232.1 Sec. 2. [353.012] UNIVERSITY OF MINNESOTA EMPLOYEES; FURLOUGH  
 232.2 SERVICE AND SALARY CREDIT.  
 232.3 A furloughed employee of the University of Minnesota who is a member of the  
 232.4 public employees police and fire plan may obtain allowable service and salary credit  
 232.5 for the furlough period. The allowable service and salary credit authorization is a leave  
 232.6 of absence authorization for purposes of section 353.0161 and the purchase payment  
 232.7 procedure of section 353.0161, subdivision 2, applies.  
 232.8 EFFECTIVE DATE.This section is effective the day following final enactment.

**Difference #9**

No Provision

ARTICLE 1  
FINANCIAL SUSTAINABILITY PROVISIONS

69.11 Sec. 85. DEFINED CONTRIBUTION PLAN STUDY.  
69.12 A study group consisting of representatives from the various state pension plans  
69.13 shall be convened by the Legislative Commission on Pensions and Retirement to study  
69.14 the amount of time and the manner in which the various state pension plans may be  
69.15 transferred from defined benefit plans to defined contribution plans. Administrative  
69.16 support for the study group shall be provided by the Legislative Commission on Pensions  
69.17 and Retirement and the various state pension plans. The report will be provided no later  
69.18 than January 15, 2011, to the chair and ranking minority caucus member of the senate  
69.19 State and Local Government Operations and Oversight Committee and the chair and  
69.20 ranking minority caucus member of the house State and Local Government Operations  
69.21 Reform, Technology and Elections Committee.