

1.1 **POTENTIAL 2012 OMNIBUS RETIREMENT BILL**

1.2 moves to amend H.F. No. 2199; S.F. No. 1808, as follows:

1.3 Delete everything after the enacting clause and insert:

1.4 **"ARTICLE 1**

1.5 **STATUTORY ACTUARIAL ASSUMPTION AND CONFORMING CHANGES**

1.6 Section 1. Minnesota Statutes 2010, section 3A.03, subdivision 2, is amended to read:

1.7 Subd. 2. **Refund; refund repayment.** (a) A former member who has made
1.8 contributions under subdivision 1 and who is no longer a member of the legislature is
1.9 entitled to receive, upon written application to the executive director on a form prescribed
1.10 by the executive director, a refund from the general fund of all contributions credited to
1.11 the member's account with interest computed as provided in section 352.22, subdivision 2.

1.12 (b) The refund of contributions as provided in paragraph (a) terminates all rights
1.13 of a former member of the legislature and the survivors of the former member under
1.14 this chapter.

1.15 (c) If the former member of the legislature again becomes a member of the legislature
1.16 after having taken a refund as provided in paragraph (a), the member is a member of the
1.17 unclassified employees retirement program of the Minnesota State Retirement System.

1.18 (d) However, the member may reinstate the rights and credit for service previously
1.19 forfeited under this chapter if the member repays all refunds taken, plus interest at ~~an~~
1.20 the applicable annual rate of ~~8.5 percent~~ compounded annually from the date on which
1.21 the refund was taken to the date on which the refund is repaid. The applicable rate is 8.5
1.22 percent for the period before July 1, 2012, and the period after June 30, 2021, and is 8.0
1.23 percent for the period from July 1, 2012, through June 30, 2021.

1.24 (e) No person may be required to apply for or to accept a refund.

1.25 **EFFECTIVE DATE.** This section is effective July 1, 2012.

2.1 Sec. 2. Minnesota Statutes 2010, section 352.01, subdivision 13a, is amended to read:

2.2 Subd. 13a. **Reduced salary during period of workers' compensation.** An
2.3 employee on leave of absence receiving temporary workers' compensation payments and a
2.4 reduced salary or no salary from the employer who is entitled to allowable service credit
2.5 for the period of absence, may make payment to the fund for the difference between salary
2.6 received, if any, and the salary the employee would normally receive if not on leave of
2.7 absence during the period. The employee shall pay an amount equal to the employee and
2.8 employer contribution rate under section 352.04, subdivisions 2 and 3, on the differential
2.9 salary amount for the period of the leave of absence.

2.10 The employing department, at its option, may pay the employer amount on behalf
2.11 of its employees. Payment made under this subdivision must include interest at the
2.12 applicable rate of 8.5 percent per year, and must be completed within one year of the
2.13 return from leave of absence. The applicable rate is 8.5 percent for the period before July
2.14 1, 2012, and the period after June 30, 2021, and is 8.0 percent for the period from July
2.15 1, 2012, through June 30, 2021.

2.16 **EFFECTIVE DATE.** This section is effective July 1, 2012.

2.17 Sec. 3. Minnesota Statutes 2010, section 352.017, subdivision 2, is amended to read:

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

2.23 (b) If payment is received by the executive director within one year from the date the
2.24 employee returned to work following the authorized leave, the payment amount is equal to
2.25 the employee and employer contribution rates specified in law for the applicable plan at
2.26 the end of the leave period multiplied by the employee's hourly rate of salary on the date
2.27 of return from the leave of absence and by the days and months of the leave of absence for
2.28 which the employee is eligible for allowable service credit. The payment must include
2.29 compound interest at a the applicable monthly rate of 0.71 percent from the last day of the
2.30 leave period until the last day of the month in which payment is received. The applicable
2.31 rate is 0.71 percent before July 1, 2012, and the period after June 30, 2021, and is 0.667
2.32 percent for the period from July 1, 2012, through June 30, 2021. If payment is received
2.33 by the executive director after one year, the payment amount is the amount determined
2.34 under section 356.551. Payment under this paragraph must be made before the date of
2.35 termination from public employment covered under this chapter.

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

3.8 **EFFECTIVE DATE.** This section is effective July 1, 2012.

3.9 Sec. 4. Minnesota Statutes 2010, section 352.04, subdivision 8, is amended to read:

3.10 Subd. 8. **Department required to pay omitted salary deductions.** (a) If a
3.11 department fails to take deductions past due for a period of 60 days or less from an
3.12 employee's salary as provided in this section, those deductions must be taken on later
3.13 payroll abstracts.

3.14 (b) If a department fails to take deductions past due for a period in excess of 60
3.15 days from an employee's salary as provided in this section, the department, and not the
3.16 employee, must pay on later payroll abstracts the employee and employer contributions
3.17 and an amount equivalent to ~~8.5~~ the applicable percent of the total amount due in lieu of
3.18 interest, or if the delay in payment exceeds one year, ~~8.5 percent~~ the applicable rate of
3.19 compound annual interest. The applicable percent or rate is 8.5 percent for the period
3.20 before July 1, 2012, and the period after June 30, 2021, and is 8.0 percent for the period
3.21 from July 1, 2012, through June 30, 2021.

3.22 (c) If a department fails to take deductions past due for a period of 60 days or less
3.23 and the employee is no longer in state service so that the required deductions cannot be
3.24 taken from the salary of the employee, the department must nevertheless pay the required
3.25 employer contributions. If any department fails to take deductions past due for a period in
3.26 excess of 60 days and the employee is no longer in state service, the omitted contributions
3.27 must be recovered under paragraph (b).

3.28 (d) If an employee from whose salary required deductions were past due for a period
3.29 of 60 days or less leaves state service before the payment of the omitted deductions and
3.30 subsequently returns to state service, the unpaid amount is considered the equivalent of a
3.31 refund. The employee accrues no right by reason of the unpaid amount, except that the
3.32 employee may pay the amount of omitted deductions as provided in section 352.23.

3.33 **EFFECTIVE DATE.** This section is effective July 1, 2012.

4.1 Sec. 5. Minnesota Statutes 2010, section 352.04, subdivision 9, is amended to read:

4.2 Subd. 9. **Erroneous deductions, canceled warrants.** (a) Deductions taken from
4.3 the salary of an employee for the retirement fund in excess of required amounts must,
4.4 upon discovery and verification by the department making the deduction, be refunded to
4.5 the employee.

4.6 (b) If a deduction for the retirement fund is taken from a salary warrant or check,
4.7 and the check is canceled or the amount of the warrant or check returned to the funds of
4.8 the department making the payment, the sum deducted, or the part of it required to adjust
4.9 the deductions, must be refunded to the department or institution if the department applies
4.10 for the refund on a form furnished by the director. The department's payments must
4.11 likewise be refunded to the department.

4.12 (c) If erroneous employee deductions and employer contributions are caused by an
4.13 error in plan coverage involving the plan and any other plans specified in section 356.99,
4.14 that section applies. If the employee should have been covered by the plan governed by
4.15 chapter 352D, 353D, 354B, or 354D, the employee deductions and employer contributions
4.16 taken in error must be directly transferred to the applicable employee's account in the
4.17 correct retirement plan, with interest at the applicable monthly rate of 0.71 percent per
4.18 month, compounded annually, from the first day of the month following the month in
4.19 which coverage should have commenced in the correct defined contribution plan until
4.20 the end of the month in which the transfer occurs. The applicable rate is 0.71 percent per
4.21 month before July 1, 2012, and the period after June 30, 2021, and is 0.667 percent per
4.22 month for the period from July 1, 2012, through June 30, 2021.

4.23 **EFFECTIVE DATE.** This section is effective July 1, 2012.

4.24 Sec. 6. Minnesota Statutes 2010, section 352.23, is amended to read:

4.25 **352.23 TERMINATION OF RIGHTS.**

4.26 When any employee accepts a refund as provided in section 352.22, all existing
4.27 service credits and all rights and benefits to which the employee was entitled before
4.28 accepting the refund terminate. They must not again be restored until the former employee
4.29 acquires at least six months of allowable service credit after taking the last refund. In that
4.30 event, the employee may repay all refunds previously taken from the retirement fund.
4.31 Repayment of refunds entitles the employee only to credit for service covered by (1)
4.32 salary deductions; (2) payments made in lieu of salary deductions; (3) payments made
4.33 to obtain credit for service as permitted by laws in effect when payment was made; and
4.34 (4) allowable service once credited while receiving temporary workers' compensation as

5.1 provided in section 352.01, subdivision 11, clause (5). Payments under this section for
5.2 repayment of refunds are to be paid with interest at ~~an~~ the applicable annual rate of 8.5
5.3 ~~percent~~ compounded annually. The applicable annual rate is 8.5 percent before July 1,
5.4 2012, and the period after June 30, 2021, and is 8.0 percent for the period from July 1,
5.5 2012, through June 30, 2021. They may be paid in a lump sum or by payroll deduction
5.6 in the manner provided in section 352.04. Payment may be made in a lump sum up to
5.7 six months after termination from service.

5.8 **EFFECTIVE DATE.** This section is effective July 1, 2012.

5.9 Sec. 7. Minnesota Statutes 2010, section 352.27, is amended to read:

5.10 **352.27 CREDIT FOR BREAK IN SERVICE TO PROVIDE UNIFORMED**
5.11 **SERVICE.**

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

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

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

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

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

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

6.16 (g) The employing unit shall pay interest on all equivalent employee and employer
6.17 contribution amounts payable under this section. Interest must be computed at ~~a~~ the
6.18 applicable rate of 8.5 percent compounded annually from the end of each fiscal year of the
6.19 leave or the break in service to the end of the month in which the payment is received. The
6.20 applicable rate is 8.5 percent for the period before July 1, 2012, and the period after June
6.21 30, 2021, and is 8.0 percent for the period from July 1, 2012, through June 30, 2021.

6.22 **EFFECTIVE DATE.** This section is effective July 1, 2012.

6.23 Sec. 8. Minnesota Statutes 2010, section 352.271, is amended to read:

6.24 **352.271 METROPOLITAN TRANSIT COMMISSION-TRANSIT**
6.25 **OPERATING DIVISION EMPLOYEES; CREDIT FOR MILITARY SERVICE.**

6.26 Any employee of the Metropolitan Transit Commission Operating Division who
6.27 was on a leave of absence to enter military service on July 1, 1978, who has not taken a
6.28 refund of employee contributions as authorized by article 12 of the Metropolitan Transit
6.29 Commission-Transit Operating Division employees retirement fund document or section
6.30 352.22, subdivision 2a, and who returns to service as an employee of the Metropolitan
6.31 Transit Commission-Transit Operating Division upon discharge from military service
6.32 as provided in section 192.262 is entitled to allowable service credit for the period of
6.33 military service. If an employee has taken a refund of employee contributions, and would
6.34 otherwise be entitled to allowable service credit under this section, the employee is

7.1 entitled to allowable service credit for the period of military service upon repayment to the
7.2 executive director of the system of the amount refunded plus interest at ~~an~~ the applicable
7.3 annual rate of 8.5 percent compounded annually from the date on which the refund was
7.4 taken to the date of repayment. No employee is entitled to allowable service credit for any
7.5 voluntary extensions of military service at the instance of the employee beyond any initial
7.6 period of enlistment, induction, or call to active duty. The applicable rate is 8.5 percent
7.7 for the period before July 1, 2012, and the period after June 30, 2021, and is 8.0 percent
7.8 for the period from July 1, 2012, through June 30, 2021.

7.9 **EFFECTIVE DATE.** This section is effective July 1, 2012.

7.10 Sec. 9. Minnesota Statutes 2010, section 352.955, subdivision 2, is amended to read:

7.11 Subd. 2. **Payment of additional equivalent contributions; pre-July 1, 2007,**
7.12 **coverage transfers.** (a) An eligible employee who was transferred to plan coverage
7.13 before July 1, 2007, and who elects to transfer past service credit under this section must
7.14 pay an additional member contribution for that prior service period. The additional
7.15 member contribution is the difference between the member contribution rate or rates for
7.16 the general state employees retirement plan of the Minnesota State Retirement System
7.17 for the period of employment covered by the service credit to be transferred and the
7.18 member contribution rate or rates for the correctional state employees retirement plan for
7.19 the period of employment covered by the service credit to be transferred, plus annual
7.20 compound interest at the rate of 8.5 percent.

7.21 (b) The additional equivalent member contribution under this subdivision must be
7.22 paid in a lump sum. Payment must accompany the election to transfer the prior service
7.23 credit. No transfer election or additional equivalent member contribution payment may be
7.24 made by a person or accepted by the executive director after January 1, 2008, or the date
7.25 on which the eligible employee terminates state employment, whichever is earlier.

7.26 (c) If an eligible employee elects to transfer past service credit under this section
7.27 and pays the additional equivalent member contribution amount under paragraphs (a) and
7.28 (b), the applicable department shall pay an additional equivalent employer contribution
7.29 amount. The additional employer contribution is the difference between the employer
7.30 contribution rate or rates for the general state employees retirement plan for the period of
7.31 employment covered by the service credit to be transferred and the employer contribution
7.32 rate or rates for the correctional state employees retirement plan for the period of
7.33 employment covered by the service credit to be transferred, plus annual compound interest
7.34 at the applicable rate of 8.5 percent. The applicable rate is 8.5 percent for the period

8.1 before July 1, 2012, and the period after June 30, 2021, and is 8.0 percent for the period
8.2 from July 1, 2012, through June 30, 2021.

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

8.7 **EFFECTIVE DATE.** This section is effective July 1, 2012.

8.8 Sec. 10. Minnesota Statutes 2010, section 352.955, subdivision 3, is amended to read:

8.9 Subd. 3. **Payment of additional equivalent contributions; post-June 30, 2007,**
8.10 **coverage transfers.** (a) An eligible employee who is transferred to plan coverage after
8.11 June 30, 2007, and who elects to transfer past service credit under this section must pay
8.12 an additional member contribution for that prior service period. The additional member
8.13 contribution is the amount computed under paragraph (b), plus the greater of the amount
8.14 computed under paragraph (c), or 40 percent of the unfunded actuarial accrued liability
8.15 attributable to the past service credit transfer.

8.16 (b) The executive director shall compute, for the most recent 12 months of service
8.17 credit eligible for transfer, or for the entire period eligible for transfer if less than 12
8.18 months, the difference between the employee contribution rate or rates for the general state
8.19 employees retirement plan and the employee contribution rate or rates for the correctional
8.20 state employees retirement plan applied to the eligible employee's salary during that
8.21 transfer period, plus compound interest at a monthly rate of 0.71 percent.

8.22 (c) The executive director shall compute, for any service credit being transferred
8.23 on behalf of the eligible employee and not included under paragraph (b), the difference
8.24 between the employee contribution rate or rates for the general state employees retirement
8.25 plan and the employee contribution rate or rates for the correctional state employees
8.26 retirement plan applied to the eligible employee's salary during that transfer period, plus
8.27 compound interest at ~~a the applicable monthly rate of 0.71 percent.~~ The applicable rate is
8.28 0.71 percent before July 1, 2012, and the period after June 30, 2021, and is 0.667 percent
8.29 for the period from July 1, 2012, through June 30, 2021.

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

8.34 (e) The executive director shall compute an amount using the process specified in
8.35 paragraph (c), but based on differences in employer contribution rates between the general

9.1 state employees retirement plan and the correctional state employees retirement plan
9.2 rather than employee contribution rates.

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

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

9.15 (h) The unfunded actuarial accrued liability attributable to the past service credit
9.16 transfer is the present value of the benefit obtained by the transfer of the service credit
9.17 to the correctional state employees retirement plan reduced by the amount of the asset
9.18 transfer under subdivision 4, by the amount of the member contribution equivalent
9.19 payment computed under paragraph (b), and by the amount of the employer contribution
9.20 equivalent payment computed under paragraph (d).

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

9.25 **EFFECTIVE DATE.** This section is effective July 1, 2012.

9.26 Sec. 11. Minnesota Statutes 2010, section 352B.013, subdivision 2, is amended to read:

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

9.32 (b) If payment is received by the executive director within one year from the date
9.33 the employee returned to work following the authorized leave, the payment amount is
9.34 equal to the employee and employer contribution rates specified in section 352B.02 at the
9.35 end of the leave period multiplied by the employee's hourly rate of salary on the date of

10.1 return from the leave of absence and by the days and months of the leave of absence for
10.2 which the employee is eligible for allowable service credit. The payment must include
10.3 compound interest at ~~a~~ the applicable monthly rate of 0.71 percent from the last day of the
10.4 leave period until the last day of the month in which payment is received. The applicable
10.5 monthly rate is 0.71 percent before July 1, 2012, and the period after June 30, 2021, and
10.6 is 0.667 percent for the period from July 1, 2012, through June 30, 2021. If payment is
10.7 received by the executive director after one year from the date the employee returned to
10.8 work following the authorized leave, the payment amount is the amount determined
10.9 under section 356.551. Payment under this paragraph must be made before the date of
10.10 termination from public employment covered under this chapter.

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

10.18 **EFFECTIVE DATE.** This section is effective July 1, 2012.

10.19 Sec. 12. Minnesota Statutes 2010, section 352B.085, is amended to read:

10.20 **352B.085 SERVICE CREDIT FOR CERTAIN DISABILITY LEAVES OF**
10.21 **ABSENCE.**

10.22 A member on leave of absence receiving temporary workers' compensation
10.23 payments and a reduced salary or no salary from the employer who is entitled to allowable
10.24 service credit for the period of absence under section 352B.011, subdivision 3, paragraph
10.25 (b), may make payment to the fund for the difference between salary received, if any,
10.26 and the salary that the member would normally receive if the member was not on leave
10.27 of absence during the period. The member shall pay an amount equal to the member
10.28 and employer contribution rate under section 352B.02, subdivisions 1b and 1c, on
10.29 the differential salary amount for the period of the leave of absence. The employing
10.30 department, at its option, may pay the employer amount on behalf of the member.
10.31 Payment made under this subdivision must include interest at the applicable rate of 8.5
10.32 percent per year, and must be completed within one year of the member's return from the
10.33 leave of absence. The applicable rate is 8.5 percent annually for the period before July

11.1 1, 2012, and the period after June 30, 2021, and is 8.0 percent annually for the period
11.2 from July 1, 2012, through June 30, 2021.

11.3 **EFFECTIVE DATE.** This section is effective July 1, 2012.

11.4 Sec. 13. Minnesota Statutes 2010, section 352B.086, is amended to read:

11.5 **352B.086 SERVICE CREDIT FOR UNIFORMED SERVICE.**

11.6 (a) A member who is absent from employment by reason of service in the uniformed
11.7 services, as defined in United States Code, title 38, section 4303(13), and who returns to
11.8 state employment in a position covered by the plan upon discharge from service in the
11.9 uniformed services within the time frame required in United States Code, title 38, section
11.10 4312(e), may obtain service credit for the period of the uniformed service, provided that
11.11 the member did not separate from uniformed service with a dishonorable or bad conduct
11.12 discharge or under other than honorable conditions.

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

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

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

11.32 (e) To receive allowable service credit under this section, the contributions specified
11.33 in this section must be transmitted to the fund during the period which begins with the
11.34 date on which the individual returns to state employment covered by the plan and which

12.1 has a duration of three times the length of the uniformed service period, but not to exceed
12.2 five years. If the determined payment period is calculated to be less than one year, the
12.3 contributions required under this section to receive service credit must be transmitted to
12.4 the fund within one year from the discharge date.

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

12.8 (g) The employing unit shall pay interest on all equivalent member and employer
12.9 contribution amounts payable under this section. Interest must be computed at ~~a~~ the
12.10 applicable rate of 8.5 percent compounded annually from the end of each fiscal year of
12.11 the leave or break in service to the end of the month in which payment is received. The
12.12 applicable rate is 8.5 percent annually for the period before July 1, 2012, and the period
12.13 after June 30, 2021, and is 8.0 percent annually for the period from July 1, 2012, through
12.14 June 30, 2021.

12.15 **EFFECTIVE DATE.** This section is effective July 1, 2012.

12.16 Sec. 14. Minnesota Statutes 2010, section 352B.11, subdivision 4, is amended to read:

12.17 Subd. 4. **Reentry into state service.** When a former member, who has become
12.18 separated from state service that entitled the member to membership and has received a
12.19 refund of retirement payments, reenters the state service in a position that entitles the
12.20 member to membership, that member shall receive credit for the period of prior allowable
12.21 state service if the member repays into the fund the amount of the refund, plus interest on
12.22 it at ~~an~~ the applicable annual rate of ~~8.5 percent~~ compounded annually, at any time before
12.23 subsequent retirement. The applicable annual rate is 8.5 percent for the period before July
12.24 1, 2012, and the period after June 30, 2021, and is 8.0 percent for the period from July 1,
12.25 2012, through June 30, 2021. Repayment may be made in installments or in a lump sum.

12.26 **EFFECTIVE DATE.** This section is effective July 1, 2012.

12.27 Sec. 15. Minnesota Statutes 2010, section 352D.05, subdivision 4, is amended to read:

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

12.30 (b) A participant in the unclassified program or an employee covered by the general
12.31 employees retirement plan who has withdrawn the value of the total shares may repay
12.32 the refund taken and thereupon restore the service credit, rights and benefits forfeited by
12.33 paying into the fund the amount refunded plus interest at ~~an~~ the applicable annual rate

13.1 ~~of 8.5 percent~~ compounded annually from the date that the refund was taken until the date
13.2 that the refund is repaid. The applicable annual rate is 8.5 percent for the period before
13.3 July 1, 2012, and the period after June 30, 2021, and is 8.0 percent for the period from
13.4 July 1, 2012, through June 30, 2021. If the participant had withdrawn only the employee
13.5 shares as permitted under prior laws, repayment must be pro rata.

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

13.8 **EFFECTIVE DATE.** This section is effective July 1, 2012.

13.9 Sec. 16. Minnesota Statutes 2010, section 352D.11, subdivision 2, is amended to read:

13.10 Subd. 2. **Payments by employee.** An employee entitled to purchase service credit
13.11 may make the purchase by paying to the state retirement system an amount equal to
13.12 the current employee contribution rate in effect for the state retirement system applied
13.13 to the current or final salary rate multiplied by the months and days of prior temporary,
13.14 intermittent, or contract legislative service. Payment shall be made in one lump sum
13.15 unless the executive director of the state retirement system agrees to accept payment in
13.16 installments over a period of not more than three years from the date of the agreement.
13.17 Installment payments shall be charged interest at ~~an~~ the applicable annual rate ~~of 8.5~~
13.18 ~~percent~~ compounded annually. The applicable annual rate is 8.5 percent for the period
13.19 before July 1, 2012, and the period after June 30, 2021, and is 8.0 percent for the period
13.20 from July 1, 2012, through June 30, 2021.

13.21 **EFFECTIVE DATE.** This section is effective July 1, 2012.

13.22 Sec. 17. Minnesota Statutes 2010, section 352D.12, is amended to read:

13.23 **352D.12 TRANSFER OF PRIOR SERVICE CONTRIBUTIONS.**

13.24 (a) An employee who is a participant in the unclassified program and who has prior
13.25 service credit in a covered plan under chapter 352, 353, 354, 354A, or 422A may, within
13.26 the time limits specified in this section, elect to transfer to the unclassified program prior
13.27 service contributions to one or more of those plans.

13.28 (b) For participants with prior service credit in a plan governed by chapter 352, 353,
13.29 354, 354A, or 422A, "prior service contributions" means the accumulated employee and
13.30 equal employer contributions with interest at ~~an~~ the applicable annual rate ~~of 8.5 percent~~
13.31 compounded annually, based on fiscal year balances.

13.32 (c) If a participant has taken a refund from a retirement plan listed in this section,
13.33 the participant may repay the refund to that plan, notwithstanding any restrictions on

14.1 repayment to that plan, plus 8.5 percent interest compounded annually and have the
14.2 accumulated employee and equal employer contributions transferred to the unclassified
14.3 program with interest at ~~an~~ the applicable annual rate of 8.5 percent compounded annually
14.4 based on fiscal year balances. If a person repays a refund and subsequently elects to have
14.5 the money transferred to the unclassified program, the repayment amount, including
14.6 interest, is added to the fiscal year balance in the year which the repayment was made.

14.7 (d) A participant electing to transfer prior service contributions credited to a
14.8 retirement plan governed by chapter 352, 353, 354, 354A, or 422A as provided under this
14.9 section must complete a written application for the transfer and repay any refund within
14.10 one year of the commencement of the employee's participation in the unclassified program.

14.11 (e) The applicable annual rate is 8.5 percent for the period before July 1, 2012,
14.12 and the period after June 30, 2021, and is 8.0 percent for the period from July 1, 2012,
14.13 through June 30, 2021.

14.14 **EFFECTIVE DATE.** This section is effective July 1, 2012.

14.15 Sec. 18. Minnesota Statutes 2011 Supplement, section 353.01, subdivision 16, is
14.16 amended to read:

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

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

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

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

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

14.29 (5) a period of authorized personal, parental, or medical leave of absence without
14.30 pay, including a leave of absence covered under the federal Family Medical Leave Act,
14.31 that does not exceed one year, and for which a member obtained service credit for each
14.32 month in the leave period by payment under section 353.0161 to the fund made in place of
14.33 salary deductions. An employee must return to public service and render a minimum of
14.34 three months of allowable service in order to be eligible to make payment under section

15.1 353.0161 for a subsequent authorized leave of absence without pay. Upon payment, the
15.2 employee must be granted allowable service credit for the purchased period;

15.3 (6) a periodic, repetitive leave that is offered to all employees of a governmental
15.4 subdivision. The leave program may not exceed 208 hours per annual normal work cycle
15.5 as certified to the association by the employer. A participating member obtains service
15.6 credit by making employee contributions in an amount or amounts based on the member's
15.7 average salary, excluding overtime pay, that would have been paid if the leave had not
15.8 been taken. The employer shall pay the employer and additional employer contributions
15.9 on behalf of the participating member. The employee and the employer are responsible
15.10 to pay interest on their respective shares at the applicable rate of 8.5 percent a year,
15.11 compounded annually, from the end of the normal cycle until full payment is made. An
15.12 employer shall also make the employer and additional employer contributions, plus ~~8.5~~
15.13 ~~percent~~ the applicable rate of interest, compounded annually, on behalf of an employee
15.14 who makes employee contributions but terminates public service. The applicable rate is
15.15 8.5 percent annually for the period before July 1, 2012, and the period after June 30, 2021,
15.16 and is 8.0 percent annually for the period from July 1, 2012, through June 30, 2021. The
15.17 employee contributions must be made within one year after the end of the annual normal
15.18 working cycle or within 30 days after termination of public service, whichever is sooner.
15.19 The executive director shall prescribe the manner and forms to be used by a governmental
15.20 subdivision in administering a periodic, repetitive leave. Upon payment, the member must
15.21 be granted allowable service credit for the purchased period;

15.22 (7) an authorized temporary or seasonal layoff under subdivision 12, limited to three
15.23 months allowable service per authorized temporary or seasonal layoff in one calendar year.
15.24 An employee who has received the maximum service credit allowed for an authorized
15.25 temporary or seasonal layoff must return to public service and must obtain a minimum of
15.26 three months of allowable service subsequent to the layoff in order to receive allowable
15.27 service for a subsequent authorized temporary or seasonal layoff;

15.28 (8) a period during which a member is absent from employment by a governmental
15.29 subdivision by reason of service in the uniformed services, as defined in United States
15.30 Code, title 38, section 4303(13), if the member returns to public service with the same
15.31 governmental subdivision upon discharge from service in the uniformed service within the
15.32 time frames required under United States Code, title 38, section 4312(e), provided that
15.33 the member did not separate from uniformed service with a dishonorable or bad conduct
15.34 discharge or under other than honorable conditions. The service must be credited if the
15.35 member pays into the fund equivalent employee contributions based upon the contribution
15.36 rate or rates in effect at the time that the uniformed service was performed multiplied

16.1 by the full and fractional years being purchased and applied to the annual salary rate.
16.2 The annual salary rate is the average annual salary, excluding overtime pay, during the
16.3 purchase period that the member would have received if the member had continued to
16.4 be employed in covered employment rather than to provide uniformed service, or, if
16.5 the determination of that rate is not reasonably certain, the annual salary rate is the
16.6 member's average salary rate, excluding overtime pay, during the 12-month period of
16.7 covered employment rendered immediately preceding the period of the uniformed service.
16.8 Payment of the member equivalent contributions must be made during a period that begins
16.9 with the date on which the individual returns to public employment and that is three times
16.10 the length of the military leave period, or within five years of the date of discharge from
16.11 the military service, whichever is less. If the determined payment period is less than
16.12 one year, the contributions required under this clause to receive service credit may be
16.13 made within one year of the discharge date. Payment may not be accepted following 30
16.14 days after termination of public service under subdivision 11a. If the member equivalent
16.15 contributions provided for in this clause are not paid in full, the member's allowable
16.16 service credit must be prorated by multiplying the full and fractional number of years of
16.17 uniformed service eligible for purchase by the ratio obtained by dividing the total member
16.18 contributions received by the total member contributions otherwise required under this
16.19 clause. The equivalent employer contribution, and, if applicable, the equivalent additional
16.20 employer contribution must be paid by the governmental subdivision employing the
16.21 member if the member makes the equivalent employee contributions. The employer
16.22 payments must be made from funds available to the employing unit, using the employer
16.23 and additional employer contribution rate or rates in effect at the time that the uniformed
16.24 service was performed, applied to the same annual salary rate or rates used to compute the
16.25 equivalent member contribution. The governmental subdivision involved may appropriate
16.26 money for those payments. The amount of service credit obtainable under this section
16.27 may not exceed five years unless a longer purchase period is required under United States
16.28 Code, title 38, section 4312. The employing unit shall pay interest on all equivalent
16.29 member and employer contribution amounts payable under this clause. Interest must be
16.30 computed at ~~a the applicable rate of 8.5 percent~~ compounded annually from the end of
16.31 each fiscal year of the leave or the break in service to the end of the month in which the
16.32 payment is received. The applicable rate is 8.5 percent annually for the period before July
16.33 1, 2012, and the period after June 30, 2021, and is 8.0 percent annually for the period
16.34 from July 1, 2012, through June 30, 2021. Upon payment, the employee must be granted
16.35 allowable service credit for the purchased period; or
16.36 (9) a period specified under subdivision 40.

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

17.6 (c) For a public employee who has prior service covered by a local police or
17.7 firefighters relief association that has consolidated with the Public Employees Retirement
17.8 Association under chapter 353A or to which section 353.665 applies, and who has
17.9 elected the type of benefit coverage provided by the public employees police and fire
17.10 fund either under section 353A.08 following the consolidation or under section 353.665,
17.11 subdivision 4, "allowable service" is a period of service credited by the local police or
17.12 firefighters relief association as of the effective date of the consolidation based on law
17.13 and on bylaw provisions governing the relief association on the date of the initiation
17.14 of the consolidation procedure.

17.15 (d) No member may receive more than 12 months of allowable service credit in a
17.16 year either for vesting purposes or for benefit calculation purposes. For an active member
17.17 who was an active member of the former Minneapolis Firefighters Relief Association on
17.18 the day prior to the effective date of consolidation under Laws 2011, First Special Session
17.19 chapter 8, article 6, section 19, "allowable service" is the period of service credited by
17.20 the Minneapolis Firefighters Relief Association as reflected in the transferred records of
17.21 the association up to the effective date of consolidation under Laws 2011, First Special
17.22 Session chapter 8, article 6, section 19, and the period of service credited under paragraph
17.23 (a), clause (1), after the effective date of consolidation under Laws 2011, First Special
17.24 Session chapter 8, article 6, section 19. For an active member who was an active member
17.25 of the former Minneapolis Police Relief Association on the day prior to the effective date
17.26 of consolidation under Laws 2011, First Special Session chapter 8, article 7, section 19,
17.27 "allowable service" is the period of service credited by the Minneapolis Police Relief
17.28 Association as reflected in the transferred records of the association up to the effective date
17.29 of consolidation under Laws 2011, First Special Session chapter 8, article 7, section 19,
17.30 and the period of service credited under paragraph (a), clause (1), after the effective date
17.31 of consolidation under Laws 2011, First Special Session chapter 8, article 7, section 19.

17.32 (e) MS 2002 [Expired]

17.33 **EFFECTIVE DATE.** This section is effective July 1, 2012.

17.34 Sec. 19. Minnesota Statutes 2010, section 353.0161, subdivision 2, is amended to read:

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

18.6 (b) If payment is received by the executive director within one year from the date
18.7 the member returned to work following the authorized leave, or within 30 days after the
18.8 date of termination of public service if the member did not return to work, the payment
18.9 amount is equal to the employee and employer contribution rates specified in law for
18.10 the applicable plan at the end of the leave period, or at termination of public service,
18.11 whichever is earlier, multiplied by the employee's average monthly salary, excluding
18.12 overtime, upon which deductions were paid during the six months, or portion thereof,
18.13 before the commencement of the leave of absence and by the number of months of the
18.14 leave of absence for which the employee wants allowable service credit. Payments
18.15 made under this paragraph must include compound interest at ~~a~~ the applicable monthly
18.16 ~~rate of 0.71 percent~~ from the last day of the leave period until the last day of the month
18.17 in which payment is received. The applicable rate is 0.71 percent monthly before July
18.18 1, 2012, and the period after June 30, 2021, and is 0.667 percent monthly for the period
18.19 from July 1, 2012, through June 30, 2021.

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

18.24 **EFFECTIVE DATE.** This section is effective July 1, 2012.

18.25 Sec. 20. Minnesota Statutes 2010, section 353.0162, is amended to read:

18.26 **353.0162 REDUCED SALARY PERIODS SALARY CREDIT PURCHASE.**

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

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

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

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

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

19.3 (c) The differential salary amount is the difference between the average monthly
19.4 salary received by the member during the period of reduced salary under this section and
19.5 the average monthly salary of the member, excluding overtime, on which contributions
19.6 to the applicable plan were made during the period of the last six months of covered
19.7 employment occurring immediately before the period of reduced salary, applied to the
19.8 member's normal employment period, measured in hours or otherwise, as applicable.

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

19.10 (1) the applicable employee contribution rate under section 353.27, subdivision
19.11 2; 353.65, subdivision 2; or 353E.03, subdivision 1, as applicable, multiplied by the
19.12 differential salary amount;

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

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

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

19.22 (f) Payment under this section must include interest on the contribution amount or
19.23 amounts, whichever applies, at ~~an 8.5 percent~~ the applicable annual rate, prorated for
19.24 applicable months from the date on which the period of reduced salary specified under
19.25 this section terminates to the date on which the payment or payments are received by
19.26 the executive director. The applicable annual rate is 8.5 percent for the period before
19.27 July 1, 2012, and the period after June 30, 2021, and is 8.0 percent for the period from
19.28 July 1, 2012, through June 30, 2021. Payment under this section must be completed
19.29 within the earlier of 30 days from termination of public service by the employee under
19.30 section 353.01, subdivision 11a, or one year after the termination of the period specified
19.31 in paragraph (b), as further restricted under this section.

19.32 (g) The period for which additional allowable salary credit may be purchased is
19.33 limited to the period during which the person receives temporary workers' compensation
19.34 payments or for those business years in which the governmental subdivision offers or
19.35 mandates a budget or salary savings program, as certified to the executive director by a
19.36 resolution of the governing body of the governmental subdivision. For an authorized

20.1 medical leave of absence, the period for which allowable salary credit may be purchased
20.2 may not exceed 12 consecutive months of authorized medical leave.

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

20.6 **EFFECTIVE DATE.** This section is effective July 1, 2012.

20.7 Sec. 21. Minnesota Statutes 2010, section 353.27, subdivision 7a, is amended to read:

20.8 Subd. 7a. **Deductions or contributions transmitted by error.** (a) If employee
20.9 deductions and employer contributions under this section, section 353.50, 353.65, or
20.10 353E.03 were erroneously transmitted to the association, but should have been transmitted
20.11 to a plan covered by chapter 352D, 353D, 354B, or 354D, the executive director shall
20.12 transfer the erroneous employee deductions and employer contributions to the appropriate
20.13 retirement fund or individual account, as applicable. The time limitations specified in
20.14 subdivisions 7 and 12 do not apply. The transfer to the applicable defined contribution
20.15 plan account must include interest at the applicable rate of 0.71 percent per month,
20.16 compounded annually, from the first day of the month following the month in which
20.17 coverage should have commenced in the defined contribution plan until the end of the
20.18 month in which the transfer occurs. The applicable rate is 0.71 percent before July 1,
20.19 2012, and the period after June 30, 2021, and is 0.667 percent for the period from July
20.20 1, 2012, through June 30, 2021.

20.21 (b) A potential transfer under paragraph (a) that is reasonably determined to cause
20.22 the plan to fail to be a qualified plan under section 401(a) of the federal Internal Revenue
20.23 Code, as amended, must not be made by the executive director of the association. Within
20.24 30 days after being notified by the Public Employees Retirement Association of an
20.25 unmade potential transfer under this paragraph, the employer of the affected person
20.26 must transmit an amount representing the applicable salary deductions and employer
20.27 contributions, without interest, to the retirement fund of the appropriate Minnesota public
20.28 pension plan, or to the applicable individual account if the proper coverage is by a defined
20.29 contribution plan. The association must provide the employing unit a credit for the amount
20.30 of the erroneous salary deductions and employer contributions against future contributions
20.31 from the employer. If the employing unit receives a credit under this paragraph, the
20.32 employing unit is responsible for refunding to the applicable employee any amount that
20.33 had been erroneously deducted from the person's salary.

21.1 (c) If erroneous employee deductions and employer contributions reflect a plan
21.2 coverage error involving any Public Employees Retirement Association plan specified in
21.3 section 356.99 and any other plan specified in that section, section 356.99 applies.

21.4 **EFFECTIVE DATE.** This section is effective July 1, 2012.

21.5 Sec. 22. Minnesota Statutes 2010, section 353.27, subdivision 12, is amended to read:

21.6 Subd. 12. **Omitted salary deductions; obligations.** (a) In the case of omission
21.7 of required deductions for the general employees retirement plan, the public employees
21.8 police and fire retirement plan, or the local government correctional employees retirement
21.9 plan from the salary of an employee, the department head or designee shall immediately,
21.10 upon discovery, report the employee for membership and deduct the employee deductions
21.11 under subdivision 4 during the current pay period or during the pay period immediately
21.12 following the discovery of the omission. Payment for the omitted obligations may only be
21.13 made in accordance with reporting procedures and methods established by the executive
21.14 director.

21.15 (b) When the entire omission period of an employee does not exceed 60 days, the
21.16 governmental subdivision may report and submit payment of the omitted employee
21.17 deductions and the omitted employer contributions through the reporting processes under
21.18 subdivision 4.

21.19 (c) When the omission period of an employee exceeds 60 days, the governmental
21.20 subdivision shall furnish to the association sufficient data and documentation upon which
21.21 the obligation for omitted employee and employer contributions can be calculated.
21.22 The omitted employee deductions must be deducted from the employee's subsequent
21.23 salary payment or payments and remitted to the association for deposit in the applicable
21.24 retirement fund. The employee shall pay omitted employee deductions due for the 60
21.25 days prior to the end of the last pay period in the omission period during which salary
21.26 was earned. The employer shall pay any remaining omitted employee deductions and any
21.27 omitted employer contributions, plus cumulative interest at ~~an~~ the applicable annual
21.28 rate of ~~8.5 percent~~ compounded annually, from the date or dates each omitted employee
21.29 contribution was first payable.

21.30 (d) An employer shall not hold an employee liable for omitted employee deductions
21.31 beyond the pay period dates under paragraph (c), nor attempt to recover from the employee
21.32 those employee deductions paid by the employer on behalf of the employee. Omitted
21.33 deductions due under paragraph (c) which are not paid by the employee constitute a
21.34 liability of the employer that failed to deduct the omitted deductions from the employee's
21.35 salary. The employer shall make payment with interest at ~~an~~ the applicable annual rate

22.1 ~~of 8.5 percent~~ compounded annually. Omitted employee deductions are no longer due
22.2 if an employee terminates public service before making payment of omitted employee
22.3 deductions to the association, but the employer remains liable to pay omitted employer
22.4 contributions plus interest at an annual rate of 8.5 percent compounded annually from the
22.5 date the contributions were first payable.

22.6 (e) The association may not commence action for the recovery of omitted employee
22.7 deductions and employer contributions after the expiration of three calendar years after
22.8 the calendar year in which the contributions and deductions were omitted. Except as
22.9 provided under paragraph (b), no payment may be made or accepted unless the association
22.10 has already commenced action for recovery of omitted deductions. An action for recovery
22.11 commences on the date of the mailing of any written correspondence from the association
22.12 requesting information from the governmental subdivision upon which to determine
22.13 whether or not omitted deductions occurred.

22.14 (f) The applicable annual rate is 8.5 percent for the period before July 1, 2012,
22.15 and the period after June 30, 2021, and is 8.0 percent for the period from July 1, 2012,
22.16 through June 30, 2021.

22.17 **EFFECTIVE DATE.** This section is effective July 1, 2012.

22.18 Sec. 23. Minnesota Statutes 2010, section 353.27, subdivision 12a, is amended to read:

22.19 Subd. 12a. **Terminated employees: omitted deductions.** A terminated employee
22.20 who was a member of the general employees retirement plan of the Public Employees
22.21 Retirement Association, the public employees police and fire retirement plan, or the local
22.22 government correctional employees retirement plan and who has a period of employment
22.23 in which previously omitted employer contributions were made under subdivision 12
22.24 but for whom no, or only partial, omitted employee contributions have been made, or a
22.25 member who had prior coverage in the association for which previously omitted employer
22.26 contributions were made under subdivision 12 but who terminated service before required
22.27 omitted employee deductions could be withheld from salary, may pay the omitted
22.28 employee deductions for the period on which omitted employer contributions were
22.29 previously paid plus interest at ~~an~~ the applicable annual rate of 8.5 percent compounded
22.30 annually. The applicable annual rate is 8.5 percent for the period before July 1, 2012, and
22.31 the period after June 30, 2021, and is 8.0 percent for the period from July 1, 2012, through
22.32 June 30, 2021. A terminated employee may pay the omitted employee deductions plus
22.33 interest within six months of an initial notification from the association of eligibility
22.34 to pay those omitted deductions. If a terminated employee is reemployed in a position
22.35 covered under a public pension fund under section 356.30, subdivision 3, and elects to

23.1 pay omitted employee deductions, payment must be made no later than six months after a
23.2 subsequent termination of public service.

23.3 **EFFECTIVE DATE.** This section is effective July 1, 2012.

23.4 Sec. 24. Minnesota Statutes 2010, section 353.28, subdivision 5, is amended to read:

23.5 Subd. 5. **Interest chargeable on amounts due.** Any amount due under this section
23.6 or section 353.27, subdivision 4, is payable with interest at ~~an~~ the applicable annual
23.7 compound rate ~~of 8.5 percent~~ from the date due until the date payment is received by the
23.8 association, with a minimum interest charge of \$10. The applicable annual rate is 8.5
23.9 percent for the period before July 1, 2012, and the period after June 30, 2021, and is 8.0
23.10 percent for the period from July 1, 2012, through June 30, 2021.

23.11 **EFFECTIVE DATE.** This section is effective July 1, 2012.

23.12 Sec. 25. Minnesota Statutes 2010, section 353.35, subdivision 1, is amended to read:

23.13 Subdivision 1. **Refund rights.** When any former member accepts a refund, all
23.14 existing service credits and all rights and benefits to which the person was entitled prior
23.15 to the acceptance of the refund must terminate. The rights and benefits of a former
23.16 member must not be restored until the person returns to active service and acquires at
23.17 least six months of allowable service credit after taking the last refund and repays the
23.18 refund or refunds taken and interest received under section 353.34, subdivisions 1 and 2,
23.19 plus interest at ~~an~~ the applicable annual rate ~~of 8.5 percent~~ compounded annually. The
23.20 applicable annual rate is 8.5 percent for the period before July 1, 2012, and the period after
23.21 June 30, 2021, and is 8.0 percent for the period from July 1, 2012, through June 30, 2021.
23.22 If the person elects to restore service credit in a particular fund from which the person has
23.23 taken more than one refund, the person must repay all refunds to that fund. All refunds
23.24 must be repaid within six months of the last date of termination of public service.

23.25 **EFFECTIVE DATE.** This section is effective July 1, 2012.

23.26 Sec. 26. Minnesota Statutes 2010, section 353.665, subdivision 8, is amended to read:

23.27 Subd. 8. **Member and employer contributions.** (a) Effective on the first day
23.28 of the first full pay period following June 30, 1999, the employee contribution rate for
23.29 merging former consolidation account active members is the rate specified in section
23.30 353.65, subdivision 2, and the regular municipal contribution rate on behalf of former
23.31 consolidation account active members is the rate specified in section 353.65, subdivision 3.

24.1 (b) The municipality associated with a merging former local consolidation account
24.2 that had a positive value amortizable base calculation under subdivision 7, paragraph (d),
24.3 after the preliminary calculation or the second calculation, whichever applies, must make
24.4 an additional municipal contribution to the public employees police and fire plan for
24.5 the period from January 1, 2000, to December 31, 2009. The amount of the additional
24.6 municipal contribution is the amount calculated by the actuary retained under section
24.7 356.214 and certified by the executive director of the Public Employees Retirement
24.8 Association by which the amortizable base amount would be amortized on a level dollar
24.9 annual end-of-the-year contribution basis, using ~~an 8.5 percent~~ the applicable interest rate
24.10 ~~assumption~~. The applicable rate is 8.5 percent annually for the period before July 1, 2012,
24.11 and the period after June 30, 2021, and is 8.0 percent annually for the period from July 1,
24.12 2012, through June 30, 2021. The additional municipal contribution is payable during the
24.13 month of January, is without any interest, or if made after January 31, but before the next
24.14 following December 31, is payable with interest for the period since January 1 at a rate
24.15 which is equal to the preretirement interest rate assumption specified in section 356.215,
24.16 subdivision 8, applicable to the public employees police and fire fund expressed as a
24.17 monthly rate and compounded on a monthly basis or if made after December 31 of the
24.18 year in which the additional municipal contribution is due is payable with interest at a
24.19 rate which is four percent greater than the highest interest rate assumption specified in
24.20 section 356.215, subdivision 8, expressed as a monthly rate and compounded monthly
24.21 from January 1 of the year in which the additional municipal contribution is due until the
24.22 date on which payment is made.

24.23 **EFFECTIVE DATE.** This section is effective July 1, 2012.

24.24 Sec. 27. Minnesota Statutes 2010, section 354.42, subdivision 7, is amended to read:

24.25 Subd. 7. **Erroneous salary deductions or direct payments.** (a) Any deductions
24.26 taken from the salary of an employee for the retirement fund in excess of amounts required
24.27 must be refunded to the employee upon the discovery of the error and after the verification
24.28 of the error by the employing unit making the deduction. The corresponding excess
24.29 employer contribution and excess additional employer contribution amounts attributable
24.30 to the erroneous salary deduction must be refunded to the employing unit.

24.31 (b) If salary deductions and employer contributions were erroneously transmitted to
24.32 the retirement fund and should have been transmitted to the plan covered by chapter 352D,
24.33 353D, 354B, or 354D, the executive director must transfer these salary deductions and
24.34 employer contributions to the account of the appropriate person under the applicable plan.
24.35 The transfer to the applicable defined contribution plan account must include interest at

25.1 the ~~applicable rate of 0.71 percent~~ per month, compounded annually, from the first day of
25.2 the month following the month in which coverage should have commenced in the defined
25.3 contribution plan until the end of the month in which the transfer occurs. The applicable
25.4 rate is 0.71 percent before July 1, 2012, and the period after June 30, 2021, and is 0.667
25.5 percent for the period from July 1, 2012, through June 30, 2021.

25.6 (c) A potential transfer under paragraph (b) that would cause the plan to fail to
25.7 be a qualified plan under section 401(a) of the Internal Revenue Code, as amended,
25.8 must not be made by the executive director. Within 30 days after being notified by the
25.9 Teachers Retirement Association of an unmade potential transfer under this paragraph,
25.10 the employer of the affected person must transmit an amount representing the applicable
25.11 salary deductions and employer contributions, without interest, to the account of the
25.12 applicable person under the appropriate plan. The retirement association must provide a
25.13 credit for the amount of the erroneous salary deductions and employer contributions
25.14 against future contributions from the employer.

25.15 (d) If a salary warrant or check from which a deduction for the retirement fund was
25.16 taken has been canceled or the amount of the warrant or if a check has been returned to
25.17 the funds of the employing unit making the payment, a refund of the amount deducted,
25.18 or any portion of it that is required to adjust the salary deductions, must be made to the
25.19 employing unit.

25.20 (e) Erroneous direct payments of member-paid contributions or erroneous salary
25.21 deductions that were not refunded during the regular payroll cycle processing must be
25.22 refunded to the member, plus interest computed using the rate and method specified in
25.23 section 354.49, subdivision 2.

25.24 (f) Any refund under this subdivision that would cause the plan to fail to be a
25.25 qualified plan under section 401(a) of the Internal Revenue Code, as amended, may not
25.26 be refunded and instead must be credited against future contributions payable by the
25.27 employer. The employer is responsible for refunding to the applicable employee any
25.28 amount that was erroneously deducted from the salary of the employee, with interest as
25.29 specified in paragraph (e).

25.30 (g) If erroneous employee deductions and employer contributions are caused by an
25.31 error in plan coverage involving the plan and any other plan specified in section 356.99,
25.32 that section applies.

25.33 **EFFECTIVE DATE.** This section is effective July 1, 2012.

25.34 Sec. 28. Minnesota Statutes 2010, section 354.50, subdivision 2, is amended to read:

26.1 Subd. 2. **Interest charge.** If a member desires to repay the refunds, payment shall
26.2 include interest at ~~an~~ the applicable annual rate of ~~8.5 percent~~ compounded annually from
26.3 date of withdrawal to the date payment is made and shall be credited to the fund. The
26.4 applicable annual rate is 8.5 percent for the period before July 1, 2012, and the period after
26.5 June 30, 2021, and is 8.0 percent for the period from July 1, 2012, through June 30, 2021.

26.6 **EFFECTIVE DATE.** This section is effective July 1, 2012.

26.7 Sec. 29. Minnesota Statutes 2010, section 354.51, subdivision 5, is amended to read:

26.8 Subd. 5. **Payment of shortages.** (a) Except as provided in paragraph (b), in the
26.9 event that full required member contributions are not deducted from the salary of a
26.10 teacher, payment must be made as follows:

26.11 (1) Payment of shortages in member deductions on salary earned after June 30,
26.12 1957, and before July 1, 1981, may be made any time before retirement. Payment must
26.13 include interest at ~~an~~ the applicable annual rate of ~~8.5 percent~~ compounded annually from
26.14 the end of the fiscal year in which the shortage occurred to the end of the month in which
26.15 payment is made and the interest must be credited to the fund. If payment of a shortage in
26.16 deductions is not made, the formula service credit of the member must be prorated under
26.17 section 354.05, subdivision 25, clause (3).

26.18 (2) Payment of shortages in member deductions on salary earned after June 30,
26.19 1981, are the sole obligation of the employing unit and are payable by the employing unit
26.20 upon notification by the executive director of the shortage with interest at ~~an~~ the applicable
26.21 annual rate of ~~8.5 percent~~ compounded annually from the end of the fiscal year in which
26.22 the shortage occurred to the end of the month in which payment is made and the interest
26.23 must be credited to the fund. Effective July 1, 1986, the employing unit shall also pay
26.24 the employer contributions as specified in section 354.42, subdivisions 3 and 5 for the
26.25 shortages. If the shortage payment is not paid by the employing unit within 60 days of
26.26 notification, the executive director shall certify the amount of the shortage payment to the
26.27 applicable county auditor, who shall spread a levy in the amount of the shortage payment
26.28 over the taxable property of the taxing district of the employing unit if the employing unit
26.29 is supported by property taxes, or to the commissioner of management and budget, who
26.30 shall deduct the amount from any state aid or appropriation amount applicable to the
26.31 employing unit if the employing unit is not supported by property taxes.

26.32 (3) Payment may not be made for shortages in member deductions on salary earned
26.33 before July 1, 1957, for shortages in member deductions on salary paid or payable under
26.34 paragraph (b), or for shortages in member deductions for persons employed by the
26.35 Minnesota State Colleges and Universities system in a faculty position or in an eligible

27.1 unclassified administrative position and whose employment was less than 25 percent
27.2 of a full academic year, exclusive of the summer session, for the applicable institution
27.3 that exceeds the most recent 36 months.

27.4 (b) For a person who is employed by the Minnesota State Colleges and Universities
27.5 system in a faculty position or in an eligible unclassified administrative position and
27.6 whose employment was less than 25 percent of a full academic year, exclusive of the
27.7 summer session, for the applicable institution, upon the person's election under section
27.8 354B.21 of retirement coverage under this chapter, the shortage in member deductions
27.9 on the salary for employment by the Minnesota State Colleges and Universities system
27.10 institution of less than 25 percent of a full academic year, exclusive of the summer session,
27.11 for the applicable institution for the most recent 36 months and the associated employer
27.12 contributions must be paid by the Minnesota State Colleges and Universities system
27.13 institution, plus annual compound interest at the applicable rate of 8.5 percent from the
27.14 end of the fiscal year in which the shortage occurred to the end of the month in which the
27.15 Teachers Retirement Association coverage election is made. If the shortage payment is not
27.16 made by the institution within 60 days of notification, the executive director shall certify
27.17 the amount of the shortage payment to the commissioner of management and budget,
27.18 who shall deduct the amount from any state appropriation to the system. An individual
27.19 electing coverage under this paragraph shall repay the amount of the shortage in member
27.20 deductions, plus interest, through deduction from salary or compensation payments within
27.21 the first year of employment after the election under section 354B.21, subject to the
27.22 limitations in section 16D.16. The Minnesota State Colleges and Universities system may
27.23 use any means available to recover amounts which were not recovered through deductions
27.24 from salary or compensation payments. No payment of the shortage in member deductions
27.25 under this paragraph may be made for a period longer than the most recent 36 months.

27.26 (c) The applicable annual rate is 8.5 percent for the period before July 1, 2012,
27.27 and the period after June 30, 2021, and is 8.0 percent for the period from July 1, 2012,
27.28 through June 30, 2021.

27.29 **EFFECTIVE DATE.** This section is effective July 1, 2012.

27.30 Sec. 30. Minnesota Statutes 2010, section 354.52, subdivision 4, is amended to read:

27.31 Subd. 4. **Reporting and remittance requirements.** An employer shall remit all
27.32 amounts due to the association and furnish a statement indicating the amount due and
27.33 transmitted with any other information required by the executive director. If an amount
27.34 due is not received by the association within 14 calendar days of the payroll warrant,
27.35 the amount accrues interest at an the applicable annual rate of 8.5 percent compounded

28.1 annually from the due date until the amount is received by the association. The applicable
28.2 annual rate is 8.5 percent for the period before July 1, 2012, and the period after June 30,
28.3 2021, and is 8.0 percent for the period from July 1, 2012, through June 30, 2021. All
28.4 amounts due and other employer obligations not remitted within 60 days of notification
28.5 by the association must be certified to the commissioner of management and budget
28.6 who shall deduct the amount from any state aid or appropriation amount applicable to
28.7 the employing unit.

28.8 **EFFECTIVE DATE.** This section is effective July 1, 2012.

28.9 Sec. 31. Minnesota Statutes 2010, section 354.72, subdivision 2, is amended to read:

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

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

28.22 (c) If payment is made after June 30 and before the following June 30 for a strike
28.23 period or for leaves of absence under section 354.093, 354.095, or 354.096, or for an
28.24 extended leave of absence under section 354.094, the payment must include the amount
28.25 determined in paragraph (b) plus compound interest at ~~a~~ the applicable monthly rate of
28.26 ~~0.71 percent~~ from June 30 until the last day of the month in which payment is received.
28.27 The applicable rate is 0.71 percent before July 1, 2012, and the period after June 30, 2021,
28.28 and is 0.667 percent for the period from July 1, 2012, through June 30, 2021.

28.29 (d) If payment is received by the executive director after the applicable last permitted
28.30 date under paragraph (c), the payment amount is the amount determined under section
28.31 356.551. Notwithstanding payment deadlines specified in section 356.551, payment under
28.32 this section may be made anytime before the effective date of retirement.

28.33 **EFFECTIVE DATE.** This section is effective July 1, 2012.

29.1 Sec. 32. Minnesota Statutes 2010, section 354A.093, subdivision 6, is amended to read:

29.2 Subd. 6. **Interest requirements.** The employer shall pay interest on all equivalent
29.3 employee and employer contribution amounts payable under this section. Interest must be
29.4 computed at ~~a the applicable rate of 8.5 percent~~ compounded annually from the end of
29.5 each fiscal year of the leave or break in service to the end of the month in which payment
29.6 is received. The applicable rate is 8.5 percent annually for the period before July 1, 2012,
29.7 and the period after June 30, 2021, and is 8.0 percent annually for the period from July
29.8 1, 2012, through June 30, 2021.

29.9 **EFFECTIVE DATE.** This section is effective July 1, 2012.

29.10 Sec. 33. Minnesota Statutes 2010, section 354A.096, is amended to read:

29.11 **354A.096 MEDICAL LEAVE.**

29.12 Any teacher in the coordinated program of the St. Paul Teachers Retirement Fund
29.13 Association or the new law coordinated program of the Duluth Teachers Retirement
29.14 Fund Association who is on an authorized medical leave of absence and subsequently
29.15 returns to teaching service is entitled to receive allowable service credit, not to exceed
29.16 one year, for the period of leave, upon making the prescribed payment to the fund. This
29.17 payment must include the required employee and employer contributions at the rates
29.18 specified in section 354A.12, subdivisions 1 and 2a, as applied to the member's average
29.19 full-time monthly salary rate on the date the leave of absence commenced plus annual
29.20 interest at the ~~applicable rate of 8.5 percent~~ per year from the end of the fiscal year during
29.21 which the leave terminates to the end of the month during which payment is made. The
29.22 applicable annual rate is 8.5 percent for the period before July 1, 2012, and the period
29.23 after June 30, 2021, and is 8.0 percent for the period from July 1, 2012, through June 30,
29.24 2021. The member must pay the total amount required unless the employing unit, at its
29.25 option, pays the employer contributions. The total amount required must be paid by the
29.26 end of the fiscal year following the fiscal year in which the leave of absence terminated
29.27 or before the member retires, whichever is earlier. Payment must be accompanied by a
29.28 copy of the resolution or action of the employing authority granting the leave and the
29.29 employing authority, upon granting the leave, must certify the leave to the association in a
29.30 manner specified by the executive director. A member may not receive more than one year
29.31 of allowable service credit during any fiscal year by making payment under this section. A
29.32 member may not receive disability benefits under section 354A.36 and receive allowable
29.33 service credit under this section for the same period of time.

29.34 **EFFECTIVE DATE.** This section is effective July 1, 2012.

30.1 Sec. 34. Minnesota Statutes 2010, section 354A.108, is amended to read:

30.2 **354A.108 PAYMENT BY TEACHERS COLLECTING WORKERS'**
30.3 **COMPENSATION.**

30.4 (a) A member of the Duluth Teachers Retirement Fund Association who is receiving
30.5 temporary workers' compensation payments related to the member's teaching service
30.6 and who either is receiving a reduced salary from the employer or is receiving no salary
30.7 from the employer is entitled to receive allowable service credit for the period of time
30.8 that the member is receiving the workers' compensation payments upon making the
30.9 required payment amount.

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

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

30.21 (d) Payments made under this subdivision are payable without interest if paid by
30.22 June 30 of the year during which the workers' compensation payments are received by
30.23 the member. If paid after June 30, payments made under this subdivision must include
30.24 interest at the applicable rate of 8.5 percent per year. The applicable rate is 8.5 percent
30.25 annually for the period before July 1, 2012, and the period after June 30, 2021, and is
30.26 8.0 percent annually for the period from July 1, 2012, through June 30, 2021. Payment
30.27 under this section must be completed within one year of the termination of the workers'
30.28 compensation payments to the member.

30.29 **EFFECTIVE DATE.** This section is effective July 1, 2012.

30.30 Sec. 35. Minnesota Statutes 2010, section 354A.38, subdivision 3, is amended to read:

30.31 Subd. 3. **Computation of refund repayment amount.** If the coordinated member
30.32 elects to repay a refund under subdivision 2, the repayment to the fund must be in an
30.33 amount equal to refunds the member has accepted plus interest at the applicable rate of
30.34 8.5 percent compounded annually from the date that the refund was accepted to the date

31.1 that the refund is repaid. The applicable rate is 8.5 percent annually for the period before
31.2 July 1, 2012, and the period after June 30, 2021, and is 8.0 percent annually for the period
31.3 from July 1, 2012, through June 30, 2021.

31.4 **EFFECTIVE DATE.** This section is effective July 1, 2012.

31.5 Sec. 36. Minnesota Statutes 2010, section 354B.23, subdivision 5, is amended to read:

31.6 Subd. 5. **Omitted member deductions.** (a) If the employing unit that employs a
31.7 plan participant fails to deduct the member contribution from the participant's salary and
31.8 a period of less than 60 days from the date on which the deduction should have been
31.9 made has elapsed, the employing unit must obtain the omitted member deduction by an
31.10 additional payroll deduction during the pay period next following the discovery of the
31.11 omission.

31.12 (b) If the employing unit of a plan participant fails to deduct the member contribution
31.13 from the participant's salary and that omission continues for at least 60 days from the
31.14 date on which the deduction should have been made, the employing unit must pay the
31.15 amount representing the omitted member contribution, and the full required employer
31.16 contribution, plus compound interest at ~~an~~ the applicable annual rate ~~of 8.5 percent.~~ The
31.17 applicable annual rate is 8.5 percent for the period before July 1, 2012, and the period
31.18 after June 30, 2021, and is 8.0 percent for the period from July 1, 2012, through June 30,
31.19 2021. The contributions and any interest must be made within one year of the date on
31.20 which the omission was discovered.

31.21 **EFFECTIVE DATE.** This section is effective July 1, 2012.

31.22 Sec. 37. Minnesota Statutes 2010, section 354C.12, subdivision 2, is amended to read:

31.23 Subd. 2. **Omitted deductions.** If the employer of personnel covered by the
31.24 supplemental retirement plan as provided in section 354C.11 fails to deduct the member
31.25 basic contribution from the covered employee's salary and a period of less than 60 days
31.26 from the date on which the deduction should have been made has elapsed, the employer
31.27 must obtain the omitted member deduction by an additional payroll deduction during the
31.28 pay period next following the discovery of the omission. If the employer fails to deduct
31.29 the member basic contribution from the covered employee's salary and that omission
31.30 continues for at least 60 days from the date on which the member basic contribution
31.31 deduction should have been made, the employer must pay the amount representing
31.32 the omitted member basic contribution, and the full required omitted employer basic
31.33 contribution, plus compound interest at ~~an~~ the applicable annual rate ~~of 8.5 percent.~~ The

32.1 applicable annual rate is 8.5 percent for the period before July 1, 2012, and the period
32.2 after June 30, 2021, and is 8.0 percent for the period from July 1, 2012, through June 30,
32.3 2021. The contributions must be made within one year of the date on which the omission
32.4 was discovered.

32.5 **EFFECTIVE DATE.** This section is effective July 1, 2012.

32.6 Sec. 38. Minnesota Statutes 2010, section 356.195, subdivision 2, is amended to read:

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

32.14 (b) If payment is received by the applicable pension plan executive director within
32.15 one year from the end of the strike, the payment amount is equal to the applicable
32.16 employee and employer contribution rates specified in law for the applicable plan during
32.17 the strike period, applied to the employee's rate of salary in effect at the conclusion of the
32.18 strike for the period of the strike without pay, plus compound interest at ~~a~~ the applicable
32.19 monthly rate of 0.71 percent from the last day of the strike period until the date payment is
32.20 received. The applicable rate is 0.71 percent before July 1, 2012, and the period after June
32.21 30, 2021, and is 0.667 percent for the period from July 1, 2012, through June 30, 2021.

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

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

32.26 **EFFECTIVE DATE.** This section is effective July 1, 2012.

32.27 Sec. 39. Minnesota Statutes 2010, section 356.215, subdivision 1, is amended to read:

32.28 Subdivision 1. **Definitions.** (a) For the purposes of sections 3.85 and 356.20 to
32.29 356.23, each of the terms in the following paragraphs has the meaning given.

32.30 (b) "Actuarial valuation" means a set of calculations prepared by an actuary retained
32.31 under section 356.214 if so required under section 3.85, or otherwise, by an approved
32.32 actuary, to determine the normal cost and the accrued actuarial liabilities of a benefit
32.33 plan, according to the entry age actuarial cost method and based upon stated assumptions

33.1 including, but not limited to rates of interest, mortality, salary increase, disability,
33.2 withdrawal, and retirement and to determine the payment necessary to amortize over a
33.3 stated period any unfunded accrued actuarial liability disclosed as a result of the actuarial
33.4 valuation of the benefit plan.

33.5 (c) "Approved actuary" means a person who is regularly engaged in the business of
33.6 providing actuarial services and who is a fellow in the Society of Actuaries.

33.7 (d) "Entry age actuarial cost method" means an actuarial cost method under which
33.8 the actuarial present value of the projected benefits of each individual currently covered
33.9 by the benefit plan and included in the actuarial valuation is allocated on a level basis over
33.10 the service of the individual, if the benefit plan is governed by section 69.773, or over the
33.11 earnings of the individual, if the benefit plan is governed by any other law, between the
33.12 entry age and the assumed exit age, with the portion of the actuarial present value which is
33.13 allocated to the valuation year to be the normal cost and the portion of the actuarial present
33.14 value not provided for at the valuation date by the actuarial present value of future normal
33.15 costs to be the actuarial accrued liability, with aggregation in the calculation process to be
33.16 the sum of the calculated result for each covered individual and with recognition given to
33.17 any different benefit formulas which may apply to various periods of service.

33.18 (e) "Experience study" means a report providing experience data and an actuarial
33.19 analysis of the adequacy of the actuarial assumptions on which actuarial valuations are
33.20 based.

33.21 (f) "Actuarial value of assets" means:

33.22 ~~(1) For the July 1, 2009, actuarial valuation, the market value of all assets as of~~
33.23 ~~June 30, 2009, reduced by:~~

33.24 ~~(i) 20 percent of the difference between the actual net change in the market value of~~
33.25 ~~assets other than the Minnesota postretirement investment fund between June 30, 2006,~~
33.26 ~~and June 30, 2005, and the computed increase in the market value of assets other than the~~
33.27 ~~Minnesota postretirement investment fund over that fiscal year period if the assets had~~
33.28 ~~earned a rate of return on assets equal to the annual percentage preretirement interest rate~~
33.29 ~~assumption used in the actuarial valuation for July 1, 2005;~~

33.30 ~~(ii) 40 percent of the difference between the actual net change in the market value of~~
33.31 ~~assets other than the Minnesota postretirement investment fund between June 30, 2007,~~
33.32 ~~and June 30, 2006, and the computed increase in the market value of assets other than the~~
33.33 ~~Minnesota postretirement investment fund over that fiscal year period if the assets had~~
33.34 ~~earned a rate of return on assets equal to the annual percentage preretirement interest rate~~
33.35 ~~assumption used in the actuarial valuation for July 1, 2006;~~

34.1 ~~(iii) 60 percent of the difference between the actual net change in the market value~~
34.2 ~~of assets other than the Minnesota postretirement investment fund between June 30, 2008,~~
34.3 ~~and June 30, 2007, and the computed increase in the market value of assets other than the~~
34.4 ~~Minnesota postretirement investment fund over that fiscal year period if the assets had~~
34.5 ~~earned a rate of return on assets equal to the annual percentage preretirement interest rate~~
34.6 ~~assumption used in the actuarial valuation for July 1, 2007;~~

34.7 ~~(iv) 80 percent of the difference between the actual net change in the market value of~~
34.8 ~~assets other than the Minnesota postretirement investment fund between June 30, 2009,~~
34.9 ~~and June 30, 2008, and the computed increase in the market value of assets other than the~~
34.10 ~~Minnesota postretirement investment fund over that fiscal year period if the assets had~~
34.11 ~~earned a rate of return on assets equal to the annual percentage preretirement interest rate~~
34.12 ~~assumption used in the actuarial valuation for July 1, 2008; and~~

34.13 ~~(v) if applicable, 80 percent of the difference between the actual net change in the~~
34.14 ~~market value of the Minnesota postretirement investment fund between June 30, 2009,~~
34.15 ~~and June 30, 2008, and the computed increase in the market value of assets over that fiscal~~
34.16 ~~year period if the assets had increased at 8.5 percent annually.~~

34.17 ~~(2) For the July 1, 2010, actuarial valuation, the market value of all assets as of~~
34.18 ~~June 30, 2010, reduced by:~~

34.19 ~~(i) 20 percent of the difference between the actual net change in the market value of~~
34.20 ~~assets other than the Minnesota postretirement investment fund between June 30, 2007,~~
34.21 ~~and June 30, 2006, and the computed increase in the market value of assets other than the~~
34.22 ~~Minnesota postretirement investment fund over that fiscal year period if the assets had~~
34.23 ~~earned a rate of return on assets equal to the annual percentage preretirement interest rate~~
34.24 ~~assumption used in the actuarial valuation for July 1, 2006;~~

34.25 ~~(ii) 40 percent of the difference between the actual net change in the market value of~~
34.26 ~~assets other than the Minnesota postretirement investment fund between June 30, 2008,~~
34.27 ~~and June 30, 2007, and the computed increase in the market value of assets other than the~~
34.28 ~~Minnesota postretirement investment fund over that fiscal year period if the assets had~~
34.29 ~~earned a rate of return on assets equal to the annual percentage preretirement interest rate~~
34.30 ~~assumption used in the actuarial valuation for July 1, 2007;~~

34.31 ~~(iii) 60 percent of the difference between the actual net change in the market value~~
34.32 ~~of assets other than the Minnesota postretirement investment fund between June 30, 2009,~~
34.33 ~~and June 30, 2008, and the computed increase in the market value of assets other than the~~
34.34 ~~Minnesota postretirement investment fund over that fiscal year period if the assets had~~
34.35 ~~earned a rate of return on assets equal to the annual percentage preretirement interest rate~~
34.36 ~~assumption used in the actuarial valuation for July 1, 2008;~~

35.1 ~~(iv) 80 percent of the difference between the actual net change in the market value of~~
35.2 ~~total assets between June 30, 2010, and June 30, 2009, and the computed increase in the~~
35.3 ~~market value of total assets over that fiscal year period if the assets had earned a rate of~~
35.4 ~~return on assets equal to the annual percentage preretirement interest rate assumption used~~
35.5 ~~in the actuarial valuation for July 1, 2009; and~~

35.6 ~~(v) if applicable, 60 percent of the difference between the actual net change in the~~
35.7 ~~market value of the Minnesota postretirement investment fund between June 30, 2009,~~
35.8 ~~and June 30, 2008, and the computed increase in the market value of assets over that fiscal~~
35.9 ~~year period if the assets had increased at 8.5 percent annually.~~

35.10 ~~(3) For the July 1, 2011, actuarial valuation, the market value of all assets as of~~
35.11 ~~June 30, 2011, reduced by:~~

35.12 ~~(i) 20 percent of the difference between the actual net change in the market value of~~
35.13 ~~assets other than the Minnesota postretirement investment fund between June 30, 2008,~~
35.14 ~~and June 30, 2007, and the computed increase in the market value of assets other than the~~
35.15 ~~Minnesota postretirement investment fund over that fiscal year period if the assets had~~
35.16 ~~earned a rate of return on assets equal to the annual percentage preretirement interest rate~~
35.17 ~~assumption used in the actuarial valuation for July 1, 2007;~~

35.18 ~~(ii) 40 percent of the difference between the actual net change in the market value of~~
35.19 ~~assets other than the Minnesota postretirement investment fund between June 30, 2009,~~
35.20 ~~and June 30, 2008, and the computed increase in the market value of assets other than the~~
35.21 ~~Minnesota postretirement investment fund over that fiscal year period if the assets had~~
35.22 ~~earned a rate of return on assets equal to the annual percentage preretirement interest rate~~
35.23 ~~assumption used in the actuarial valuation for July 1, 2008;~~

35.24 ~~(iii) 60 percent of the difference between the actual net change in the market value~~
35.25 ~~of the total assets between June 30, 2010, and June 30, 2009, and the computed increase in~~
35.26 ~~the market value of the total assets over that fiscal year period if the assets had earned~~
35.27 ~~a rate of return on assets equal to the annual percentage preretirement interest rate~~
35.28 ~~assumption used in the actuarial valuation for July 1, 2009;~~

35.29 ~~(iv) 80 percent of the difference between the actual net change in the market value of~~
35.30 ~~total assets between June 30, 2011, and June 30, 2010, and the computed increase in the~~
35.31 ~~market value of total assets over that fiscal year period if the assets had earned a rate of~~
35.32 ~~return on assets equal to the annual percentage preretirement interest rate assumption used~~
35.33 ~~in the actuarial valuation for July 1, 2010; and~~

35.34 ~~(v) if applicable, 40 percent of the difference between the actual net change in the~~
35.35 ~~market value of the Minnesota postretirement investment fund between June 30, 2009,~~

36.1 ~~and June 30, 2008, and the computed increase in the market value of assets over that fiscal~~
36.2 ~~year period if the assets had increased at 8.5 percent annually.~~

36.3 ~~(4)~~ (1) For the July 1, 2012, actuarial valuation, the market value of all assets as of
36.4 June 30, 2012, reduced by:

36.5 (i) 20 percent of the difference between the actual net change in the market value of
36.6 assets other than the Minnesota postretirement investment fund between June 30, 2009,
36.7 and June 30, 2008, and the computed increase in the market value of assets other than the
36.8 Minnesota postretirement investment fund over that fiscal year period if the assets had
36.9 earned a rate of return on assets equal to the annual percentage preretirement interest rate
36.10 assumption used in the actuarial valuation for July 1, 2008;

36.11 (ii) 40 percent of the difference between the actual net change in the market value of
36.12 total assets between June 30, 2010, and June 30, 2009, and the computed increase in the
36.13 market value of total assets over that fiscal year period if the assets had earned a rate of
36.14 return on assets equal to the annual percentage preretirement interest rate assumption used
36.15 in the actuarial valuation for July 1, 2009;

36.16 (iii) 60 percent of the difference between the actual net change in the market value
36.17 of total assets between June 30, 2011, and June 30, 2010, and the computed increase in the
36.18 market value of total assets over that fiscal year period if the assets had earned a rate of
36.19 return on assets equal to the annual percentage preretirement interest rate assumption used
36.20 in the actuarial valuation for July 1, 2010;

36.21 (iv) 80 percent of the difference between the actual net change in the market value of
36.22 total assets between June 30, 2012, and June 30, 2011, and the computed increase in the
36.23 market value of total assets over that fiscal year period if the assets had earned a rate of
36.24 return on assets equal to the annual percentage preretirement interest rate assumption used
36.25 in the actuarial valuation for July 1, 2011; and

36.26 (v) if applicable, 20 percent of the difference between the actual net change in the
36.27 market value of the Minnesota postretirement investment fund between June 30, 2009,
36.28 and June 30, 2008, and the computed increase in the market value of assets over that fiscal
36.29 year period if the assets had increased at 8.5 percent annually.

36.30 ~~(5)~~ (2) For the July 1, 2013, and following actuarial valuations, the market value of
36.31 all assets as of the preceding June 30, reduced by:

36.32 (i) 20 percent of the difference between the actual net change in the market value
36.33 of total assets between the June 30 that occurred three years earlier and the June 30 that
36.34 occurred four years earlier and the computed increase in the market value of total assets
36.35 over that fiscal year period if the assets had earned a rate of return on assets equal to the

37.1 annual percentage preretirement interest rate assumption used in the actuarial valuation
37.2 for the July 1 that occurred four years earlier;

37.3 (ii) 40 percent of the difference between the actual net change in the market value
37.4 of total assets between the June 30 that occurred two years earlier and the June 30 that
37.5 occurred three years earlier and the computed increase in the market value of total assets
37.6 over that fiscal year period if the assets had earned a rate of return on assets equal to the
37.7 annual percentage preretirement interest rate assumption used in the actuarial valuation
37.8 for the July 1 that occurred three years earlier;

37.9 (iii) 60 percent of the difference between the actual net change in the market value
37.10 of total assets between the June 30 that occurred one year earlier and the June 30 that
37.11 occurred two years earlier and the computed increase in the market value of total assets
37.12 over that fiscal year period if the assets had earned a rate of return on assets equal to the
37.13 annual percentage preretirement interest rate assumption used in the actuarial valuation
37.14 for the July 1 that occurred two years earlier; and

37.15 (iv) 80 percent of the difference between the actual net change in the market value
37.16 of total assets between the most recent June 30 and the June 30 that occurred one year
37.17 earlier and the computed increase in the market value of total assets over that fiscal year
37.18 period if the assets had earned a rate of return on assets equal to the annual percentage
37.19 preretirement interest rate assumption used in the actuarial valuation for the July 1 that
37.20 occurred one year earlier.

37.21 (g) "Unfunded actuarial accrued liability" means the total current and expected
37.22 future benefit obligations, reduced by the sum of the actuarial value of assets and the
37.23 present value of future normal costs.

37.24 (h) "Pension benefit obligation" means the actuarial present value of credited
37.25 projected benefits, determined as the actuarial present value of benefits estimated to be
37.26 payable in the future as a result of employee service attributing an equal benefit amount,
37.27 including the effect of projected salary increases and any step rate benefit accrual rate
37.28 differences, to each year of credited and expected future employee service.

37.29 **EFFECTIVE DATE.** This section is effective July 1, 2012.

37.30 Sec. 40. Minnesota Statutes 2011 Supplement, section 356.215, subdivision 8, is
37.31 amended to read:

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

37.35 (1) select and ultimate interest rate assumption

	<u>ultimate</u> preretirement interest rate assumption	<u>ultimate</u> postretirement interest rate assumption
38.1		
38.2		
38.3		
38.4	plan	
38.5	general state employees retirement plan	8.5% 6.0%
38.6	correctional state employees retirement plan	8.5 6.0
38.7	State Patrol retirement plan	8.5 6.0
38.8		6.0 -2.0 until June
38.9		30, 2042, and -2.5
38.10	legislators retirement plan	8.5 0.0 <u>after June 30, 2040</u>
38.11		6.0 -2.0 until June
38.12		30, 2042, and -2.5
38.13	elective state officers retirement plan	8.5 0.0 <u>after June 30, 2040</u>
38.14	judges retirement plan	8.5 6.0
38.15	general public employees retirement plan	8.5 6.0
38.16	public employees police and fire retirement plan	8.5 6.0
38.17	local government correctional service	
38.18	retirement plan	8.5 6.0
38.19	teachers retirement plan	8.5 6.0
38.20	Duluth teachers retirement plan	8.5 8.5
38.21	St. Paul teachers retirement plan	8.5 8.5

38.22 Except for the legislators retirement plan and the elective state officers retirement
38.23 plan, the select preretirement interest rate assumption for the period after June 30, 2012,
38.24 through June 30, 2021, is 8.0 percent. Except for the legislators retirement plan and the
38.25 elective state officers retirement plan, the select postretirement interest rate assumption for
38.26 the period after June 30, 2012, through June 30, 2021, is 5.5 percent, except for the Duluth
38.27 teachers retirement plan and the St. Paul teachers retirement plan, each with a select
38.28 postretirement interest rate assumption for the period after June 30, 2012, through June
38.29 30, 2021, of 8.0 percent.

38.30 (2) single rate preretirement and postretirement interest rate assumption

	<u>interest rate</u> <u>assumption</u>	
38.31		
38.32	plan	
38.33	Fairmont Police Relief Association	5.0 5.0
38.34	Virginia Fire Department Relief Association	5.0 5.0
38.35	Bloomington Fire Department Relief Association	6.0 6.0
38.36	local monthly benefit volunteer firefighters relief	
38.37	associations	5.0 5.0

38.38 (b) ~~Before July 1, 2010,~~ The actuarial valuation must use the applicable following
38.39 single rate future salary increase assumption, the applicable following modified single
38.40 rate future salary increase assumption, or the applicable following graded rate future
38.41 salary increase assumption:

38.42 (1) single rate future salary increase assumption

39.1	plan	future salary increase assumption
39.2	legislators retirement plan	5.0%
39.3	judges retirement plan	4.0 <u>3.0</u>
39.4	Fairmont Police Relief Association	3.5
39.5	Virginia Fire Department Relief Association	3.5
39.6	Bloomington Fire Department Relief	
39.7	Association	4.0

39.8 (2) age-related select and ultimate future salary increase assumption or graded rate
 39.9 future salary increase assumption

39.10	plan	future salary increase assumption
39.11	correctional state employees retirement plan	assumption D
39.12	State Patrol retirement plan	assumption E
39.13	local government correctional service retirement plan	assumption C
39.14	Duluth teachers retirement plan	assumption A
39.15	St. Paul teachers retirement plan	assumption B

39.16 The select calculation is: during the
 39.17 designated select period, a designated
 39.18 percentage rate is multiplied by the result of
 39.19 the designated integer minus T, where T is
 39.20 the number of completed years of service,
 39.21 and is added to the applicable future salary
 39.22 increase assumption. The designated select
 39.23 period is five years and the designated
 39.24 integer is five for the general state employees
 39.25 retirement plan. The designated select period
 39.26 is ten years and the designated integer is ten
 39.27 for all other retirement plans covered by
 39.28 this clause. The designated percentage rate
 39.29 is: (1) 0.2 percent for the ~~correctional state~~
 39.30 ~~employees retirement plan, the State Patrol~~
 39.31 ~~retirement plan, and the local government~~
 39.32 correctional service retirement plan; (2)
 39.33 0.6 percent for the general state employees
 39.34 retirement plan; and (3) 0.3 percent for the
 39.35 teachers retirement plan, the Duluth Teachers
 39.36 Retirement Fund Association, and the St.
 39.37 Paul Teachers Retirement Fund Association.

40.1 The select calculation for the Duluth Teachers
 40.2 Retirement Fund Association is 8.00 percent
 40.3 per year for service years one through seven,
 40.4 7.25 percent per year for service years seven
 40.5 and eight, and 6.50 percent per year for
 40.6 service years eight and nine.

40.7 The ultimate future salary increase assumption is:

40.8	age	A	B	C	D
40.9	16	8.00%	6.90%	7.7500% <u>9.00%</u>	7.2500%
40.10	17	8.00	6.90	7.7500 <u>9.00</u>	7.2500
40.11	18	8.00	6.90	7.7500 <u>9.00</u>	7.2500
40.12	19	8.00	6.90	7.7500 <u>9.00</u>	7.2500
40.13	20	6.90	6.90	7.7500 <u>9.00</u>	7.2500
40.14	21	6.90	6.90	7.1454 <u>8.75</u>	6.6454
40.15	22	6.90	6.90	7.0725 <u>8.50</u>	6.5725
40.16	23	6.85	6.85	7.0544 <u>8.25</u>	6.5544
40.17	24	6.80	6.80	7.0363 <u>8.00</u>	6.5363
40.18	25	6.75	6.75	7.0000 <u>7.75</u>	6.5000
40.19	26	6.70	6.70	7.0000 <u>7.50</u>	6.5000
40.20	27	6.65	6.65	7.0000 <u>7.25</u>	6.5000
40.21	28	6.60	6.60	7.0000 <u>7.00</u>	6.5000
40.22	29	6.55	6.55	7.0000 <u>6.75</u>	6.5000
40.23	30	6.50	6.50	7.0000 <u>6.75</u>	6.5000
40.24	31	6.45	6.45	7.0000 <u>6.50</u>	6.5000
40.25	32	6.40	6.40	7.0000 <u>6.50</u>	6.5000
40.26	33	6.35	6.35	7.0000 <u>6.50</u>	6.5000
40.27	34	6.30	6.30	7.0000 <u>6.25</u>	6.5000
40.28	35	6.25	6.25	7.0000 <u>6.25</u>	6.5000
40.29	36	6.20	6.20	6.9019 <u>6.00</u>	6.4019
40.30	37	6.15	6.15	6.8074 <u>6.00</u>	6.3074
40.31	38	6.10	6.10	6.7125 <u>6.00</u>	6.2125
40.32	39	6.05	6.05	6.6054 <u>5.75</u>	6.1054
40.33	40	6.00	6.00	6.5000 <u>5.75</u>	6.0000
40.34	41	5.90	5.95	6.3540 <u>5.75</u>	5.8540
40.35	42	5.80	5.90	6.2087 <u>5.50</u>	5.7087
40.36	43	5.70	5.85	6.0622 <u>5.25</u>	5.5622
40.37	44	5.60	5.80	5.9048 <u>5.25</u>	5.4078
40.38	45	5.50	5.75	5.7500 <u>5.00</u>	5.2500
40.39	46	5.40	5.70	5.6940 <u>5.00</u>	5.1940
40.40	47	5.30	5.65	5.6375 <u>5.00</u>	5.1375
40.41	48	5.20	5.60	5.5822 <u>5.00</u>	5.0822
40.42	49	5.10	5.55	5.5404 <u>5.00</u>	5.0404

41.1	50	5.00	5.50	5.5000 <u>5.00</u>	5.0000
41.2	51	4.90	5.45	5.4384 <u>5.00</u>	4.9384
41.3	52	4.80	5.40	5.3776 <u>5.00</u>	4.8776
41.4	53	4.70	5.35	5.3167 <u>5.00</u>	4.8167
41.5	54	4.60	5.30	5.2826 <u>5.00</u>	4.7826
41.6	55	4.50	5.25	5.2500 <u>4.75</u>	4.7500
41.7	56	4.40	5.20	5.2500 <u>4.75</u>	4.7500
41.8	57	4.30	5.15	5.2500 <u>4.50</u>	4.7500
41.9	58	4.20	5.10	5.2500 <u>4.25</u>	4.7500
41.10	59	4.10	5.05	5.2500 <u>4.25</u>	4.7500
41.11	60	4.00	5.00	5.2500 <u>4.25</u>	4.7500
41.12	61	3.90	5.00	5.2500 <u>4.25</u>	4.7500
41.13	62	3.80	5.00	5.2500 <u>4.25</u>	4.7500
41.14	63	3.70	5.00	5.2500 <u>4.25</u>	4.7500
41.15	64	3.60	5.00	5.2500 <u>4.25</u>	4.7500
41.16	65	3.50	5.00	5.2500 <u>4.00</u>	4.7500
41.17	66	3.50	5.00	5.2500 <u>4.00</u>	4.7500
41.18	67	3.50	5.00	5.2500 <u>4.00</u>	4.7500
41.19	68	3.50	5.00	5.2500 <u>4.00</u>	4.7500
41.20	69	3.50	5.00	5.2500 <u>4.00</u>	4.7500
41.21	70	3.50	5.00	5.2500 <u>4.00</u>	4.7500

41.22 (3) service-related ultimate future salary increase assumption

41.23	general state employees retirement plan of the	assumption A
41.24	Minnesota State Retirement System	
41.25	general employees retirement plan of the Public	assumption B
41.26	Employees Retirement Association	
41.27	Teachers Retirement Association	assumption C
41.28	public employees police and fire retirement plan	assumption D
41.29	<u>state patrol retirement plan</u>	<u>assumption E</u>
41.30	<u>correctional state employees retirement plan of the</u>	<u>assumption F</u>
41.31	<u>Minnesota State Retirement System</u>	

41.32	service							
41.33	length	A	B	C	D	E	F	
41.34	1	10.75 <u>10.50%</u>	12.25 <u>12.03%</u>	12.00%	13.00%	<u>8.00%</u>	<u>6.00%</u>	
41.35	2	8.35 <u>8.10</u>	9.15 <u>8.90</u>	9.00	11.00	<u>7.50</u>	<u>5.85</u>	
41.36	3	7.15 <u>6.90</u>	7.75 <u>7.46</u>	8.00	9.00	<u>7.00</u>	<u>5.70</u>	
41.37	4	6.45 <u>6.20</u>	6.85 <u>6.58</u>	7.50	8.00	<u>6.75</u>	<u>5.55</u>	
41.38	5	5.95 <u>5.70</u>	6.25 <u>5.97</u>	7.25	6.50	<u>6.50</u>	<u>5.40</u>	
41.39	6	5.55 <u>5.30</u>	5.75 <u>5.52</u>	7.00	6.10	<u>6.25</u>	<u>5.25</u>	
41.40	7	5.25 <u>5.00</u>	5.45 <u>5.16</u>	6.85	5.80	<u>6.00</u>	<u>5.10</u>	
41.41	8	4.95 <u>4.70</u>	5.15 <u>4.87</u>	6.70	5.60	<u>5.85</u>	<u>4.95</u>	
41.42	9	4.75 <u>4.50</u>	4.85 <u>4.63</u>	6.55	5.40	<u>5.70</u>	<u>4.80</u>	
41.43	10	4.65 <u>4.40</u>	4.65 <u>4.42</u>	6.40	5.30	<u>5.55</u>	<u>4.65</u>	

42.1	11	4.45 <u>4.20</u>	4.45 <u>4.24</u>	6.25	5.20	<u>5.40</u>	<u>4.55</u>
42.2	12	4.35 <u>4.10</u>	4.35 <u>4.08</u>	6.00	5.10	<u>5.25</u>	<u>4.45</u>
42.3	13	4.25 <u>4.00</u>	4.15 <u>3.94</u>	5.75	5.00	<u>5.10</u>	<u>4.35</u>
42.4	14	4.05 <u>3.80</u>	4.05 <u>3.82</u>	5.50	4.90	<u>4.95</u>	<u>4.25</u>
42.5	15	3.95 <u>3.70</u>	3.95 <u>3.70</u>	5.25	4.80	<u>4.80</u>	<u>4.15</u>
42.6	16	3.85 <u>3.60</u>	3.85 <u>3.60</u>	5.00	4.80	<u>4.65</u>	<u>4.05</u>
42.7	17	3.75 <u>3.50</u>	3.75 <u>3.51</u>	4.75	4.80	<u>4.50</u>	<u>3.95</u>
42.8	18	3.75 <u>3.50</u>	3.75 <u>3.50</u>	4.50	4.80	<u>4.35</u>	<u>3.85</u>
42.9	19	3.75 <u>3.50</u>	3.75 <u>3.50</u>	4.25	4.80	<u>4.20</u>	<u>3.75</u>
42.10	20	3.75 <u>3.50</u>	3.75 <u>3.50</u>	4.00	4.80	<u>4.05</u>	<u>3.75</u>
42.11	21	3.75 <u>3.50</u>	3.75 <u>3.50</u>	3.90	4.70	<u>4.00</u>	<u>3.75</u>
42.12	22	3.75 <u>3.50</u>	3.75 <u>3.50</u>	3.80	4.60	<u>4.00</u>	<u>3.75</u>
42.13	23	3.75 <u>3.50</u>	3.75 <u>3.50</u>	3.70	4.50	<u>4.00</u>	<u>3.75</u>
42.14	24	3.75 <u>3.50</u>	3.75 <u>3.50</u>	3.60	4.50	<u>4.00</u>	<u>3.75</u>
42.15	25	3.75 <u>3.50</u>	3.75 <u>3.50</u>	3.50	4.50	<u>4.00</u>	<u>3.75</u>
42.16	26	3.75 <u>3.50</u>	3.75 <u>3.50</u>	3.50	4.50	<u>4.00</u>	<u>3.75</u>
42.17	27	3.75 <u>3.50</u>	3.75 <u>3.50</u>	3.50	4.50	<u>4.00</u>	<u>3.75</u>
42.18	28	3.75 <u>3.50</u>	3.75 <u>3.50</u>	3.50	4.50	<u>4.00</u>	<u>3.75</u>
42.19	29	3.75 <u>3.50</u>	3.75 <u>3.50</u>	3.50	4.50	<u>4.00</u>	<u>3.75</u>
42.20	30 or						
42.21	more	3.75 <u>3.50</u>	3.75 <u>3.50</u>	3.50	4.50	<u>4.00</u>	<u>3.75</u>

42.22 (c) ~~Before July 2, 2010~~, The actuarial valuation must use the applicable following
 42.23 payroll growth assumption for calculating the amortization requirement for the unfunded
 42.24 actuarial accrued liability where the amortization retirement is calculated as a level
 42.25 percentage of an increasing payroll:

42.26	plan	payroll growth assumption
42.27	general state employees retirement plan of	
42.28	the Minnesota State Retirement System	3.75 <u>3.75%</u>
42.29	correctional state employees retirement plan	4.50 <u>3.75</u>
42.30	State Patrol retirement plan	4.50 <u>3.75</u>
42.31	legislators retirement plan	4.50
42.32	judges retirement plan	4.00 <u>3.00</u>
42.33	general employees retirement plan of the	
42.34	Public Employees Retirement Association	3.75 <u>3.75</u>
42.35	public employees police and fire retirement plan	3.75 <u>3.75</u>
42.36	local government correctional service retirement plan	4.50 <u>3.75</u>
42.37	teachers retirement plan	3.75 <u>3.75</u>
42.38	Duluth teachers retirement plan	4.50 <u>4.50</u>
42.39	St. Paul teachers retirement plan	5.00 <u>5.00</u>

42.40 (d) ~~After July 1, 2010~~, The assumptions set forth in paragraphs (b) and (c) continue
 42.41 to apply, unless a different salary assumption or a different payroll increase assumption:
 42.42 (1) has been proposed by the governing board of the applicable retirement plan;

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

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

43.5 **EFFECTIVE DATE.** This section is effective June 30, 2012.

43.6 Sec. 41. Minnesota Statutes 2010, section 356.215, subdivision 11, is amended to read:

43.7 Subd. 11. **Amortization contributions.** (a) In addition to the exhibit indicating
43.8 the level normal cost, the actuarial valuation of the retirement plan must contain an
43.9 exhibit for financial reporting purposes indicating the additional annual contribution
43.10 sufficient to amortize the unfunded actuarial accrued liability and must contain an exhibit
43.11 for contribution determination purposes indicating the additional contribution sufficient
43.12 to amortize the unfunded actuarial accrued liability. For the retirement plans listed in
43.13 subdivision 8, paragraph (c), but excluding the MERF division of the Public Employees
43.14 Retirement Association and the legislators retirement plan, the additional contribution
43.15 must be calculated on a level percentage of covered payroll basis by the established
43.16 date for full funding in effect when the valuation is prepared, assuming annual payroll
43.17 growth at the applicable percentage rate set forth in subdivision 8, paragraph (c). For all
43.18 other retirement plans and for the MERF division of the Public Employees Retirement
43.19 Association and the legislators retirement plan, the additional annual contribution must be
43.20 calculated on a level annual dollar amount basis.

43.21 (b) For any retirement plan other than the general state employees retirement plan
43.22 of the Minnesota State Retirement System or a retirement plan governed by paragraph
43.23 (d), (e), (f), (g), (h), (i), or (j), if there has not been a change in the actuarial assumptions
43.24 used for calculating the actuarial accrued liability of the fund, a change in the benefit
43.25 plan governing annuities and benefits payable from the fund, a change in the actuarial
43.26 cost method used in calculating the actuarial accrued liability of all or a portion of the
43.27 fund, or a combination of the three, which change or changes by itself or by themselves
43.28 without inclusion of any other items of increase or decrease produce a net increase in the
43.29 unfunded actuarial accrued liability of the fund, the established date for full funding is the
43.30 first actuarial valuation date occurring after June 1, 2020.

43.31 (c) For any retirement plan other than the general employees retirement plan of the
43.32 Public Employees Retirement Association, if there has been a change in any or all of the
43.33 actuarial assumptions used for calculating the actuarial accrued liability of the fund, a
43.34 change in the benefit plan governing annuities and benefits payable from the fund, a
43.35 change in the actuarial cost method used in calculating the actuarial accrued liability of all

44.1 or a portion of the fund, or a combination of the three, and the change or changes, by itself
44.2 or by themselves and without inclusion of any other items of increase or decrease, produce
44.3 a net increase in the unfunded actuarial accrued liability in the fund, the established date
44.4 for full funding must be determined using the following procedure:

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

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

44.12 (iii) the unfunded actuarial accrued liability of the fund must be determined in
44.13 accordance with any new plan provisions governing annuities and benefits payable from
44.14 the fund and any new actuarial assumptions and the remaining plan provisions governing
44.15 annuities and benefits payable from the fund and actuarial assumptions in effect before
44.16 the change;

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

44.23 (v) the level annual dollar or level percentage amortization contribution under item
44.24 (iv) must be added to the level annual dollar amortization contribution or level percentage
44.25 calculated under item (ii);

44.26 (vi) the period in which the unfunded actuarial accrued liability amount determined
44.27 in item (iii) is amortized by the total level annual dollar or level percentage amortization
44.28 contribution computed under item (v) must be calculated using the interest assumption
44.29 specified in subdivision 8 in effect after any applicable change, rounded to the nearest
44.30 integral number of years, but not to exceed 30 years from the end of the plan year in
44.31 which the determination of the established date for full funding using the procedure set
44.32 forth in this clause is made and not to be less than the period of years beginning in the
44.33 plan year in which the determination of the established date for full funding using the
44.34 procedure set forth in this clause is made and ending by the date for full funding in effect
44.35 before the change; and

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

45.4 (d) For the MERF division of the Public Employees Retirement Association, the
45.5 established date for full funding is June 30, 2031.

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

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

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

45.12 (h) For the judges retirement plan, the established date for full funding is June
45.13 30, 2038.

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

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

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

45.24 (l) For the retirement plans for which the annual actuarial valuation indicates an
45.25 excess of valuation assets over the actuarial accrued liability, the valuation assets in
45.26 excess of the actuarial accrued liability must be recognized as a reduction in the current
45.27 contribution requirements by an amount equal to the amortization of the excess expressed
45.28 as a level percentage of pay over a 30-year period beginning anew with each annual
45.29 actuarial valuation of the plan.

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

45.31 Sec. 42. Minnesota Statutes 2010, section 356.44, is amended to read:

45.32 **356.44 PARTIAL PAYMENT OF PENSION PLAN REFUND.**

45.33 (a) Notwithstanding any provision of law to the contrary, a member of a pension
45.34 plan listed in section 356.30, subdivision 3, with at least two years of forfeited service

46.1 taken from a single pension plan, may repay a portion of all refunds. A partial refund
46.2 repayment must comply with this section.

46.3 (b) The minimum portion of a refund repayment is one-third of the total service
46.4 credit period of all refunds taken from a single plan.

46.5 (c) The cost of the partial refund repayment is the product of the cost of the total
46.6 repayment multiplied by the ratio of the restored service credit to the total forfeited service
46.7 credit. The total repayment amount includes interest at the applicable annual rate of ~~8.5~~
46.8 ~~percent~~, compounded annually, from the refund date to the date repayment is received.

46.9 (d) The applicable annual rate is 8.5 percent for the period before July 1, 2012,
46.10 and the period after June 30, 2021, and is 8.0 percent for the period from July 1, 2012,
46.11 through June 30, 2021.

46.12 ~~(d)~~ (e) The restored service credit must be allocated based on the relationship the
46.13 restored service bears to the total service credit period for all refunds taken from a single
46.14 pension plan.

46.15 ~~(e)~~ (f) This section does not authorize a public pension plan member to repay a
46.16 refund if the law governing the plan does not authorize the repayment of a refund of
46.17 member contributions.

46.18 **EFFECTIVE DATE.** This section is effective July 1, 2012.

46.19 Sec. 43. Minnesota Statutes 2010, section 356.50, subdivision 2, is amended to read:

46.20 Subd. 2. **Service credit procedure.** (a) To obtain the public pension plan
46.21 allowable service credit, the eligible person under subdivision 1 shall pay the required
46.22 member contribution amount. The required member contribution amount is the member
46.23 contribution rate or rates in effect for the pension plan during the period of service covered
46.24 by the back pay award, applied to the unpaid gross salary amounts of the back pay award
46.25 including unemployment insurance, workers' compensation, or wages from other sources
46.26 which reduced the back award. No contributions may be made under this clause for
46.27 compensation covered by a public pension plan listed in section 356.30, subdivision 3,
46.28 for employment during the removal period. The person shall pay the required member
46.29 contribution amount within 60 days of the date of receipt of the back pay award or within
46.30 60 days of a billing from the retirement fund, whichever is later.

46.31 (b) The public employer who wrongfully discharged the public employee must pay
46.32 an employer contribution on the back pay award. The employer contribution must be
46.33 based on the employer contribution rate or rates in effect for the pension plan during the
46.34 period of service covered by the back pay award, applied to the salary amount on which
46.35 the member contribution amount was determined under paragraph (a). Interest on both the

47.1 required member and employer contribution amount must be paid by the employer at the
47.2 applicable annual compound rate of 8.5 percent per year, expressed monthly, between the
47.3 date the contribution amount would have been paid to the date of actual payment. The
47.4 applicable annual rate is 8.5 percent for the period before July 1, 2012, and the period after
47.5 June 30, 2021, and is 8.0 percent for the period from July 1, 2012, through June 30, 2021.
47.6 The employer payment must be made within 30 days of the payment under paragraph (a).

47.7 **EFFECTIVE DATE.** This section is effective July 1, 2012.

47.8 Sec. 44. Minnesota Statutes 2010, section 356.551, subdivision 2, is amended to read:

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

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

47.25 (c) The prior service credit purchase amount may not be less than the amount
47.26 determined by applying, for each year or fraction of a year being purchased, the sum
47.27 of the employee contribution rate, the employer contribution rate, and the additional
47.28 employer contribution rate, if any, applicable during that period, to the person's annual
47.29 salary during that period, or fractional portion of a year's salary, if applicable, plus interest
47.30 at the applicable annual rate of 8.5 percent compounded annually from the end of the
47.31 year in which contributions would otherwise have been made to the date on which the
47.32 payment is received.

47.33 (d) Unless otherwise provided by statutes governing a specific plan, payment must
47.34 be made in one lump sum within one year of the prior service credit authorization or prior

48.1 to the member's effective date of retirement, whichever is earlier. Payment of the amount
48.2 calculated under this section must be made by the applicable eligible person.

48.3 (e) However, the current employer or the prior employer may, at its discretion, pay
48.4 all or any portion of the payment amount that exceeds an amount equal to the employee
48.5 contribution rates in effect during the period or periods of prior service applied to the
48.6 actual salary rates in effect during the period or periods of prior service, plus interest at
48.7 the applicable rate of 8.5 percent a year compounded annually from the date on which
48.8 the contributions would otherwise have been made to the date on which the payment is
48.9 made. If the employer agrees to payments under this subdivision, the purchaser must
48.10 make the employee payments required under this subdivision within 90 days of the prior
48.11 service credit authorization. If that employee payment is made, the employer payment
48.12 under this subdivision must be remitted to the chief administrative officer of the public
48.13 pension plan within 60 days of receipt by the chief administrative officer of the employee
48.14 payments specified under this subdivision.

48.15 (f) The applicable annual rate is 8.5 percent for the period before July 1, 2012,
48.16 and the period after June 30, 2021, and is 8.0 percent for the period from July 1, 2012,
48.17 through June 30, 2021.

48.18 **EFFECTIVE DATE.** This section is effective July 1, 2012.

48.19 Sec. 45. Minnesota Statutes 2010, section 490.121, subdivision 4, is amended to read:

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

48.26 (b) "Allowable service" also means a period of authorized leave of absence for
48.27 which the judge has made a payment in lieu of contributions, not in an amount in excess
48.28 of the service credit limit under subdivision 22. To obtain the service credit, the judge
48.29 shall pay an amount equal to the normal cost of the judges retirement plan on the date of
48.30 return from the leave of absence, as determined in the most recent actuarial report for the
48.31 plan filed with the Legislative Commission on Pensions and Retirement, multiplied by the
48.32 judge's average monthly salary rate during the authorized leave of absence and multiplied
48.33 by the number of months of the authorized leave of absence, plus annual compound
48.34 interest at the applicable rate of 8.5 percent from the date of the termination of the leave
48.35 to the date on which payment is made. The applicable rate is 8.5 percent annually for

49.1 the period before July 1, 2012, and the period after June 30, 2021, and is 8.0 percent
49.2 annually for the period from July 1, 2012, through June 30, 2021. The payment must be
49.3 made within one year of the date on which the authorized leave of absence terminated.
49.4 Service credit for an authorized leave of absence is in addition to a uniformed service
49.5 leave under section 490.1211.

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

49.7 **EFFECTIVE DATE.** This section is effective July 1, 2012.

49.8 Sec. 46. Minnesota Statutes 2010, section 490.1211, is amended to read:

49.9 **490.1211 UNIFORMED SERVICE.**

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

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

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

49.31 (d) If the member equivalent contributions provided for in this section are not paid
49.32 in full, the judge's allowable service credit must be prorated by multiplying the full and
49.33 fractional number of years of uniformed service eligible for purchase by the ratio obtained

50.1 by dividing the total member contributions received by the total member contributions
50.2 otherwise required under this section.

50.3 (e) To receive allowable service credit under this section, the contributions specified
50.4 in this section and section 490.121 must be transmitted to the fund during the period
50.5 which begins with the date on which the individual returns to judicial employment and
50.6 which has a duration of three times the length of the uniformed service period, but not
50.7 to exceed five years. If the determined payment period is calculated to be less than one
50.8 year, the contributions required under this section to receive service credit may be within
50.9 one year from the discharge date.

50.10 (f) The amount of allowable service credit obtainable under this section and section
50.11 490.121 may not exceed five years, unless a longer purchase period is required under
50.12 United States Code, title 38, section 4312.

50.13 (g) The state court administrator shall pay interest on all equivalent member and
50.14 employer contribution amounts payable under this section. Interest must be computed
50.15 at ~~a the applicable rate of 8.5 percent~~ compounded annually from the end of each fiscal
50.16 year of the leave or break in service to the end of the month in which payment is received.
50.17 The applicable rate is 8.5 percent annually for the period before July 1, 2012, and the
50.18 period after June 30, 2021, and is 8.0 percent annually for the period from July 1, 2012,
50.19 through June 30, 2021.

50.20 **EFFECTIVE DATE.** This section is effective July 1, 2012.

50.21 Sec. 47. Minnesota Statutes 2010, section 490.124, subdivision 12, is amended to read:

50.22 Subd. 12. **Refund.** (a) A person who ceases to be a judge is entitled to a refund
50.23 in an amount that is equal to all of the member's employee contributions to the judges'
50.24 retirement fund plus interest computed under section 352.22, subdivision 2.

50.25 (b) A refund of contributions under paragraph (a) terminates all service credits and
50.26 all rights and benefits of the judge and the judge's survivors under this chapter.

50.27 (c) A person who becomes a judge again after taking a refund under paragraph (a)
50.28 may reinstate the previously terminated allowable service credit, rights, and benefits by
50.29 repaying the total amount of the previously received refund. The refund repayment must
50.30 include interest on the total amount previously received at ~~an the applicable~~ annual rate of
50.31 ~~8.5 percent~~, compounded annually, from the date on which the refund was received until
50.32 the date on which the refund is repaid. The applicable annual rate is 8.5 percent for the
50.33 period before July 1, 2012, and the period after June 30, 2021, and is 8.0 percent for the
50.34 period from July 1, 2012, through June 30, 2021.

51.1 **EFFECTIVE DATE.** This section is effective July 1, 2012.

51.2 Sec. 48. **TEMPORARY PROVISION; REVISION OF ANNUITY RESERVE,**
 51.3 **OPTIONAL ANNUITY FORM, AND EARLY RETIREMENT FACTORS.**

51.4 On or before January 1, 2013, the governing boards of the Minnesota State
 51.5 Retirement System, the Public Employees Retirement Association, the Teachers
 51.6 Retirement Association, the Duluth Teachers Retirement Fund Association, and the
 51.7 St. Paul Teachers Retirement Fund Association shall revise, for the retirement plan
 51.8 or plans administered, the annuity reserve factors, optional annuity form factors, and
 51.9 early retirement annuity factors, if the annuity is required to be the actuarial equivalent
 51.10 of the normal retirement annuity form. The revision shall be undertaken with the
 51.11 recommendation of the approved actuary retained by the retirement system, which
 51.12 recommendation must be retained in the permanent records of the governing board. The
 51.13 revised reserve factors also must be submitted for review by the auditing and reviewing
 51.14 actuary retained by the Legislative Commission on Pensions and Retirement and the
 51.15 applicable retirement fund shall reimburse the Legislative Commission on Pensions and
 51.16 Retirement for the cost of the reserve review.

51.17 **EFFECTIVE DATE.** This section is effective July 1, 2012.

51.18 **ARTICLE 2**

51.19 **STACKED HYBRID RETIREMENT ARRANGEMENTS FOR** 51.20 **IRREGULAR COMPENSATION AMOUNTS**

51.21 Section 1. Minnesota Statutes 2010, section 352.01, subdivision 13, is amended to read:

51.22 Subd. 13. **Salary.** (a) Subject to the limitations of section 356.611, "salary" means
 51.23 wages, or other periodic compensation, paid to an employee before deductions for
 51.24 deferred compensation, supplemental retirement plans, or other voluntary salary reduction
 51.25 programs.

51.26 (b) "Salary" does not include:

51.27 (1) lump-sum sick leave payments;

51.28 (2) severance payments;

51.29 (3) lump-sum annual leave payments and overtime payments made at the time
 51.30 of separation from state service;

51.31 (4) payments in lieu of any employer-paid group insurance coverage, including the
 51.32 difference between single and family rates that may be paid to an employee with single
 51.33 coverage;

51.34 (5) payments made as an employer-paid fringe benefit;

52.1 (6) workers' compensation payments;

52.2 (7) employer contributions to a deferred compensation or tax-sheltered annuity
52.3 program; ~~and~~

52.4 (8) amounts contributed under a benevolent vacation and sick leave donation
52.5 program; and

52.6 (9) amounts of irregular compensation as defined in section 356.307 on which
52.7 employee and employer contributions were transmitted to the unclassified state employees
52.8 retirement program as provided in section 352D.02, subdivision 7.

52.9 (c) Amounts provided to an employee by the employer through a grievance
52.10 proceeding or a legal settlement are salary only if the settlement is reviewed by the
52.11 executive director and the amounts are determined by the executive director to be
52.12 consistent with paragraph (a) and prior determinations.

52.13 Sec. 2. Minnesota Statutes 2010, section 352.04, subdivision 4, is amended to read:

52.14 Subd. 4. **Payroll deductions.** (a) The head of each department shall have employee
52.15 contributions deducted from the salary of each employee covered by the system on
52.16 every payroll abstract and shall approve one voucher payable to the commissioner of
52.17 management and budget for the aggregate amount deducted on the payroll abstract.

52.18 (b) Deductions from salaries of employees paid direct by any department, institution,
52.19 or agency of the state must be made by the officer or employee authorized by law to
52.20 pay the salaries. The head of any department or agency having authority to appoint any
52.21 employee who receives fees as compensation or who receives compensation on federal
52.22 payrolls shall collect as the required employee contribution the applicable amounts
52.23 required in subdivision 2.

52.24 (c) Deductions from salary and amounts collected must be remitted to the director
52.25 with a statement showing the total amount of earnings or fees, the amount of irregular
52.26 compensation, and in the case of fees, the number of transactions, and the amount of each
52.27 of the deductions and collections and the names of the employees on whose account
52.28 they have been made.

52.29 Sec. 3. Minnesota Statutes 2010, section 352D.02, subdivision 1, is amended to read:

52.30 Subdivision 1. **Coverage.** (a) Employees enumerated in paragraph (c), clauses (2),
52.31 (3), (4), (6) to (14), and (16) to (18), if they are in the unclassified service of the state or
52.32 Metropolitan Council and are eligible for coverage under the general state employees
52.33 retirement plan under chapter 352, are participants in the unclassified program under this
52.34 chapter unless the employee gives notice to the executive director of the Minnesota State

53.1 Retirement System within one year following the commencement of employment in the
53.2 unclassified service that the employee desires coverage under the general state employees
53.3 retirement plan. For the purposes of this chapter, an employee who does not file notice
53.4 with the executive director is deemed to have exercised the option to participate in the
53.5 unclassified program.

53.6 (b) Persons referenced in paragraph (c), clause (5), are participants in the unclassified
53.7 program under this chapter unless the person was eligible to elect different coverage under
53.8 section 3A.07 and elected retirement coverage by the applicable alternative retirement
53.9 plan. Persons referenced in paragraph (c), clause (15), are participants in the unclassified
53.10 program under this chapter for judicial employment in excess of the service credit limit in
53.11 section 490.121, subdivision 22.

53.12 (c) Enumerated employees and referenced persons are:

53.13 (1) the governor, the lieutenant governor, the secretary of state, the state auditor,
53.14 and the attorney general;

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

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

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

53.21 (5) a member of the legislature;

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

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

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

53.34 (9) the executive director, associate executive director, and not to exceed nine
53.35 positions of the Minnesota Office of Higher Education in the unclassified service, as
53.36 designated by the Minnesota Office of Higher Education before January 1, 1992, or

54.1 subsequently redesignated with the approval of the board of directors of the Minnesota
 54.2 State Retirement System, unless the person has elected coverage by the individual
 54.3 retirement account plan under chapter 354B;

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

54.7 (11) the chief executive officers of correctional facilities operated by the Department
 54.8 of Corrections and of hospitals and nursing homes operated by the Department of Human
 54.9 Services;

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

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

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

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

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

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

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

54.26 (19) a person with regular retirement coverage by a defined benefit retirement
 54.27 plan who receives irregular compensation as defined in section 356.307 with respect
 54.28 to the employee or member contribution and employer contribution on that irregular
 54.29 compensation.

54.30 Sec. 4. Minnesota Statutes 2010, section 352D.02, is amended by adding a subdivision
 54.31 to read:

54.32 Subd. 7. Coverage for irregular compensation. (a) A person referenced in
 54.33 subdivision 1, paragraph (c), clause (19), is a participant in the unclassified program by
 54.34 virtue of the receipt of irregular compensation as defined in section 356.307 and the
 54.35 transmission of employee or member contributions and employer contributions with

55.1 respect to that irregular compensation to the program for the purchase of shares in the
55.2 Minnesota supplemental investment fund.

55.3 (b) The chief administrative officer of the defined benefit retirement plan that
55.4 provides the primary defined benefit retirement coverage shall transmit the employee or
55.5 member and employer contributions associated with the irregular compensation within
55.6 five business days of receipt.

55.7 (c) A person covered by the unclassified program under subdivision 1, paragraph
55.8 (c), clause (19), and this subdivision is not eligible for a transfer of unclassified program
55.9 coverage to the general state employees retirement plan under subdivision 3.

55.10 Sec. 5. Minnesota Statutes 2010, section 352D.04, subdivision 2, is amended to read:

55.11 Subd. 2. **Contribution rates.** (a) The money used to purchase shares under this
55.12 section is the employee and employer contributions provided in this subdivision.

55.13 (b) The employee contribution is an amount equal to the percent of salary specified
55.14 in section 352.04, subdivision 2, or 352.045, subdivision 3.

55.15 (c) The employer contribution is an amount equal to six percent of salary.

55.16 (d) For members of the legislature, the contributions under this subdivision also must
55.17 be made on per diem payments received during a regular or special legislative session, but
55.18 may not be made on per diem payments received outside of a regular or special legislative
55.19 session, on the additional compensation attributable to a leadership position under section
55.20 3.099, subdivision 3, living expense payments under section 3.101, or special session
55.21 living expense payments under section 3.103.

55.22 (e) For a judge who is a member of the unclassified plan under section 352D.02,
55.23 subdivision 1, paragraph (c), clause (16), the employee contribution rate is eight percent
55.24 of salary, and there is no employer contribution.

55.25 (f) For a person covered by the unclassified program under section 352D.02,
55.26 subdivision 1, paragraph (c), clause (19), the employee contribution is an amount equal
55.27 to the percent of the irregular compensation as defined in section 356.307 that is the
55.28 employee or member contribution rate applicable to the person's defined benefit retirement
55.29 plan coverage, and the employer contribution is an amount equal to the percent of the
55.30 irregular compensation as defined in section 356.307 that is the employer contribution rate
55.31 applicable to the person's defined benefit retirement plan coverage.

55.32 (g) These contributions must be made in the manner provided in section 352.04,
55.33 subdivisions 4, 5, and 6.

55.34 Sec. 6. Minnesota Statutes 2010, section 353.01, subdivision 10, is amended to read:

56.1 Subd. 10. **Salary.** (a) Subject to the limitations of section 356.611, "salary" means:

56.2 (1) the periodic compensation of a public employee, before deductions for deferred
56.3 compensation, supplemental retirement plans, or other voluntary salary reduction
56.4 programs, and also means "wages" and includes net income from fees;

56.5 (2) for a public employee who is covered by a supplemental retirement plan under
56.6 section 356.24, subdivision 1, clause (8), (9), or (10), which require all plan contributions
56.7 be made by the employer, the contribution to the applicable supplemental retirement plan
56.8 when an agreement between the parties establishes that the contribution will either result
56.9 in a mandatory reduction of employees' wages through payroll withholdings, or be made
56.10 in lieu of an amount that would otherwise be paid as wages; and

56.11 (3) for a public employee who has prior service covered by a local police or
56.12 firefighters relief association that has consolidated with the Public Employees Retirement
56.13 Association or to which section 353.665 applies and who has elected coverage either
56.14 under the public employees police and fire fund benefit plan under section 353A.08
56.15 following the consolidation or under section 353.665, subdivision 4, the rate of salary
56.16 upon which member contributions to the special fund of the relief association were made
56.17 prior to the effective date of the consolidation as specified by law and by bylaw provisions
56.18 governing the relief association on the date of the initiation of the consolidation procedure
56.19 and the actual periodic compensation of the public employee after the effective date of
56.20 consolidation.

56.21 (b) Salary does not mean:

56.22 (1) the fees paid to district court reporters, unused annual vacation or sick leave
56.23 payments, in lump-sum or periodic payments, severance payments, reimbursement of
56.24 expenses, lump-sum settlements not attached to a specific earnings period, or workers'
56.25 compensation payments;

56.26 (2) employer-paid amounts used by an employee toward the cost of insurance
56.27 coverage, employer-paid fringe benefits, flexible spending accounts, cafeteria plans, health
56.28 care expense accounts, day care expenses, or any payments in lieu of any employer-paid
56.29 group insurance coverage, including the difference between single and family rates that
56.30 may be paid to a member with single coverage and certain amounts determined by the
56.31 executive director to be ineligible;

56.32 (3) the amount equal to that which the employing governmental subdivision would
56.33 otherwise pay toward single or family insurance coverage for a covered employee when,
56.34 through a contract or agreement with some but not all employees, the employer:

56.35 (i) discontinues, or for new hires does not provide, payment toward the cost of the
56.36 employee's selected insurance coverages under a group plan offered by the employer;

57.1 (ii) makes the employee solely responsible for all contributions toward the cost of
 57.2 the employee's selected insurance coverages under a group plan offered by the employer,
 57.3 including any amount the employer makes toward other employees' selected insurance
 57.4 coverages under a group plan offered by the employer; and

57.5 (iii) provides increased salary rates for employees who do not have any
 57.6 employer-paid group insurance coverages;

57.7 (4) except as provided in section 353.86 or 353.87, compensation of any kind paid to
 57.8 volunteer ambulance service personnel or volunteer firefighters, as defined in subdivision
 57.9 35 or 36;

57.10 (5) the amount of compensation that exceeds the limitation provided in section
 57.11 356.611; ~~and~~

57.12 (6) amounts paid by a federal or state grant for which the grant specifically
 57.13 prohibits grant proceeds from being used to make pension plan contributions, unless the
 57.14 contributions to the plan are made from sources other than the federal or state grant; and

57.15 (7) for members of the general employees retirement plan and the local government
 57.16 correctional retirement plan, the amount of irregular compensation as defined in
 57.17 section 356.307 on which employee and employer contributions were transmitted to
 57.18 the unclassified state employees retirement program as provided in section 352D.02,
 57.19 subdivision 7.

57.20 (c) Amounts provided to an employee by the employer through a grievance
 57.21 proceeding or a legal settlement are salary only if the settlement is reviewed by the
 57.22 executive director and the amounts are determined by the executive director to be
 57.23 consistent with paragraph (a) and prior determinations.

57.24 Sec. 7. Minnesota Statutes 2010, section 353.27, subdivision 4, is amended to read:

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

57.26 (a) A representative authorized by the head of each department shall deduct employee
 57.27 contributions from the salary of each public employee who qualifies for membership in
 57.28 the general employees retirement plan of the Public Employees Retirement Association
 57.29 or in the public employees police and fire retirement plan under this chapter or chapter
 57.30 353D or 353E at the rate under section 353.27, 353.65, 353D.03, or 353E.03, whichever
 57.31 is applicable, that is in effect on the date the salary is paid. The employer representative
 57.32 must also remit payment in a manner prescribed by the executive director for the
 57.33 aggregate amount of the employee contributions and the required employer contributions
 57.34 to be received by the association within 14 calendar days after each pay date. If the
 57.35 payment is less than the amount required, the employer must pay the shortage amount to

58.1 the association and collect reimbursement of any employee contribution shortage paid
58.2 on behalf of a member through subsequent payroll withholdings from the wages of the
58.3 employee. Payment of shortages in employee contributions and associated employer
58.4 contributions, if applicable, must include interest at the rate specified in section 353.28,
58.5 subdivision 5, if not received within 30 days following the date the amount was initially
58.6 due under this section.

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

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

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

58.15 (3) the total amount of compensation;

58.16 (4) the amount of salary defined in section 353.01, subdivision 10, earned in the
58.17 pay period from which each deduction was made and the salary amount earned by a
58.18 reemployed annuitant under section 353.37, subdivision 1, or 353.371, subdivision 1, or
58.19 by a disabled member under section 353.33, subdivision 7 or 7a;

58.20 (5) the amount of irregular compensation;

58.21 ~~(4)~~ (6) the beginning and ending dates of the payroll period covered and the date of
58.22 actual payment; and

58.23 ~~(5)~~ (7) adjustments or corrections covering past pay periods as authorized by the
58.24 executive director.

58.25 (c) Employers must furnish the data required for enrollment for each new or
58.26 reinstated employee who qualifies for membership in the general employees retirement
58.27 plan of the Public Employees Retirement Association or in the public employees police
58.28 and fire retirement plan in the format prescribed by the executive director. The required
58.29 enrollment data on new members must be submitted to the association prior to or
58.30 concurrent with the submission of the initial employee salary deduction. Also, the
58.31 employer shall report to the association all member employment status changes, such as
58.32 leaves of absence, terminations, and death, and shall report the effective dates of those
58.33 changes, on an ongoing basis for the payroll cycle in which they occur. If an employer
58.34 fails to comply with the reporting requirements under this paragraph, the executive
58.35 director may assess a fine of \$25 for each failure if the association staff has notified the

59.1 employer of the noncompliance and attempted to obtain the missing data or form from the
59.2 employer for a period of more than three months.

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

59.8 (e) Notwithstanding paragraph (a), the executive director may provide for less
59.9 frequent reporting and payments for small employers.

59.10 (f) The executive director may establish reporting procedures and methods as
59.11 required to review compliance by employers with the salary and contribution reporting
59.12 requirements in this chapter. A review of the payroll records of a participating employer
59.13 may be conducted by the association on a periodic basis or as a result of concerns known
59.14 to exist within a governmental subdivision. An employer under review must extract
59.15 requested data and provide records to the association after receiving reasonable advanced
59.16 notice. Failure to provide requested information or materials will result in the employer
59.17 being liable to the association for any expenses associated with a field audit, which may
59.18 include staff salaries, administrative expenses, and travel expenses.

59.19 Sec. 8. Minnesota Statutes 2010, section 354.05, subdivision 35, is amended to read:

59.20 Subd. 35. **Salary.** (a) Subject to the limitations of section 356.611, "salary"
59.21 means the periodic compensation, upon which member contributions are required before
59.22 deductions for deferred compensation, supplemental retirement plans, or other voluntary
59.23 salary reduction programs.

59.24 (b) "Salary" does not mean:

59.25 (1) lump-sum annual leave payments;

59.26 (2) lump-sum wellness and sick leave payments;

59.27 (3) employer-paid amounts used by an employee toward the cost of insurance
59.28 coverage, employer-paid fringe benefits, flexible spending accounts, cafeteria plans, health
59.29 care expense accounts, day care expenses, or any payments in lieu of any employer-paid
59.30 group insurance coverage, including the difference between single and family rates that
59.31 may be paid to a member with single coverage and certain amounts determined by the
59.32 executive director to be ineligible;

59.33 (4) any form of payment made in lieu of any other employer-paid fringe benefit or
59.34 expense;

59.35 (5) any form of severance payments;

- 60.1 (6) workers' compensation payments;
- 60.2 (7) disability insurance payments, including self-insured disability payments;
- 60.3 (8) payments to school principals and all other administrators for services that are
- 60.4 in addition to the normal work year contract if these additional services are performed
- 60.5 on an extended duty day, Saturday, Sunday, holiday, annual leave day, sick leave day, or
- 60.6 any other nonduty day;
- 60.7 (9) payments under section 356.24, subdivision 1, clause (4); ~~and~~
- 60.8 (10) payments made under section 122A.40, subdivision 12, except for payments for
- 60.9 sick leave that are accumulated under the provisions of a uniform school district policy
- 60.10 that applies equally to all similarly situated persons in the district; and
- 60.11 (11) amounts of irregular compensation as defined in section 356.307 on which
- 60.12 employee and employer contributions were transmitted to the unclassified state employees
- 60.13 retirement program as provided in section 352D.02, subdivision 7.
- 60.14 (c) Amounts provided to an employee by the employer through a grievance
- 60.15 proceeding or a legal settlement are salary only if the settlement is reviewed by the
- 60.16 executive director and the amounts are determined by the executive director to be
- 60.17 consistent with paragraph (a) and prior determinations.

60.18 Sec. 9. Minnesota Statutes 2010, section 354.52, subdivision 4b, is amended to read:

60.19 Subd. 4b. **Payroll cycle reporting requirements.** An employing unit shall provide

60.20 the following data to the association for payroll warrants on an ongoing basis within 14

60.21 calendar days after the date of the payroll warrant in a format prescribed by the executive

60.22 director:

- 60.23 (1) association member number;
- 60.24 (2) employer-assigned employee number;
- 60.25 (3) Social Security number;
- 60.26 (4) amount of each salary deduction;
- 60.27 (5) amount of total compensation;
- 60.28 (6) amount of salary as defined in section 354.05, subdivision 35, from which each
- 60.29 deduction was made;
- 60.30 (7) amount of irregular compensation;
- 60.31 ~~(6)~~ (8) reason for payment;
- 60.32 ~~(7)~~ (9) service credit;
- 60.33 ~~(8)~~ (10) the beginning and ending dates of the payroll period covered and the date
- 60.34 of actual payment;
- 60.35 ~~(9)~~ (11) fiscal year of salary earnings;

- 61.1 ~~(10)~~ (12) total remittance amount including employee, employer, and additional
 61.2 employer contributions;
 61.3 ~~(11)~~ (13) reemployed annuitant salary under section 354.44, subdivision 5; and
 61.4 ~~(12)~~ (14) other information as may be required by the executive director.

61.5 Sec. 10. Minnesota Statutes 2010, section 354A.011, subdivision 24, is amended to
 61.6 read:

61.7 Subd. 24. **Salary; covered salary.** (a) Subject to the limitations of section 356.611,
 61.8 "salary" or "covered salary" means the entire compensation, upon which member
 61.9 contributions are required and made, that is paid to a teacher before deductions for
 61.10 deferred compensation, supplemental retirement plans, or other voluntary salary reduction
 61.11 programs.

61.12 (b) "Salary" does not mean:

61.13 (1) lump-sum annual leave payments;

61.14 (2) lump-sum wellness and sick leave payments;

61.15 (3) employer-paid amounts used by an employee toward the cost of insurance
 61.16 coverage, employer-paid fringe benefits, flexible spending accounts, cafeteria plans, health
 61.17 care expense accounts, day care expenses, or any payments in lieu of any employer-paid
 61.18 group insurance coverage, including the difference between single and family rates that
 61.19 may be paid to a member with single coverage, and certain amounts determined by the
 61.20 executive secretary or director to be ineligible;

61.21 (4) any form of payment that is made in lieu of any other employer-paid fringe
 61.22 benefit or expense;

61.23 (5) any form of severance payments;

61.24 (6) workers' compensation payments;

61.25 (7) disability insurance payments, including self-insured disability payments;

61.26 (8) payments to school principals and all other administrators for services that are
 61.27 in addition to the normal work year contract if these additional services are performed
 61.28 on an extended duty day, Saturday, Sunday, holiday, annual leave day, sick leave day, or
 61.29 any other nonduty day;

61.30 (9) payments under section 356.24, subdivision 1, clause (4)(ii); ~~and~~

61.31 (10) payments made under section 122A.40, subdivision 12, except for payments for
 61.32 sick leave that are accumulated under the provisions of a uniform school district policy
 61.33 that applies equally to all similarly situated persons in the district; and

62.1 (11) amounts of irregular compensation as defined in section 356.307 on which
62.2 employee and employer contributions were transmitted to the unclassified state employees
62.3 retirement program as provided in section 352D.02, subdivision 7.

62.4 (c) Amounts provided to an employee by the employer through a grievance
62.5 proceeding or a legal settlement are salary only if the settlement is reviewed by the
62.6 executive director and the amounts are determined by the executive director to be
62.7 consistent with paragraph (a) and prior determinations.

62.8 Sec. 11. Minnesota Statutes 2010, section 354A.12, subdivision 5, is amended to read:

62.9 Subd. 5. **Reporting and remittance requirements.** (a) Each employing unit shall
62.10 provide to the appropriate teachers retirement fund association the following member
62.11 data regarding all new or returning employees before the employee's first payroll date in
62.12 a format approved by the executive secretary or director. Data changes and the dates of
62.13 those changes must be reported to the association on an ongoing basis for the payroll cycle
62.14 in which they occur. Data on the member includes:

62.15 (1) legal name, address, date of birth, association member number,
62.16 employer-assigned employee number, and Social Security number;

62.17 (2) association status, including, but not limited to, basic, coordinated, exempt
62.18 annuitant, exempt technical college teacher, or exempt independent contractor or
62.19 consultant;

62.20 (3) employment status, including, but not limited to, full time, part time, intermittent,
62.21 substitute, or part-time mobility;

62.22 (4) employment position, including, but not limited to, teacher, superintendent,
62.23 principal, administrator, or other;

62.24 (5) employment activity, including, but not limited to, hire, termination, resumption
62.25 of employment, disability, or death;

62.26 (6) leaves of absence; and

62.27 (7) other information as may be required by the association.

62.28 (b) Each employing unit shall provide the following data to the appropriate
62.29 association for each payroll cycle in a format approved by the executive secretary or
62.30 director:

62.31 (1) an association member number;

62.32 (2) employer-assigned employee number;

62.33 (3) Social Security number;

62.34 (4) amount of each salary deduction;

62.35 (5) amount of total compensation;

63.1 (6) amount of salary as defined in section 354A.011, subdivision 24, from which
 63.2 each deduction was made;

63.3 (7) amount of irregular compensation;

63.4 ~~(6)~~ (8) reason for payment;

63.5 ~~(7)~~ (9) service credit;

63.6 ~~(8)~~ (10) the beginning and ending dates of the payroll period covered and the date
 63.7 of actual payment;

63.8 ~~(9)~~ (11) fiscal year of salary earnings;

63.9 ~~(10)~~ (12) total remittance amount including employee, employer, and employer
 63.10 additional contributions; and

63.11 ~~(11)~~ (13) other information as may be required by the association.

63.12 (c) On or before August 1 each year, each employing unit must report to the
 63.13 appropriate association giving an itemized summary for the preceding 12 months of the
 63.14 total amount that was withheld from the salaries of teachers for deductions and all other
 63.15 information required by the association.

63.16 (d) An employing unit that does not comply with the reporting requirements
 63.17 under this section shall pay a fine of \$5 per calendar day until the association receives
 63.18 the required member data.

63.19 (e) An employing unit shall remit all amounts that are due to the association and
 63.20 shall furnish for each pay period an itemized statement indicating the total amount that is
 63.21 due and is transmitted with any other information required by the association. All amounts
 63.22 due and other employer obligations that are not remitted within 30 days of notification
 63.23 by the association must be certified by the director or secretary to the commissioner of
 63.24 management and budget, who shall deduct the amount from any state aid or appropriation
 63.25 amount applicable to the employing unit and shall transmit the deducted amount to the
 63.26 applicable association.

63.27 Sec. 12. **[356.307] IRREGULAR COMPENSATION.**

63.28 Subdivision 1. Definition. For purposes of the defined benefit retirement plans
 63.29 listed in subdivision 2, "irregular compensation" means compensation paid for overtime
 63.30 services, shift differential, extracurricular services, extra duty services, uniform
 63.31 allowances, employment incentives, bonuses, payments in lieu of leave time, nonduty day
 63.32 services, recognition rewards, and payments in lieu of insurance coverage.

63.33 Subd. 2. Applicable retirement plans. The definition in subdivision 1 is applicable
 63.34 to the following defined benefit retirement plans:

- 64.1 (1) general state employees retirement plan of the Minnesota State Retirement
 64.2 System;
 64.3 (2) correctional state employees retirement plan of the Minnesota State Retirement
 64.4 System;
 64.5 (3) transportation department pilots retirement plan;
 64.6 (4) military affairs department personnel retirement plan;
 64.7 (5) state fire marshal division fire/arson investigator retirement plan;
 64.8 (6) general employees retirement plan of the Public Employees Retirement
 64.9 Association;
 64.10 (7) local government correctional service retirement plan of the Public Employees
 64.11 Retirement Association;
 64.12 (8) Teachers Retirement Association;
 64.13 (9) Duluth Teachers Retirement Fund Association;
 64.14 (10) St. Paul Teachers Retirement Fund Association; and
 64.15 (11) judges retirement plan.

64.16 Sec. 13. Minnesota Statutes 2010, section 490.121, is amended by adding a subdivision
 64.17 to read:

64.18 Subd. 21g. **Salary.** "Salary" has the same meaning as the definition of the term in
 64.19 section 352.01, subdivision 13.

64.20 Sec. 14. Minnesota Statutes 2010, section 490.124, is amended by adding a subdivision
 64.21 to read:

64.22 Subd. 15. **Compensation and deduction amount requirements.** The state court
 64.23 administrator shall comply with the compensation and deduction reporting requirements
 64.24 of section 352.04, subdivision 4, paragraph (c).

64.25 Sec. 15. **EFFECTIVE DATE.**

64.26 Sections 1 to 14 are effective July 1, 2012, and apply to compensation paid and
 64.27 deductions made beginning with the first full payroll period beginning after June 30, 2012.

64.28 **ARTICLE 3**

64.29 **MSRS-CORRECTIONAL PLAN MEMBERSHIP CHANGES**

64.30 Section 1. Minnesota Statutes 2010, section 352.91, subdivision 3c, is amended to read:

64.31 Subd. 3c. **Nursing personnel.** (a) "Covered correctional service" means service by
 64.32 a state employee in one of the employment positions at a correctional facility or at the

65.1 Minnesota Security Hospital, or in the Minnesota sex offender program that are specified
 65.2 in paragraph (b) if at least 75 percent of the employee's working time is spent in direct
 65.3 contact with inmates or patients and the fact of this direct contact is certified to the
 65.4 executive director by the appropriate commissioner.

65.5 (b) The employment positions are as follows:

- 65.6 (1) registered nurse - senior;
- 65.7 (2) registered nurse;
- 65.8 (3) registered nurse - principal;
- 65.9 (4) licensed practical nurse 2; ~~and~~
- 65.10 (5) registered nurse advance practice; and
- 65.11 (6) psychiatric advance practice registered nurse.

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

65.13 Sec. 2. Minnesota Statutes 2010, section 352.91, subdivision 3d, is amended to read:

65.14 Subd. 3d. **Other correctional personnel.** (a) "Covered correctional service" means
 65.15 service by a state employee in one of the employment positions at a correctional facility or
 65.16 at the Minnesota Security Hospital specified in paragraph (b) if at least 75 percent of the
 65.17 employee's working time is spent in direct contact with inmates or patients and the fact of
 65.18 this direct contact is certified to the executive director by the appropriate commissioner.

65.19 (b) The employment positions are:

- 65.20 (1) automotive mechanic;
- 65.21 (2) baker;
- 65.22 (3) central services administrative specialist, intermediate;
- 65.23 (4) central services administrative specialist, principal;
- 65.24 (5) chaplain;
- 65.25 (6) chief cook;
- 65.26 (7) clinical program therapist 1;
- 65.27 (8) clinical program therapist 2;
- 65.28 (9) clinical program therapist 3;
- 65.29 (10) clinical program therapist 4;
- 65.30 (11) cook;
- 65.31 ~~(8) (12) cook coordinator;~~
- 65.32 ~~(9) corrections program therapist 1;~~
- 65.33 ~~(10) corrections program therapist 2;~~
- 65.34 ~~(11) corrections program therapist 3;~~
- 65.35 ~~(12) corrections program therapist 4;~~

- 66.1 (13) corrections inmate program coordinator;
- 66.2 (14) corrections transitions program coordinator;
- 66.3 (15) corrections security caseworker;
- 66.4 (16) corrections security caseworker career;
- 66.5 (17) corrections teaching assistant;
- 66.6 (18) delivery van driver;
- 66.7 (19) dentist;
- 66.8 (20) electrician supervisor;
- 66.9 (21) general maintenance worker lead;
- 66.10 (22) general repair worker;
- 66.11 (23) library/information research services specialist;
- 66.12 (24) library/information research services specialist senior;
- 66.13 (25) library technician;
- 66.14 (26) painter lead;
- 66.15 (27) plant maintenance engineer lead;
- 66.16 (28) plumber supervisor;
- 66.17 (29) psychologist 1;
- 66.18 (30) psychologist 3;
- 66.19 (31) recreation therapist;
- 66.20 (32) recreation therapist coordinator;
- 66.21 (33) recreation program assistant;
- 66.22 (34) recreation therapist senior;
- 66.23 (35) sports medicine specialist;
- 66.24 (36) work therapy assistant;
- 66.25 (37) work therapy program coordinator; and
- 66.26 (38) work therapy technician.

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

66.28 Sec. 3. Minnesota Statutes 2010, section 352.91, subdivision 3f, is amended to read:

66.29 Subd. 3f. **Additional Department of Human Services personnel.** (a) "Covered
66.30 correctional service" means service by a state employee in one of the employment
66.31 positions specified in paragraph (b) at the Minnesota Security Hospital or in the Minnesota
66.32 sex offender program if at least 75 percent of the employee's working time is spent in
66.33 direct contact with patients and the determination of this direct contact is certified to the
66.34 executive director by the commissioner of human services.

66.35 (b) The employment positions are:

- 67.1 (1) behavior analyst 2;
- 67.2 (2) behavior analyst 3;
- 67.3 (3) certified occupational therapy assistant 1;
- 67.4 (4) certified occupational therapy assistant 2;
- 67.5 (5) chemical dependency counselor senior;
- 67.6 (6) client advocate;
- 67.7 (7) clinical program therapist 1;
- 67.8 (8) clinical program therapist 2;
- 67.9 (9) clinical program therapist 3;
- 67.10 (10) clinical program therapist 4;
- 67.11 (11) customer services specialist principal;
- 67.12 ~~(8)~~ (12) dental assistant registered;
- 67.13 ~~(9)~~ (13) group supervisor;
- 67.14 ~~(10)~~ (14) group supervisor assistant;
- 67.15 ~~(11)~~ (15) human services support specialist;
- 67.16 ~~(12)~~ (16) licensed alcohol and drug counselor;
- 67.17 ~~(13)~~ (17) licensed practical nurse 1;
- 67.18 ~~(14)~~ (18) management analyst 3;
- 67.19 ~~(15)~~ (19) occupational therapist;
- 67.20 ~~(16)~~ (20) occupational therapist, senior;
- 67.21 ~~(17)~~ (21) psychologist 1;
- 67.22 ~~(18)~~ (22) psychologist 2;
- 67.23 ~~(19)~~ (23) psychologist 3;
- 67.24 ~~(20)~~ (24) recreation program assistant;
- 67.25 ~~(21)~~ (25) recreation therapist lead;
- 67.26 ~~(22)~~ (26) recreation therapist senior;
- 67.27 ~~(23)~~ (27) rehabilitation counselor senior;
- 67.28 ~~(24)~~ (28) security supervisor;
- 67.29 ~~(25)~~ (29) skills development specialist;
- 67.30 ~~(26)~~ (30) social worker senior;
- 67.31 ~~(27)~~ (31) social worker specialist;
- 67.32 ~~(28)~~ (32) social worker specialist, senior;
- 67.33 ~~(29)~~ (33) special education program assistant;
- 67.34 ~~(30)~~ (34) speech pathology clinician;
- 67.35 ~~(31)~~ (35) work therapy assistant; and
- 67.36 ~~(32)~~ (36) work therapy program coordinator.

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

68.2 Sec. 4. **REPEALER.**

68.3 Minnesota Statutes 2010, section 352.91, subdivision 3e, is repealed.

68.4 **EFFECTIVE DATE.** This section is effective as of the day after the last day of the
68.5 last full pay period in May 2013.

68.6 **ARTICLE 4**

68.7 **HEALTH CARE SAVINGS PLAN MODIFICATIONS**

68.8 Section 1. Minnesota Statutes 2010, section 352.98, subdivision 3, is amended to read:

68.9 Subd. 3. **Contributions.** (a) Contributions to the plan must be defined in a
68.10 personnel policy or in a collective bargaining agreement of a public employer or political
68.11 subdivision. The executive director may offer different types of trusts permitted under the
68.12 Internal Revenue Code to best meet the needs of different employer units.

68.13 (b) Contributions to the plan by or on behalf of the participant must be held in trust
68.14 for reimbursement of eligible health-related expenses for participants and their dependents
68.15 following termination from public employment or ~~during active employment~~ in other
68.16 circumstances set forth in the plan document. The executive director shall maintain
68.17 a separate account of the contributions made by or on behalf of each participant and
68.18 the earnings thereon. The executive director shall make available a limited range of
68.19 investment options, and each participant may direct the investment of the accumulations
68.20 in the participant's account among the investment options made available by the executive
68.21 director.

68.22 (c) This section does not obligate a public employer to meet and negotiate in good
68.23 faith with the exclusive bargaining representative of any public employee group regarding
68.24 an employer contribution to a postretirement or active employee health care savings plan
68.25 authorized by this section and section 356.24, subdivision 1, clause (7). It is not the intent
68.26 of the legislature to authorize the state to incur new funding obligations for the costs of
68.27 retiree health care or the costs of administering retiree health care plans or accounts.

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

68.29 Sec. 2. Minnesota Statutes 2010, section 352.98, subdivision 4, is amended to read:

68.30 Subd. 4. **Reimbursement for health-related expenses.** The executive director
68.31 shall reimburse participants at least quarterly for eligible health-related expenses, as
68.32 allowable by federal and state law, until the participant exhausts the accumulation in the

69.1 participant's account. If a participant dies prior to exhausting the participant's account
 69.2 balance, the participant's spouse or dependents are eligible to be reimbursed for health care
 69.3 expenses from the account until the account balance is exhausted. If an account balance
 69.4 remains after the death of a participant and all of the participant's legal dependents, the
 69.5 remainder of the account must be paid to the participant's beneficiaries or, if none, to
 69.6 ~~the participant's estate~~ a living person or persons named by the personal representative
 69.7 of the estate. The person or persons named must use the account for reimbursement of
 69.8 allowable health care expenses.

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

69.10 Sec. 3. Minnesota Statutes 2010, section 352.98, subdivision 5, is amended to read:

69.11 Subd. 5. **Fees.** The executive director is authorized to charge uniform fees to
 69.12 participants to cover the ongoing cost of operating the plan. Any fees not needed must
 69.13 revert to participant accounts or be used to reduce plan fees in the following year future.

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

69.15 Sec. 4. Minnesota Statutes 2010, section 352.98, subdivision 8, is amended to read:

69.16 Subd. 8. **Exemption from process.** Assets in a ~~health-care~~ health care savings
 69.17 plan account described in this section must be used for the reimbursement of ~~healthcare~~
 69.18 health care expenses and are not assignable or subject to execution, levy, attachment,
 69.19 garnishment, or other legal process, except as provided in section 518.58, 518.581, or
 69.20 518A.53.

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

69.22 **ARTICLE 5**

69.23 **MSRS-UNCLASSIFIED RETIREMENT PROGRAM MODIFICATIONS**

69.24 Section 1. Minnesota Statutes 2010, section 352D.02, subdivision 3, is amended to
 69.25 read:

69.26 Subd. 3. **Transfer to general employees retirement plan.** (a) If permitted under
 69.27 paragraph (b), an employee referred to in subdivision 1, paragraph (c), clauses (2) to (4),
 69.28 (6) to (14), and (16) to (18), who is credited with shares in the unclassified program; and
 69.29 ~~who has credit for allowable service, not later than one month following the termination~~
 69.30 ~~of covered employment,~~ may elect to terminate participation in the unclassified program
 69.31 and be covered by the general employees retirement plan ~~by filing a written election~~
 69.32 ~~with the executive director.~~

70.1 (b) An employee specified in paragraph (a) is permitted to terminate participation
 70.2 in the unclassified program and be covered by the general employees retirement plan if
 70.3 the employee:

70.4 (1) was employed before July 1, 2010, and has at least ten years of allowable service
 70.5 ~~as of the date of the election;~~ or if the employee

70.6 (2) was first employed after June 30, 2010, and has no more than seven years of
 70.7 allowable service ~~as of the date of the election.~~

70.8 The election must be in writing on a form provided by the executive director, and
 70.9 can be made no later than one month following the termination of covered employment.

70.10 ~~(b)~~ (c) If the transfer election is made, the executive director shall ~~then~~ redeem the
 70.11 employee's total shares and shall credit to the employee's account in the general employees
 70.12 retirement plan the amount of contributions that would have been ~~so~~ credited had the
 70.13 employee been covered by the general employees retirement plan during the employee's
 70.14 entire covered employment ~~or elective state service.~~ The balance of money ~~so~~ redeemed
 70.15 and not credited to the employee's account must be transferred to the general employees
 70.16 retirement plan, except that the executive director must determine:

70.17 (1) the employee ~~contribution~~ contributions paid to the unclassified program ~~must be~~
 70.18 ~~compared to;~~ and

70.19 (2) the employee contributions that would have been paid to the general employees
 70.20 retirement plan for the comparable period, if the individual had been covered by that plan.

70.21 If clause (1) is greater than clause (2), the difference must be refunded to the
 70.22 employee as provided in section 352.22. If clause (2) is greater than clause (1), the
 70.23 difference must be paid by the employee within six months of electing general employees
 70.24 retirement plan coverage or before the effective date of the annuity, whichever is sooner.

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

70.27 ~~(d)~~ (e) A person referenced in subdivision 1, paragraph (c), clause (1), (5), or
 70.28 (15), who is credited with employee shares in the unclassified program is not permitted
 70.29 to terminate participation in the unclassified program and be covered by the general
 70.30 employees retirement plan.

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

70.32 ARTICLE 6

70.33 PERA-ADMINISTERED RETIREMENT PLAN MODIFICATIONS

70.34 Section 1. Minnesota Statutes 2011 Supplement, section 353.01, subdivision 2a,
 70.35 is amended to read:

71.1 Subd. 2a. **Included employees; mandatory membership.** (a) Public employees
71.2 whose salary exceeds ~~\$425 in any month~~ the minimum monthly salary figure under
71.3 subdivision 2e and who are not specifically excluded under subdivision 2b or who have
71.4 not been provided an option to participate under subdivision 2d, whether individually or
71.5 by action of the governmental subdivision, must participate as members of the association
71.6 with retirement coverage by the general employees retirement plan under this chapter,
71.7 the public employees police and fire retirement plan under this chapter, or the local
71.8 government correctional employees retirement plan under chapter 353E, whichever
71.9 applies. Membership commences as a condition of their employment on the first day of
71.10 their employment or on the first day that the eligibility criteria are met, whichever is later.
71.11 Public employees include but are not limited to:

71.12 (1) persons whose salary meets the threshold in this paragraph from employment in
71.13 one or more positions within one governmental subdivision;

71.14 (2) elected county sheriffs;

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

71.18 (i) town and city clerk or treasurer;

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

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

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

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

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

71.26 (6) employees of the Minneapolis Firefighters Relief Association or Minneapolis
71.27 Police Relief Association who are not excluded employees under subdivision 2b due
71.28 to coverage by the relief association pension plan and who elected general employee
71.29 retirement plan coverage before August 20, 2009; and

71.30 (7) employees of the Red Wing Port Authority who were first employed by the
71.31 Red Wing Port Authority before May 1, 2011, and who are not excluded employees
71.32 under subdivision 2b.

71.33 (b) A public employee or elected official who was a member of the association on
71.34 June 30, 2002, based on employment that qualified for membership coverage by the public
71.35 employees retirement plan or the public employees police and fire plan under this chapter,
71.36 or the local government correctional employees retirement plan under chapter 353E as of

72.1 June 30, 2002, retains that membership for the duration of the person's employment in that
72.2 position or incumbency in elected office. Except as provided in subdivision 28, the person
72.3 shall participate as a member until the employee or elected official terminates public
72.4 employment under subdivision 11a or terminates membership under subdivision 11b.

72.5 (c) If the salary of an included public employee is less than ~~\$425~~ the minimum
72.6 monthly salary figure under subdivision 2e in any subsequent month, the member retains
72.7 membership eligibility.

72.8 (d) For the purpose of participation in the MERF division of the general employees
72.9 retirement plan, public employees include employees who were members of the former
72.10 Minneapolis Employees Retirement Fund on June 29, 2010, and who participate as
72.11 members of the MERF division of the association.

72.12 **EFFECTIVE DATE.** This section is effective July 1, 2012.

72.13 Sec. 2. Minnesota Statutes 2010, section 353.01, subdivision 2b, is amended to read:

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

72.18 (1) persons whose salary from one governmental subdivision never exceeds ~~\$425~~
72.19 the minimum monthly salary figure under subdivision 2e in a month;

72.20 (2) public officers who are elected to a governing body, city mayors, or persons who
72.21 are appointed to fill a vacancy in an elective office of a governing body, whose term of
72.22 office commences on or after July 1, 2002, for the service to be rendered in that elective
72.23 position;

72.24 (3) election officers or election judges;

72.25 (4) patient and inmate personnel who perform services for a governmental
72.26 subdivision;

72.27 (5) except as otherwise specified in subdivision 12a, employees who are hired for
72.28 a temporary position as defined under subdivision 12a, and employees who resign from
72.29 a nontemporary position and accept a temporary position within 30 days in the same
72.30 governmental subdivision;

72.31 (6) employees who are employed by reason of work emergency caused by fire,
72.32 flood, storm, or similar disaster;

72.33 (7) employees who by virtue of their employment in one governmental subdivision
72.34 are required by law to be a member of and to contribute to any of the plans or funds
72.35 administered by the Minnesota State Retirement System, the Teachers Retirement

73.1 Association, the Duluth Teachers Retirement Fund Association, the St. Paul Teachers
73.2 Retirement Fund Association, or any police or firefighters relief association governed by
73.3 section 69.77 that has not consolidated with the Public Employees Retirement Association,
73.4 or any local police or firefighters consolidation account who have not elected the type of
73.5 benefit coverage provided by the public employees police and fire fund under sections
73.6 353A.01 to 353A.10, or any persons covered by section 353.665, subdivision 4, 5, or 6,
73.7 who have not elected public employees police and fire plan benefit coverage. This clause
73.8 must not be construed to prevent a person from being a member of and contributing to
73.9 the Public Employees Retirement Association and also belonging to and contributing to
73.10 another public pension plan or fund for other service occurring during the same period
73.11 of time. A person who meets the definition of "public employee" in subdivision 2 by
73.12 virtue of other service occurring during the same period of time becomes a member of the
73.13 association unless contributions are made to another public retirement fund on the salary
73.14 based on the other service or to the Teachers Retirement Association by a teacher as
73.15 defined in section 354.05, subdivision 2;

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

73.21 (9) employees of a governmental subdivision who have not reached the age of
73.22 23 and are enrolled on a full-time basis to attend or are attending classes on a full-time
73.23 basis at an accredited school, college, or university in an undergraduate, graduate, or
73.24 professional-technical program, or a public or charter high school;

73.25 (10) resident physicians, medical interns, and pharmacist residents and pharmacist
73.26 interns who are serving in a degree or residency program in public hospitals or clinics;

73.27 (11) students who are serving in an internship or residency program sponsored
73.28 by an accredited educational institution;

73.29 (12) persons who hold a part-time adult supplementary technical college license who
73.30 render part-time teaching service in a technical college;

73.31 (13) except for employees of Hennepin County or Hennepin Healthcare System, Inc.,
73.32 foreign citizens who are employed by a governmental subdivision under a work permit, or
73.33 an H-1b visa initially issued or extended for a combined period less than three years of
73.34 employment. Upon extension of the employment beyond the three-year period, the foreign
73.35 citizens must be reported for membership beginning the first of the month thereafter
73.36 provided the monthly earnings threshold as provided under subdivision 2a is met;

74.1 (14) public hospital employees who elected not to participate as members of the
74.2 association before 1972 and who did not elect to participate from July 1, 1988, to October
74.3 1, 1988;

74.4 (15) except as provided in section 353.86, volunteer ambulance service personnel, as
74.5 defined in subdivision 35, but persons who serve as volunteer ambulance service personnel
74.6 may still qualify as public employees under subdivision 2 and may be members of the
74.7 Public Employees Retirement Association and participants in the general employees
74.8 retirement plan or the public employees police and fire plan, whichever applies, on the
74.9 basis of compensation received from public employment service other than service as
74.10 volunteer ambulance service personnel;

74.11 (16) except as provided in section 353.87, volunteer firefighters, as defined in
74.12 subdivision 36, engaging in activities undertaken as part of volunteer firefighter duties,
74.13 but a person who is a volunteer firefighter may still qualify as a public employee under
74.14 subdivision 2 and may be a member of the Public Employees Retirement Association and
74.15 a participant in the general employees retirement plan or the public employees police
74.16 and fire plan, whichever applies, on the basis of compensation received from public
74.17 employment activities other than those as a volunteer firefighter;

74.18 (17) pipefitters and associated trades personnel employed by Independent School
74.19 District No. 625, St. Paul, with coverage under a collective bargaining agreement by the
74.20 pipefitters local 455 pension plan who were either first employed after May 1, 1997, or,
74.21 if first employed before May 2, 1997, elected to be excluded under Laws 1997, chapter
74.22 241, article 2, section 12;

74.23 (18) electrical workers, plumbers, carpenters, and associated trades personnel who
74.24 are employed by Independent School District No. 625, St. Paul, or the city of St. Paul,
74.25 who have retirement coverage under a collective bargaining agreement by the Electrical
74.26 Workers Local 110 pension plan, the United Association Plumbers Local 34 pension plan,
74.27 or the pension plan applicable to Carpenters Local 87 who were either first employed after
74.28 May 1, 2000, or, if first employed before May 2, 2000, elected to be excluded under
74.29 Laws 2000, chapter 461, article 7, section 5;

74.30 (19) bricklayers, allied craftworkers, cement masons, glaziers, glassworkers,
74.31 painters, allied tradesworkers, and plasterers who are employed by the city of St. Paul
74.32 or Independent School District No. 625, St. Paul, with coverage under a collective
74.33 bargaining agreement by the Bricklayers and Allied Craftworkers Local 1 pension plan,
74.34 the Cement Masons Local 633 pension plan, the Glaziers and Glassworkers Local L-1324
74.35 pension plan, the Painters and Allied Trades Local 61 pension plan, or the Twin Cities
74.36 Plasterers Local 265 pension plan who were either first employed after May 1, 2001, or if

75.1 first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special
75.2 Session chapter 10, article 10, section 6;

75.3 (20) plumbers who are employed by the Metropolitan Airports Commission, with
75.4 coverage under a collective bargaining agreement by the Plumbers Local 34 pension plan,
75.5 who either were first employed after May 1, 2001, or if first employed before May 2,
75.6 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article
75.7 10, section 6;

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

75.11 (22) persons who are provided supported employment or work-study positions
75.12 by a governmental subdivision and who participate in an employment or industries
75.13 program maintained for the benefit of these persons where the governmental subdivision
75.14 limits the position's duration to three years or less, including persons participating in a
75.15 federal or state subsidized on-the-job training, work experience, senior citizen, youth, or
75.16 unemployment relief program where the training or work experience is not provided as a
75.17 part of, or for, future permanent public employment;

75.18 (23) independent contractors and the employees of independent contractors;

75.19 (24) reemployed annuitants of the association during the course of that
75.20 reemployment; and

75.21 (25) persons appointed to serve on a board or commission of a governmental
75.22 subdivision or an instrumentality thereof.

75.23 (b) Any person performing the duties of a public officer in a position defined in
75.24 subdivision 2a, paragraph (a), clause (3), is not an independent contractor and is not an
75.25 employee of an independent contractor.

75.26 **EFFECTIVE DATE.** This section is effective July 1, 2012.

75.27 Sec. 3. Minnesota Statutes 2010, section 353.01, is amended by adding a subdivision
75.28 to read:

75.29 **Subd. 2e. Minimum monthly salary amount requirement.** The minimum
75.30 monthly salary amount required for membership under subdivision 2a is:

75.31 (1) \$425 in any month before July 1, 2012;

75.32 (2) \$773 in any month from July 1, 2012, to June 30, 2013; and

75.33 (3) \$773 plus an amount, rounded up or down to the nearest full dollar amount,
75.34 representing the percentage change in the Consumer Price Index-All Urban Consumers
75.35 reported by the Bureau of Labor Statistics of the United States Department of Labor from

76.1 December 2011 to the most recent prior December, as determined and published by the
76.2 executive director annually after June 30, 2013.

76.3 **EFFECTIVE DATE.** This section is effective July 1, 2012.

76.4 Sec. 4. Minnesota Statutes 2011 Supplement, section 353.01, subdivision 16, is
76.5 amended to read:

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

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

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

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

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

76.18 (5) a period of authorized personal, parental, or medical leave of absence without
76.19 pay, including a leave of absence covered under the federal Family Medical Leave Act,
76.20 that does not exceed one year, and for which a member obtained service credit for each
76.21 month in the leave period by payment under section 353.0161 to the fund made in place of
76.22 salary deductions. An employee must return to public service and render a minimum of
76.23 three months of allowable service in order to be eligible to make payment under section
76.24 353.0161 for a subsequent authorized leave of absence without pay. Upon payment, the
76.25 employee must be granted allowable service credit for the purchased period;

76.26 (6) a periodic, repetitive leave that is offered to all employees of a governmental
76.27 subdivision. The leave program may not exceed 208 hours per annual normal work cycle
76.28 as certified to the association by the employer. A participating member obtains service
76.29 credit by making employee contributions in an amount or amounts based on the member's
76.30 average salary, excluding overtime pay, that would have been paid if the leave had not been
76.31 taken. The employer shall pay the employer and additional employer contributions on
76.32 behalf of the participating member. The employee and the employer are responsible to pay
76.33 interest on their respective shares at the rate of 8.5 percent a year, compounded annually,
76.34 from the end of the normal cycle until full payment is made. An employer shall also make
76.35 the employer and additional employer contributions, plus 8.5 percent interest, compounded

77.1 annually, on behalf of an employee who makes employee contributions but terminates
77.2 public service. The employee contributions must be made within one year after the end of
77.3 the annual normal working cycle or within 30 days after termination of public service,
77.4 whichever is sooner. The executive director shall prescribe the manner and forms to be
77.5 used by a governmental subdivision in administering a periodic, repetitive leave. Upon
77.6 payment, the member must be granted allowable service credit for the purchased period;

77.7 (7) an authorized temporary or seasonal layoff under subdivision 12, limited to three
77.8 months allowable service per authorized temporary or seasonal layoff in one calendar year.
77.9 An employee who has received the maximum service credit allowed for an authorized
77.10 temporary or seasonal layoff must return to public service and must obtain a minimum of
77.11 three months of allowable service subsequent to the layoff in order to receive allowable
77.12 service for a subsequent authorized temporary or seasonal layoff;

77.13 (8) a period during which a member is absent from employment by a governmental
77.14 subdivision by reason of service in the uniformed services, as defined in United States
77.15 Code, title 38, section 4303(13), if the member returns to public service with the same
77.16 governmental subdivision upon discharge from service in the uniformed service within the
77.17 time frames required under United States Code, title 38, section 4312(e), provided that
77.18 the member did not separate from uniformed service with a dishonorable or bad conduct
77.19 discharge or under other than honorable conditions. The service must be credited if the
77.20 member pays into the fund equivalent employee contributions based upon the contribution
77.21 rate or rates in effect at the time that the uniformed service was performed multiplied by
77.22 the full and fractional years being purchased and applied to the annual salary rate. The
77.23 annual salary rate is the average annual salary, excluding overtime pay, during the purchase
77.24 period that the member would have received if the member had continued to be employed
77.25 in covered employment rather than to provide uniformed service, or, if the determination
77.26 of that rate is not reasonably certain, the annual salary rate is the member's average salary
77.27 rate, excluding overtime pay, during the 12-month period of covered employment rendered
77.28 immediately preceding the period of the uniformed service. Payment of the member
77.29 equivalent contributions must be made during a period that begins with the date on which
77.30 the individual returns to public employment and that is three times the length of the
77.31 military leave period, or within five years of the date of discharge from the military service,
77.32 whichever is less. If the determined payment period is less than one year, the contributions
77.33 required under this clause to receive service credit may be made within one year of the
77.34 discharge date. Payment may not be accepted following 30 days after termination of
77.35 public service under subdivision 11a. If the member equivalent contributions provided for
77.36 in this clause are not paid in full, the member's allowable service credit must be prorated

78.1 by multiplying the full and fractional number of years of uniformed service eligible for
78.2 purchase by the ratio obtained by dividing the total member contributions received by the
78.3 total member contributions otherwise required under this clause. The equivalent employer
78.4 contribution, and, if applicable, the equivalent additional employer contribution must be
78.5 paid by the governmental subdivision employing the member if the member makes the
78.6 equivalent employee contributions. The employer payments must be made from funds
78.7 available to the employing unit, using the employer and additional employer contribution
78.8 rate or rates in effect at the time that the uniformed service was performed, applied to the
78.9 same annual salary rate or rates used to compute the equivalent member contribution. The
78.10 governmental subdivision involved may appropriate money for those payments. The
78.11 amount of service credit obtainable under this section may not exceed five years unless a
78.12 longer purchase period is required under United States Code, title 38, section 4312. The
78.13 employing unit shall pay interest on all equivalent member and employer contribution
78.14 amounts payable under this clause. Interest must be computed at a rate of 8.5 percent
78.15 compounded annually from the end of each fiscal year of the leave or the break in service
78.16 to the end of the month in which the payment is received. Upon payment, the employee
78.17 must be granted allowable service credit for the purchased period; or

78.18 (9) a period specified under ~~subdivision 40~~ section 353.0162.

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

78.24 (c) For a public employee who has prior service covered by a local police or
78.25 firefighters relief association that has consolidated with the Public Employees Retirement
78.26 Association under chapter 353A or to which section 353.665 applies, and who has
78.27 elected the type of benefit coverage provided by the public employees police and fire
78.28 fund either under section 353A.08 following the consolidation or under section 353.665,
78.29 subdivision 4, "allowable service" is a period of service credited by the local police or
78.30 firefighters relief association as of the effective date of the consolidation based on law
78.31 and on bylaw provisions governing the relief association on the date of the initiation
78.32 of the consolidation procedure.

78.33 (d) No member may receive more than 12 months of allowable service credit in a
78.34 year either for vesting purposes or for benefit calculation purposes. For an active member
78.35 who was an active member of the former Minneapolis Firefighters Relief Association on
78.36 the day prior to the effective date of consolidation under Laws 2011, First Special Session

79.1 chapter 8, article 6, section 19, "allowable service" is the period of service credited by
79.2 the Minneapolis Firefighters Relief Association as reflected in the transferred records of
79.3 the association up to the effective date of consolidation under Laws 2011, First Special
79.4 Session chapter 8, article 6, section 19, and the period of service credited under paragraph
79.5 (a), clause (1), after the effective date of consolidation under Laws 2011, First Special
79.6 Session chapter 8, article 6, section 19. For an active member who was an active member
79.7 of the former Minneapolis Police Relief Association on the day prior to the effective date
79.8 of consolidation under Laws 2011, First Special Session chapter 8, article 7, section 19,
79.9 "allowable service" is the period of service credited by the Minneapolis Police Relief
79.10 Association as reflected in the transferred records of the association up to the effective date
79.11 of consolidation under Laws 2011, First Special Session chapter 8, article 7, section 19,
79.12 and the period of service credited under paragraph (a), clause (1), after the effective date
79.13 of consolidation under Laws 2011, First Special Session chapter 8, article 7, section 19.

79.14 (e) MS 2002 [Expired]

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

79.16 Sec. 5. Minnesota Statutes 2010, section 353.50, subdivision 7, is amended to read:

79.17 Subd. 7. **MERF division account contributions.** (a) After June 30, 2010, the
79.18 member and employer contributions to the MERF division account are governed by this
79.19 subdivision.

79.20 (b) An active member covered by the MERF division must make an employee
79.21 contribution of 9.75 percent of the total salary of the member as defined in section 353.01,
79.22 subdivision 10. The employee contribution must be made by payroll deduction by the
79.23 member's employing unit under section 353.27, subdivision 4, and is subject to the
79.24 provisions of section 353.27, subdivisions 7, 7a, 7b, 12, 12a, and 12b.

79.25 (c) The employer regular contribution to the MERF division account with respect
79.26 to an active MERF division member is 9.75 percent of the total salary of the member as
79.27 defined in section 353.01, subdivision 10.

79.28 (d) The employer additional contribution to the MERF division account with respect
79.29 to an active member of the MERF division is 2.68 percent of the total salary of the member
79.30 as defined in section 353.01, subdivision 10, plus the employing unit's share of \$3,900,000
79.31 that the employing unit paid or is payable to the former Minneapolis Employees
79.32 Retirement Fund under Minnesota Statutes 2008, section 422A.101, subdivision 1a, 2,
79.33 or 2a, during calendar year 2009, as was certified by the former executive director of the
79.34 former Minneapolis Employees Retirement Fund.

80.1 (e) Annually after June 30, 2012, the employer supplemental contribution to
80.2 the MERF division account by the city of Minneapolis, Special School District No. 1,
80.3 Minneapolis, a Minneapolis-owned public utility, improvement, or municipal activity,
80.4 Hennepin county, the Metropolitan Council, the Metropolitan Airports Commission, and
80.5 the Minnesota State Colleges and Universities system is the larger of the following:

80.6 (1) the amount by which the total actuarial required contribution determined under
80.7 section 356.215 by the approved actuary retained by the Public Employees Retirement
80.8 Association in the most recent actuarial valuation of the MERF division and based on a
80.9 June 30, 2031, amortization date, after subtracting the contributions under paragraphs (b),
80.10 (c), and (d), exceeds \$22,750,000 or \$24,000,000, whichever applies; or

80.11 (2) the amount of \$27,000,000, but the total supplemental contribution amount
80.12 plus the contributions under paragraphs (c) and (d) may not exceed \$34,000,000. Each
80.13 employing unit's share of the total employer supplemental contribution amount is equal to
80.14 the applicable portion specified in paragraph ~~(g)~~ (h). The initial total actuarial required
80.15 contribution after June 30, 2012, must be calculated using the mortality assumption
80.16 change recommended on September 30, 2009, for the Minneapolis Employees Retirement
80.17 Fund by the approved consulting actuary retained by the Minneapolis Employees
80.18 Retirement Fund board.

80.19 (f) Before January 31, each employing unit must be invoiced for its share of the
80.20 total employer supplemental contribution amount under paragraph (e). The amount is
80.21 payable by the employing unit in two parts. The first half of the amount due is payable
80.22 on or before the July 31 following the date of the invoice, and the second half of the
80.23 amount due is payable on or before December 15. Each invoice must be based on the
80.24 actuarial valuation report prepared under section 356.215 and the standards for actuarial
80.25 work promulgated by the Legislative Commission on Pensions and Retirement as of the
80.26 valuation date occurring 18 months earlier.

80.27 ~~(f)~~ (g) Notwithstanding any provision of paragraph (c), (d), or (e) to the contrary, as
80.28 of August 1 annually, if the amount of the retirement annuities and benefits paid from the
80.29 MERF division account during the preceding fiscal year, multiplied by the factor of 1.035,
80.30 exceeds the market value of the assets of the MERF division account on the preceding
80.31 June 30, plus state aid of \$9,000,000, \$22,750,000, or \$24,000,000, whichever applies,
80.32 plus the amounts payable under paragraphs (b), (c), (d), and (e) during the preceding
80.33 fiscal year, multiplied by the factor of 1.035, the balance calculated is a special additional
80.34 employer contribution. The special additional employer contribution under this paragraph
80.35 is payable in addition to any employer contribution required under paragraphs (c), (d), and

81.1 (e), and is payable on or before the following June 30. The special additional employer
81.2 contribution under this paragraph must be allocated as specified in paragraph ~~(g)~~ (h).

81.3 ~~(g)~~ (h) The employer supplemental contribution under paragraph (e) or the special
81.4 additional employer contribution under paragraph ~~(f)~~ (g) must be allocated between the
81.5 city of Minneapolis, Special School District No. 1, Minneapolis, any Minneapolis-owned
81.6 public utility, improvement, or municipal activity, the Minnesota State Colleges and
81.7 Universities system, Hennepin County, the Metropolitan Council, and the Metropolitan
81.8 Airports Commission in proportion to their share of the actuarial accrued liability of the
81.9 former Minneapolis Employees Retirement Fund as of July 1, 2009, as calculated by the
81.10 approved actuary retained under section 356.214 as part of the actuarial valuation prepared
81.11 as of July 1, 2009, under section 356.215 and the Standards for Actuarial Work adopted by
81.12 the Legislative Commission on Pensions and Retirement.

81.13 ~~(h)~~ (i) The employer contributions under paragraphs (c), (d), ~~and~~ (e), and (g) must be
81.14 paid as provided in section 353.28.

81.15 ~~(i)~~ (j) Contributions under this subdivision are subject to the provisions of section
81.16 353.27, subdivisions 4, 7, 7a, 7b, 11, 12, 12a, 12b, 13, and 14.

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

81.18 Sec. 6. Minnesota Statutes 2010, section 353.656, subdivision 2, is amended to read:

81.19 Subd. 2. **Benefits paid under workers' compensation law.** (a) If a member, ~~as~~
81.20 ~~described in subdivision 1, is injured under circumstances which entitle the member to~~
81.21 ~~receive benefits under the~~ becomes disabled and receives a disability benefit as specified
81.22 in this section and is also entitled to receive lump sum or periodic benefits under workers'
81.23 compensation law, the member shall receive the same benefits as provided in subdivision
81.24 1, with disability benefits paid reimbursed and future benefits reduced by all periodic or
81.25 lump-sum amounts, other than those amounts excluded under paragraph (b), paid to the
81.26 member under the workers' compensation law, after deduction of amount of attorney fees,
81.27 authorized under applicable workers' compensation laws, paid by a disabilitant if the total
81.28 of laws, the single life annuity actuarial equivalent disability benefit amount and the
81.29 workers' compensation benefit exceeds: amount must be added. The computation must
81.30 exclude any attorney fees paid by the disabilitant as authorized under applicable workers'
81.31 compensation laws. The computation must also exclude permanent partial disability
81.32 payments provided under section 176.101, subdivision 2a, and retraining payments under
81.33 section 176.102, subdivision 11, if the permanent partial disability or retraining payments
81.34 are reported to the executive director in a manner specified by the executive director.

82.1 (b) The equivalent salary is the amount determined under clause (1) or (2),
 82.2 whichever is greater:

82.3 (1) the salary the disabled member received as of the date of the disability; or

82.4 (2) the salary currently payable for the same employment position or ~~an employment~~
 82.5 ~~position substantially similar to the one the person held as of the date of the disability,~~
 82.6 ~~whichever is greater. The disability benefit must be reduced to that amount which, when~~
 82.7 ~~added to the workers' compensation benefits, does not exceed the greater of the salaries~~
 82.8 ~~described in clauses (1) and (2) positions in the applicable government subdivision.~~

82.9 ~~(b) Permanent partial disability payments provided for in section 176.101,~~
 82.10 ~~subdivision 2a, and retraining payments provided for in section 176.102, subdivision 11,~~
 82.11 ~~must not be offset from disability payments due under paragraph (a) if the amounts of~~
 82.12 ~~the permanent partial or retraining payments are reported to the executive director in a~~
 82.13 ~~manner specified by the executive director.~~

82.14 (c) If the amount determined under paragraph (a) exceeds the equivalent salary
 82.15 determined under paragraph (b), the disability benefit amount must be reduced to that
 82.16 amount which, when added to the workers' compensation benefits, equals the equivalent
 82.17 salary.

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

82.19 **ARTICLE 7**

82.20 **REVISIONS IN THE PERA PRIVATIZATION LAW**

82.21 Section 1. Minnesota Statutes 2010, section 353F.02, subdivision 4, is amended to read:

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

82.23 (1) Bridges Medical Services;

82.24 (2) Cedarview Care Center in Steele County;

82.25 ~~(2)~~ (3) the City of Cannon Falls Hospital;

82.26 ~~(3)~~ (4) the Chris Jenson Health and Rehabilitation Center in St. Louis County;

82.27 ~~(4)~~ (5) Clearwater County Memorial Hospital doing business as Clearwater Health
 82.28 Services in Bagley;

82.29 ~~(5)~~ (6) the Dassel Lakeside Community Home;

82.30 ~~(6)~~ (7) the Douglas County Hospital, with respect to the Mental Health Unit;

82.31 ~~(7)~~ (8) the Fair Oaks Lodge, Wadena;

82.32 ~~(8)~~ (9) the Glencoe Area Health Center;

82.33 ~~(9)~~ (10) Hutchinson Area Health Care;

82.34 ~~(10)~~ (11) the Lakefield Nursing Home;

82.35 ~~(11)~~ (12) the Lakeview Nursing Home in Gaylord;

- 83.1 ~~(12)~~ (13) the Luverne Public Hospital;
- 83.2 ~~(13)~~ (14) the Oakland Park Nursing Home;
- 83.3 ~~(14)~~ (15) the RenVilla Nursing Home;
- 83.4 ~~(15)~~ (16) the Rice Memorial Hospital in Willmar, with respect to the Department
- 83.5 of Radiology and the Department of Radiation/Oncology;
- 83.6 ~~(16)~~ (17) the St. Peter Community Health Care Center;
- 83.7 (18) the Traverse Care Center in Traverse County;
- 83.8 ~~(17)~~ (19) the Waconia-Ridgeview Medical Center;
- 83.9 ~~(18)~~ (20) the Weiner Memorial Medical Center, Inc.;
- 83.10 ~~(19)~~ (21) the Wheaton Community Hospital; and
- 83.11 ~~(20)~~ (22) the Worthington Regional Hospital.

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

83.13 Sec. 2. Minnesota Statutes 2010, section 353F.04, subdivision 1, is amended to read:

83.14 Subdivision 1. **Enhanced augmentation rates.** (a) The deferred annuity of

83.15 a terminated medical facility or other public employing unit employee is subject

83.16 to augmentation under section 353.71, subdivision 2, of the edition of Minnesota

83.17 Statutes published in the year in which the privatization occurred, except that the rate

83.18 of augmentation is as specified in ~~paragraph (b) or (c), whichever is applicable~~ this

83.19 subdivision.

83.20 (b) This paragraph applies if the legislation adding the medical facility or other

83.21 employing unit to section 353F.02, subdivision 4 or 5, as applicable, was enacted before

83.22 July 26, 2005, and became effective before January 1, 2008, for the Hutchinson Area

83.23 Health Care or before January 1, 2007, for all other medical facilities and all other

83.24 employing units. For a terminated medical facility or other public employing unit

83.25 employee, the augmentation rate is 5.5 percent compounded annually until January 1

83.26 following the year in which the person attains age 55. From that date to the effective date

83.27 of retirement, the augmentation rate is 7.5 percent compounded annually.

83.28 (c) If paragraph (b) is not applicable, and if the effective date of the privatization is

83.29 before January 1, 2011, the augmentation rate is four percent compounded annually until

83.30 January 1, following the year in which the person attains age 55. From that date to the

83.31 effective date of retirement, the augmentation rate is six percent compounded annually.

83.32 (d) If the effective date of the privatization is after December 31, 2010, the

83.33 applicable augmentation rate depends on the result of computations specified in section

83.34 353.025, subdivision 1. If those computations indicate no loss or a net gain to the fund of

83.35 the general employees retirement plan of the Public Employees Retirement Association,

84.1 the augmentation rate is 2.0 percent compounded annually until the effective date of
 84.2 retirement. If the computations under that subdivision indicate a net loss to the fund if
 84.3 a 2.0 percent augmentation rate is used, but a net gain or no loss if a 1.0 percent rate is
 84.4 used, then the augmentation rate is 1.0 percent compounded annually until the effective
 84.5 date of retirement.

84.6 (e) The term "effective date of the privatization" as used in this subdivision means
 84.7 the "effective date" as defined in section 353F.02, subdivision 3.

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

84.9 Sec. 3. Minnesota Statutes 2010, section 353F.07, is amended to read:

84.10 **353F.07 EFFECT ON REFUND.**

84.11 Notwithstanding any provision of chapter 353 to the contrary, terminated medical
 84.12 facility or other public employing unit employees may receive a refund of employee
 84.13 accumulated contributions plus interest ~~at the rate of six percent per year compounded~~
 84.14 ~~annually as provided in accordance with~~ section 353.34, subdivision 2, ~~of the edition~~
 84.15 ~~of Minnesota Statutes published in the year in which the privatization occurred,~~ at any
 84.16 time after the transfer of employment to the successor employer ~~to~~ of the terminated
 84.17 medical facility or other public employing unit. If a terminated medical facility or other
 84.18 public employing unit employee has received a refund from a pension plan ~~enumerated~~
 84.19 listed in section 356.30, subdivision 3, the person may not repay that refund unless the
 84.20 person again becomes a member of one of those ~~enumerated~~ listed plans and complies
 84.21 with section 356.30, subdivision 2.

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

84.23 **ARTICLE 8**

84.24 **TRA ADMINISTRATIVE CHANGES AND RELATED MODIFICATIONS**

84.25 Section 1. Minnesota Statutes 2010, section 16A.06, subdivision 9, is amended to read:

84.26 Subd. 9. **First class city teacher retirement funds aids reporting.** Each year,
 84.27 on or before April 15, the commissioner of management and budget shall report to the
 84.28 chairs of the senate Finance Committee and the house of representatives Ways and Means
 84.29 Committee on expenditures for state aids to the ~~Minneapolis and Saint St. Paul~~ Teachers Retirement
 84.30 Fund associations Association, and to the Teachers Retirement Association on
 84.31 behalf of the merged Minneapolis Teachers Retirement Fund Association, under sections
 84.32 354.435, 354A.12, and 423A.02, subdivision 3. This report shall include the amounts

85.1 expended in the most recent fiscal year and estimates of expected expenditures for the
85.2 current and next fiscal year.

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

85.4 Sec. 2. Minnesota Statutes 2010, section 126C.41, subdivision 3, is amended to read:

85.5 Subd. 3. **Retirement levies.** (a) In 1991 and each year thereafter, a district to which
85.6 this subdivision applies may levy an additional amount required for contributions to
85.7 the general employees retirement plan of the Public Employees Retirement Association
85.8 as the successor of the Minneapolis Employees Retirement Fund as a result of the
85.9 maximum dollar amount limitation on state contributions to that plan imposed under
85.10 section 353.505. The additional levy must not exceed the most recent amount certified by
85.11 the executive director of the Public Employees Retirement Association as the district's
85.12 share of the contribution requirement in excess of the maximum state contribution under
85.13 section 353.505.

85.14 (b) For taxes payable in 1994 and thereafter, Special School District No. 1,
85.15 Minneapolis, and Independent School District No. 625, St. Paul, may levy for the increase
85.16 in the employer retirement fund contributions, under Laws 1992, chapter 598, article 5,
85.17 section 1.

85.18 (c) If the employer retirement fund contributions under section 354A.12, subdivision
85.19 2a, are increased for fiscal year 1994 or later fiscal years, Special School District No. 1,
85.20 Minneapolis, and Independent School District No. 625, St. Paul, may levy in payable
85.21 1994 or later an amount equal to the amount derived by applying the net increase in
85.22 the employer retirement fund contribution rate of the respective teacher retirement fund
85.23 association between fiscal year 1993 and the fiscal year beginning in the year after the
85.24 levy is certified to the total covered payroll of the applicable teacher retirement fund
85.25 association. If an applicable school district levies under this paragraph, they may not
85.26 levy under paragraph (b).

85.27 (d) In addition to the levy authorized under paragraph (c), Special School District
85.28 No. 1, Minneapolis, may also levy payable in 1997 or later an amount equal to the
85.29 contributions under section ~~423A.02~~ 354.435, subdivision ~~3~~ 2, and may also levy in
85.30 payable 1994 or later an amount equal to the state aid contribution under section ~~354A.12~~
85.31 354.435, subdivision ~~3~~ 1. Independent School District No. 625, St. Paul, may levy
85.32 payable in 1997 or later an amount equal to the supplemental contributions under section
85.33 423A.02, subdivision 3.

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

86.1 Sec. 3. **[354.435] ADDITIONAL CONTRIBUTIONS BY SPECIAL SCHOOL**
86.2 **DISTRICT NO. 1 AND CITY OF MINNEAPOLIS.**

86.3 Subdivision 1. **Special direct state matching aid.** (a) Special School District No. 1,
86.4 Minneapolis, and the city of Minneapolis must make additional employer contributions
86.5 to the Teachers Retirement Association in the amounts specified in paragraph (b). These
86.6 contributions can be made from any available source. If made in whole or in part by a
86.7 levy, the levy may be classified as that of a special taxing district for purposes of sections
86.8 275.065 and 276.04, and for all other property tax purposes.

86.9 (b) Each fiscal year \$1,250,000 must be contributed by Special School District
86.10 No. 1, Minneapolis, and \$1,250,000 must be contributed by the city of Minneapolis to
86.11 the Teachers Retirement Association and the state shall match this total by paying to
86.12 the Teachers Retirement Association \$2,500,000. The superintendent of Special School
86.13 District No. 1, Minneapolis, the mayor of the city of Minneapolis, and the executive
86.14 director of the Teachers Retirement Association shall jointly certify to the commissioner
86.15 of management and budget the total amount that has been contributed by Special School
86.16 District No. 1, Minneapolis, and by the city of Minneapolis to the Teachers Retirement
86.17 Association. Any certification to the commissioner of management and budget must
86.18 be made quarterly. If the certifications for a fiscal year exceed the maximum annual
86.19 direct state matching aid amount in any quarter, the amount of direct state matching aid
86.20 payable to the Teachers Retirement Association must be limited to the balance of the
86.21 maximum annual direct state matching aid amount available. The amount required under
86.22 this paragraph, subject to the maximum direct state matching aid amount, is appropriated
86.23 annually to the commissioner of management and budget.

86.24 (c) The commissioner of management and budget may prescribe the form of the
86.25 certifications required under paragraph (b).

86.26 Subd. 2. **Additional contributions.** In addition to any other required contributions,
86.27 on or before June 30 each fiscal year, Special School District No. 1, Minneapolis, and the
86.28 city of Minneapolis must each make an additional contribution to the Teachers Retirement
86.29 Association of \$1,000,000.

86.30 Subd. 3. **Procedure for recovery of deficient or delinquent amounts.** If Special
86.31 School District No. 1, Minneapolis, or the city of Minneapolis fails to pay the full amount
86.32 required under subdivision 1, paragraph (b), or subdivision 2, in a timely manner, the
86.33 executive director is authorized to use section 354.512, or any other process in law to
86.34 ensure full payment is obtained.

86.35 Subd. 4. **Expiration; repealer.** This section expires and is repealed effective the
86.36 first day of the fiscal year next following the fiscal year in which the Teachers Retirement

87.1 Association has no unfunded actuarial accrued liability as determined by the actuarial
87.2 valuation prepared under section 356.215, by the approved actuary retained under section
87.3 356.214.

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

87.5 Sec. 4. Minnesota Statutes 2010, section 354.51, subdivision 5, is amended to read:

87.6 Subd. 5. **Payment of shortages.** (a) Except as provided in paragraph (b), in the
87.7 event that full required member contributions are not deducted from the salary of a
87.8 teacher, payment must be made as follows:

87.9 (1) Payment of shortages in member deductions on salary earned after June 30,
87.10 1957, and before July 1, 1981, may be made any time before retirement. Payment must
87.11 include interest at an annual rate of 8.5 percent compounded annually from the end of the
87.12 fiscal year in which the shortage occurred to the end of the month in which payment is
87.13 made and the interest must be credited to the fund. If payment of a shortage in deductions
87.14 is not made, the formula service credit of the member must be prorated under section
87.15 354.05, subdivision 25, clause (3).

87.16 (2) Payment of shortages in member deductions on salary earned after June 30,
87.17 1981, are the sole obligation of the employing unit and are payable by the employing
87.18 unit upon notification by the executive director of the shortage with interest at an annual
87.19 rate of 8.5 percent compounded annually from the end of the fiscal year in which the
87.20 shortage occurred to the end of the month in which payment is made and the interest
87.21 must be credited to the fund. Effective July 1, 1986, the employing unit shall also pay
87.22 the employer contributions as specified in section 354.42, subdivisions 3 and 5 for the
87.23 shortages. If the shortage payment is not paid by the employing unit within 60 days of
87.24 notification, and if the executive director does not use the recovery procedure in section
87.25 354.512, the executive director shall certify the amount of the shortage ~~payment~~ to the
87.26 applicable county auditor, who shall spread a levy in the amount of the shortage payment
87.27 over the taxable property of the taxing district of the employing unit if the employing unit
87.28 is supported by property taxes, ~~or to the commissioner of management and budget, who~~
87.29 ~~shall deduct the amount from any state aid or appropriation amount applicable to the~~
87.30 ~~employing unit if the employing unit is not supported by property taxes.~~

87.31 (3) Payment may not be made for shortages in member deductions on salary earned
87.32 before July 1, 1957, for shortages in member deductions on salary paid or payable under
87.33 paragraph (b), or for shortages in member deductions for persons employed by the
87.34 Minnesota State Colleges and Universities system in a faculty position or in an eligible
87.35 unclassified administrative position and whose employment was less than 25 percent

88.1 of a full academic year, exclusive of the summer session, for the applicable institution
88.2 that exceeds the most recent 36 months.

88.3 (b) For a person who is employed by the Minnesota State Colleges and Universities
88.4 system in a faculty position or in an eligible unclassified administrative position and
88.5 whose employment was less than 25 percent of a full academic year, exclusive of the
88.6 summer session, for the applicable institution, upon the person's election under section
88.7 354B.21 of retirement coverage under this chapter, the shortage in member deductions
88.8 on the salary for employment by the Minnesota State Colleges and Universities system
88.9 institution of less than 25 percent of a full academic year, exclusive of the summer session,
88.10 for the applicable institution for the most recent 36 months and the associated employer
88.11 contributions must be paid by the Minnesota State Colleges and Universities system
88.12 institution, plus annual compound interest at the rate of 8.5 percent from the end of the
88.13 fiscal year in which the shortage occurred to the end of the month in which the Teachers
88.14 Retirement Association coverage election is made. ~~If the shortage payment is not made by~~
88.15 ~~the institution within 60 days of notification, the executive director shall certify the amount~~
88.16 ~~of the shortage payment to the commissioner of management and budget, who shall deduct~~
88.17 ~~the amount from any state appropriation to the system.~~ An individual electing coverage
88.18 under this paragraph shall repay the amount of the shortage in member deductions, plus
88.19 interest, through deduction from salary or compensation payments within the first year of
88.20 employment after the election under section 354B.21, subject to the limitations in section
88.21 16D.16. The Minnesota State Colleges and Universities system may use any means
88.22 available to recover amounts which were not recovered through deductions from salary or
88.23 compensation payments. No payment of the shortage in member deductions under this
88.24 paragraph may be made for a period longer than the most recent 36 months.

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

88.26 Sec. 5. **[354.512] RECOVERY OF DEFICIENCIES.**

88.27 In addition to any other remedies permitted under law, if an employing unit or
88.28 other entity required by law to make any form of payment to the Teachers Retirement
88.29 Association fails to make full payment within 60 days of notification, the executive
88.30 director is authorized to certify the amount of deficiency to the commissioner of
88.31 management and budget, who shall deduct the amount from any state aid or appropriation
88.32 applicable to the employing unit or entity, and transmit the withheld aid or appropriation
88.33 to the executive director for deposit in the fund.

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

89.1 Sec. 6. Minnesota Statutes 2010, section 354.55, subdivision 11, is amended to read:

89.2 Subd. 11. **Deferred annuity; augmentation.** (a) Any person covered under section
89.3 354.44, subdivision 6, who ceases to render teaching service, may leave the person's
89.4 accumulated deductions in the fund for the purpose of receiving a deferred annuity
89.5 at retirement.

89.6 (b) The amount of the deferred retirement annuity is determined by section 354.44,
89.7 subdivision 6, and augmented as provided in this subdivision. The required reserves for
89.8 the annuity which had accrued when the member ceased to render teaching service must
89.9 be augmented, as further specified in this subdivision, by the applicable interest ~~rate~~ rates
89.10 compounded annually from the first day of the month following the month during which
89.11 the member ceased to render teaching service to the effective date of retirement.

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

89.14 (d) For persons who became ~~covered employees~~ members before July 1, 2006, and
89.15 who terminated service before May 15, 2010, with a deferral period commencing after
89.16 June 30, 1971, the annuity must be augmented as follows:

89.17 (1) five percent interest compounded annually until January 1, 1981;

89.18 (2) three percent interest compounded annually from January 1, 1981, until January
89.19 1 of the year following the year in which the deferred annuitant attains age 55; and

89.20 (3) five percent interest compounded annually from the date established in clause (2)
89.21 to the effective date of retirement.

89.22 (e) For persons who became members before July 1, 2006, and who terminate
89.23 service after May 14, 2010, the annuity must be augmented as follows:

89.24 (1) three percent interest compounded annually to January 1 of the year following
89.25 the year in which the deferred annuitant attains age 55;

89.26 (2) five percent interest compounded annually from the date established in clause (1)
89.27 to the effective date of retirement or until June 30, 2012, whichever is earlier; and

89.28 ~~(4)~~ (3) two percent interest compounded annually after June 30, 2012, to the
89.29 effective date of retirement.

89.30 (f) For persons who became members after June 30, 2006, and who terminated
89.31 service before May 15, 2010, the interest rate used to augment the deferred annuity is 2.5
89.32 percent interest compounded annually to the effective date of retirement.

89.33 ~~(e)~~ (g) For persons who become covered employees after June 30, 2006, and who
89.34 terminate service after May 14, 2010, the interest rate used to augment the deferred
89.35 annuity is 2.5 percent interest compounded annually until June 30, 2012, or until the

90.1 effective date of retirement, whichever is earlier, and two percent interest compounded
90.2 annually after June 30, 2012, to the effective date of retirement.

90.3 ~~(f)~~ (h) If a person has more than one period of uninterrupted service, a separate
90.4 average salary determined under section 354.44, subdivision 6, must be used for each
90.5 period and the required reserves related to each period must be augmented as specified in
90.6 this subdivision. The sum of the augmented required reserves is the present value of the
90.7 annuity. For the purposes of this subdivision, "period of uninterrupted service" means a
90.8 period of covered teaching service during which the member has not been separated from
90.9 active service for more than one fiscal year.

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

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

90.17 ~~(i)~~ (k) The mortality table and interest rate actuarial assumption used to compute
90.18 the annuity must be the applicable mortality table established by the board under section
90.19 354.07, subdivision 1, and the interest rate actuarial assumption under section 356.215 in
90.20 effect when the member retires.

90.21 ~~(j)~~ (l) In no case may the annuity payable under this subdivision be less than the
90.22 amount of annuity payable under section 354.44, subdivision 6.

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

90.26 ~~(l)~~ (n) The augmentation provided by this subdivision applies to the benefit provided
90.27 in section 354.46, subdivision 2.

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

90.31 ~~(n)~~ (p) The retirement annuity or disability benefit of, or the survivor benefit payable
90.32 on behalf of, a former teacher who terminated service before July 1, 1997, which is not
90.33 first payable until after June 30, 1997, must be increased on an actuarial equivalent basis
90.34 to reflect the change in the postretirement interest rate actuarial assumption under section
90.35 356.215, subdivision 8, from five percent to six percent under a calculation procedure and

91.1 tables adopted by the board as recommended by an approved actuary and approved by the
91.2 actuary retained under section 356.214.

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

91.4 Sec. 7. Minnesota Statutes 2010, section 354A.12, subdivision 3c, is amended to read:

91.5 Subd. 3c. **Termination of supplemental contributions and direct matching and**
91.6 **state aid.** ~~The supplemental contributions payable to the Minneapolis Teachers Retirement~~
91.7 ~~Fund Association by Special School District No. 1 and the city of Minneapolis under~~
91.8 ~~section 423A.02, subdivision 3, must be paid to the Teachers Retirement Association and~~
91.9 ~~must continue until the current assets of the fund equal or exceed the actuarial accrued~~
91.10 ~~liability of the fund as determined in the most recent actuarial report for the fund by~~
91.11 ~~the actuary retained under section 356.214, or 2037, whichever occurs earlier.~~ The
91.12 supplemental contributions payable to the St. Paul Teachers Retirement Fund Association
91.13 by Independent School District No. 625 under section 423A.02, subdivision 3, or the
91.14 direct state aid under subdivision 3a to the St. Paul Teachers Retirement Fund Association
91.15 must continue until the current assets of the fund equal or exceed the actuarial accrued
91.16 liability of the fund as determined in the most recent actuarial report for the fund by the
91.17 actuary retained under section 356.214 or until 2037, whichever occurs earlier.

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

91.19 Sec. 8. Minnesota Statutes 2011 Supplement, section 356.215, subdivision 8, is
91.20 amended to read:

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

plan	preretirement interest rate assumption	postretirement interest rate assumption
91.27 general state employees retirement plan	8.5%	6.0%
91.28 correctional state employees retirement plan	8.5	6.0
91.29 State Patrol retirement plan	8.5	6.0
91.30 legislators retirement plan	8.5	6.0
91.31 elective state officers retirement plan	8.5	6.0
91.32 judges retirement plan	8.5	6.0
91.33 general public employees retirement plan	8.5	6.0
91.34 public employees police and fire retirement plan	8.5	6.0
91.35 local government correctional service 91.36 retirement plan	8.5	6.0

92.1	teachers retirement plan	8.5	6.0
92.2	Duluth teachers retirement plan	8.5	8.5
92.3	St. Paul teachers retirement plan	8.5	8.5
92.4	Fairmont Police Relief Association	5.0	5.0
92.5	Virginia Fire Department Relief Association	5.0	5.0
92.6	Bloomington Fire Department Relief		
92.7	Association	6.0	6.0
92.8	local monthly benefit volunteer firefighters		
92.9	relief associations	5.0	5.0

92.10 (b) Before July 1, 2010, the actuarial valuation must use the applicable following
 92.11 single rate future salary increase assumption, the applicable following modified single
 92.12 rate future salary increase assumption, or the applicable following graded rate future
 92.13 salary increase assumption:

92.14 (1) single rate future salary increase assumption

92.15	plan	future salary increase assumption
92.16	legislators retirement plan	5.0%
92.17	judges retirement plan	4.0
92.18	Fairmont Police Relief Association	3.5
92.19	Virginia Fire Department Relief Association	3.5
92.20	Bloomington Fire Department Relief	
92.21	Association	4.0

92.22 (2) age-related select and ultimate future salary increase assumption or graded rate
 92.23 future salary increase assumption

92.24	plan	future salary increase assumption
92.25	correctional state employees retirement plan	assumption D
92.26	State Patrol retirement plan	assumption C
92.27	local government correctional service retirement plan	assumption C
92.28	Duluth teachers retirement plan	assumption A
92.29	St. Paul teachers retirement plan	assumption B

92.30 For plans other than the Duluth teachers
 92.31 retirement plan, the select calculation
 92.32 is: during the designated select period, a
 92.33 designated percentage rate is multiplied by
 92.34 the result of the designated integer minus T,
 92.35 where T is the number of completed years of
 92.36 service, and is added to the applicable future
 92.37 salary increase assumption. ~~The designated~~
 92.38 ~~select period is five years and the designated~~
 92.39 ~~integer is five for the general state employees~~

93.1 ~~retirement plan.~~ The designated select period
 93.2 is ten years and the designated integer is ten
 93.3 for all ~~other~~ retirement plans covered by
 93.4 this clause. The designated percentage rate
 93.5 is: (1) 0.2 percent for the correctional state
 93.6 employees retirement plan, the State Patrol
 93.7 retirement plan, and the local government
 93.8 correctional service retirement plan; and (2)
 93.9 ~~0.6 percent for the general state employees~~
 93.10 ~~retirement plan; and (3) 0.3 percent for the~~
 93.11 ~~teachers retirement plan, the Duluth Teachers~~
 93.12 ~~Retirement Fund Association, and the St.~~
 93.13 Paul Teachers Retirement Fund Association.
 93.14 The select calculation for the Duluth Teachers
 93.15 Retirement Fund Association is 8.00 percent
 93.16 per year for service years one through seven,
 93.17 7.25 percent per year for service years seven
 93.18 and eight, and 6.50 percent per year for
 93.19 service years eight and nine.

93.20 The ultimate future salary increase assumption is:

93.21 age	A	B	C	D
93.22 16	8.00%	6.90%	7.7500%	7.2500%
93.23 17	8.00	6.90	7.7500	7.2500
93.24 18	8.00	6.90	7.7500	7.2500
93.25 19	8.00	6.90	7.7500	7.2500
93.26 20	6.90	6.90	7.7500	7.2500
93.27 21	6.90	6.90	7.1454	6.6454
93.28 22	6.90	6.90	7.0725	6.5725
93.29 23	6.85	6.85	7.0544	6.5544
93.30 24	6.80	6.80	7.0363	6.5363
93.31 25	6.75	6.75	7.0000	6.5000
93.32 26	6.70	6.70	7.0000	6.5000
93.33 27	6.65	6.65	7.0000	6.5000
93.34 28	6.60	6.60	7.0000	6.5000
93.35 29	6.55	6.55	7.0000	6.5000
93.36 30	6.50	6.50	7.0000	6.5000
93.37 31	6.45	6.45	7.0000	6.5000
93.38 32	6.40	6.40	7.0000	6.5000
93.39 33	6.35	6.35	7.0000	6.5000

94.1	34	6.30	6.30	7.0000	6.5000
94.2	35	6.25	6.25	7.0000	6.5000
94.3	36	6.20	6.20	6.9019	6.4019
94.4	37	6.15	6.15	6.8074	6.3074
94.5	38	6.10	6.10	6.7125	6.2125
94.6	39	6.05	6.05	6.6054	6.1054
94.7	40	6.00	6.00	6.5000	6.0000
94.8	41	5.90	5.95	6.3540	5.8540
94.9	42	5.80	5.90	6.2087	5.7087
94.10	43	5.70	5.85	6.0622	5.5622
94.11	44	5.60	5.80	5.9048	5.4078
94.12	45	5.50	5.75	5.7500	5.2500
94.13	46	5.40	5.70	5.6940	5.1940
94.14	47	5.30	5.65	5.6375	5.1375
94.15	48	5.20	5.60	5.5822	5.0822
94.16	49	5.10	5.55	5.5404	5.0404
94.17	50	5.00	5.50	5.5000	5.0000
94.18	51	4.90	5.45	5.4384	4.9384
94.19	52	4.80	5.40	5.3776	4.8776
94.20	53	4.70	5.35	5.3167	4.8167
94.21	54	4.60	5.30	5.2826	4.7826
94.22	55	4.50	5.25	5.2500	4.7500
94.23	56	4.40	5.20	5.2500	4.7500
94.24	57	4.30	5.15	5.2500	4.7500
94.25	58	4.20	5.10	5.2500	4.7500
94.26	59	4.10	5.05	5.2500	4.7500
94.27	60	4.00	5.00	5.2500	4.7500
94.28	61	3.90	5.00	5.2500	4.7500
94.29	62	3.80	5.00	5.2500	4.7500
94.30	63	3.70	5.00	5.2500	4.7500
94.31	64	3.60	5.00	5.2500	4.7500
94.32	65	3.50	5.00	5.2500	4.7500
94.33	66	3.50	5.00	5.2500	4.7500
94.34	67	3.50	5.00	5.2500	4.7500
94.35	68	3.50	5.00	5.2500	4.7500
94.36	69	3.50	5.00	5.2500	4.7500
94.37	70	3.50	5.00	5.2500	4.7500

94.38 (3) service-related ultimate future salary increase assumption

94.39	general state employees retirement plan of the	assumption A
94.40	Minnesota State Retirement System	
94.41	general employees retirement plan of the Public	assumption B
94.42	Employees Retirement Association	

95.1	Teachers Retirement Association				assumption C
95.2	public employees police and fire retirement plan				assumption D
95.3	service				
95.4	length	A	B	C	D
95.5	1	10.75%	12.25%	12.00%	13.00%
95.6	2	8.35	9.15	9.00	11.00
95.7	3	7.15	7.75	8.00	9.00
95.8	4	6.45	6.85	7.50	8.00
95.9	5	5.95	6.25	7.25	6.50
95.10	6	5.55	5.75	7.00	6.10
95.11	7	5.25	5.45	6.85	5.80
95.12	8	4.95	5.15	6.70	5.60
95.13	9	4.75	4.85	6.55	5.40
95.14	10	4.65	4.65	6.40	5.30
95.15	11	4.45	4.45	6.25	5.20
95.16	12	4.35	4.35	6.00	5.10
95.17	13	4.25	4.15	5.75	5.00
95.18	14	4.05	4.05	5.50	4.90
95.19	15	3.95	3.95	5.25	4.80
95.20	16	3.85	3.85	5.00	4.80
95.21	17	3.75	3.75	4.75	4.80
95.22	18	3.75	3.75	4.50	4.80
95.23	19	3.75	3.75	4.25	4.80
95.24	20	3.75	3.75	4.00	4.80
95.25	21	3.75	3.75	3.90	4.70
95.26	22	3.75	3.75	3.80	4.60
95.27	23	3.75	3.75	3.70	4.50
95.28	24	3.75	3.75	3.60	4.50
95.29	25	3.75	3.75	3.50	4.50
95.30	26	3.75	3.75	3.50	4.50
95.31	27	3.75	3.75	3.50	4.50
95.32	28	3.75	3.75	3.50	4.50
95.33	29	3.75	3.75	3.50	4.50
95.34	30 or more	3.75	3.75	3.50	4.50

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

95.39	plan	payroll growth assumption
95.40	general state employees retirement plan of the	
95.41	Minnesota State Retirement System	3.75%
95.42	correctional state employees retirement plan	4.50

96.1	State Patrol retirement plan	4.50
96.2	legislators retirement plan	4.50
96.3	judges retirement plan	4.00
96.4	general employees retirement plan of the Public	
96.5	Employees Retirement Association	3.75
96.6	public employees police and fire retirement plan	3.75
96.7	local government correctional service retirement plan	4.50
96.8	teachers retirement plan	3.75
96.9	Duluth teachers retirement plan	4.50
96.10	St. Paul teachers retirement plan	5.00

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

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

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

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

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

96.19 Sec. 9. Minnesota Statutes 2010, section 356.415, subdivision 1d, is amended to read:

96.20 Subd. 1d. **Teachers Retirement Association annual postretirement adjustments.**

96.21 (a) Retirement annuity, disability benefit, or survivor benefit recipients of the Teachers
 96.22 Retirement Association are entitled to a postretirement adjustment annually on January
 96.23 1, as follows:

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

96.25 (2) for January 1, 2013, and each successive January 1 until funding stability is
 96.26 restored, a postretirement increase of two percent must be applied each year, effective
 96.27 on January 1, to the monthly annuity or benefit amount of each annuitant or benefit
 96.28 recipient who has been receiving an annuity or a benefit for at least 18 full months prior
 96.29 to the January 1 increase;

96.30 (3) for January 1, 2013, and each successive January 1 until funding stability is
 96.31 restored, for each annuitant or benefit recipient who has been receiving an annuity or a
 96.32 benefit for at least six full months before the January 1 increase, an annual postretirement
 96.33 increase of 1/12 of two percent for each month the person has been receiving an annuity or
 96.34 benefit must be applied, effective January 1, ~~following the year in~~ for which the person has
 96.35 been retired for at least six months but less than 12 18 months;

97.1 (4) for each January 1 following the restoration of funding stability, a postretirement
97.2 increase of 2.5 percent must be applied each year, effective January 1, to the monthly
97.3 annuity or benefit amount of each annuitant or benefit recipient who has been receiving an
97.4 annuity or a benefit for at least 18 full months prior to the January 1 increase; and

97.5 (5) for each January 1 following the restoration of funding stability, for each
97.6 annuitant or benefit recipient who has been receiving an annuity or a benefit for at least six
97.7 full months before the January 1 increase, an annual postretirement increase of 1/12 of
97.8 2.5 percent for each month the person has been receiving an annuity or benefit must be
97.9 applied, effective January 1, ~~following the year in~~ for which the person has been retired
97.10 for at least six months but less than 12 18 months.

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

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

97.20 (d) The retirement annuity payable to a person who retires before becoming eligible
97.21 for Social Security benefits and who has elected the optional payment as provided in
97.22 section 354.35 must be treated as the sum of a period-certain retirement annuity and a life
97.23 retirement annuity for the purposes of any postretirement adjustment. The period-certain
97.24 retirement annuity plus the life retirement annuity must be the annuity amount payable
97.25 until age 62, 65, or normal retirement age, as selected by the member at retirement, for an
97.26 annuity amount payable under section 354.35. A postretirement adjustment granted on
97.27 the period-certain retirement annuity must terminate when the period-certain retirement
97.28 annuity terminates.

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

97.30 Sec. 10. Minnesota Statutes 2010, section 423A.02, subdivision 3, is amended to read:

97.31 Subd. 3. **Reallocation of amortization or supplementary amortization state**
97.32 **aid.** (a) Seventy percent of the difference between \$5,720,000 and the current year
97.33 amortization aid and supplemental amortization aid distributed under subdivisions 1
97.34 and 1a that is not distributed for any reason to a municipality for use by a local police
97.35 or salaried fire relief association must be distributed by the commissioner of revenue

98.1 according to this paragraph. The commissioner shall distribute 50 percent of the amounts
 98.2 derived under this paragraph to the Teachers Retirement Association, ten percent to the
 98.3 Duluth Teachers Retirement Fund Association, and 40 percent to the St. Paul Teachers
 98.4 Retirement Fund Association to fund the unfunded actuarial accrued liabilities of the
 98.5 respective funds. These payments shall be made on or before June 30 each fiscal year. If
 98.6 the St. Paul Teachers Retirement Fund Association becomes fully funded, its eligibility
 98.7 for this aid ceases. Amounts remaining in the undistributed balance account at the end of
 98.8 the biennium if aid eligibility ceases cancel to the general fund.

98.9 (b) In order to receive amortization and supplementary amortization aid under
 98.10 paragraph (a), prior to June 30 Independent School District No. 625, St. Paul, must make
 98.11 ~~contributions~~ an additional contribution of \$800,000 each year to the St. Paul Teachers
 98.12 Retirement Fund Association ~~in accordance with the following schedule:~~

	Fiscal Year	Amount
98.14	1996	\$ 0
98.15	1997	\$ 0
98.16	1998	\$ 200,000
98.17	1999	\$ 400,000
98.18	2000	\$ 600,000
98.19	2001 and thereafter	\$ 800,000

98.20 ~~(c) Special School District No. 1, Minneapolis, and the city of Minneapolis must~~
 98.21 ~~each make contributions to the Teachers Retirement Association in accordance with the~~
 98.22 ~~following schedule:~~

	Fiscal Year	City amount	School district amount
98.24			
98.25	1996	\$ 0	\$ 0
98.26	1997	\$ 0	\$ 0
98.27	1998	\$ 250,000	\$ 250,000
98.28	1999	\$ 400,000	\$ 400,000
98.29	2000	\$ 550,000	\$ 550,000
98.30	2001	\$ 700,000	\$ 700,000
98.31	2002	\$ 850,000	\$ 850,000
98.32	2003 and thereafter	\$ 1,000,000	\$ 1,000,000

98.33 ~~(d)~~ (c) Thirty percent of the difference between \$5,720,000 and the current year
 98.34 amortization aid and supplemental amortization aid under subdivisions 1 and 1a that is not
 98.35 distributed for any reason to a municipality for use by a local police or salaried firefighter
 98.36 relief association must be distributed under section 69.021, subdivision 7, paragraph (d),
 98.37 as additional funding to support a minimum fire state aid amount for volunteer firefighter
 98.38 relief associations.

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

99.2 Sec. 11. **RECOVERY OF PRIOR DEFICIENCIES.**

99.3 Subdivision 1. **Authorization.** Due to a determination by the Office of the
99.4 Legislative Auditor, Financial Audit Division, that the city of Minneapolis has failed to
99.5 pay, beginning in 1998, the full amounts required under Minnesota Statutes 2010, section
99.6 354A.12, subdivision 3b, and Minnesota Statutes 2010, section 423A.02, subdivision 3,
99.7 and earlier versions of these provisions, to the Minneapolis Teachers Retirement Fund
99.8 Association or to its successor organization, the Teachers Retirement Association, the
99.9 executive director of the Teachers Retirement Association is authorized to obtain payment
99.10 of the deficiency under procedures specified in this section.

99.11 Subd. 2. **Deficient amount.** The amount of the deficiency is the shortage amount as
99.12 determined by the Office of the Legislative Auditor, \$727,070, plus additional shortage, if
99.13 any, by the city of Minneapolis that has occurred since the auditor's determination.

99.14 Subd. 3. **Recovery procedure.** The executive director of the Teachers Retirement
99.15 Association is authorized to certify the deficiency amount to the commissioner of
99.16 management and budget, who shall deduct the amount of the deficiency from any state
99.17 aid for the city of Minneapolis, and transmit the withheld aid to the executive director for
99.18 deposit in the Teachers Retirement Association pension fund.

99.19 Subd. 4. **Interest.** If interest is not already included in the auditor's determined
99.20 amount, the executive director of the Teachers Retirement Association is authorized
99.21 to add, to the amount of the deficiency determined under subdivision 2 and certified
99.22 under subdivision 3, interest at the preretirement interest rate specified for the Teachers
99.23 Retirement Association in Minnesota Statutes, section 356.215, expressed in monthly
99.24 terms and compounded annually, from the first of the month following the date each
99.25 underpayment occurred until the first of the month following the date that the withheld
99.26 aid is transmitted to the Teachers Retirement Association.

99.27 Subd. 5. **Expiration.** Authority for the executive director of the Teachers
99.28 Retirement Association to certify shortages for collection under this section expires two
99.29 years from the date of enactment.

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

99.31 Sec. 12. **REPEALER.**

100.1 Minnesota Statutes 2010, sections 128D.18; and 354A.12, subdivision 3b, are
 100.2 repealed.

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

100.4 **ARTICLE 9**

100.5 **FEDERAL INTERNAL REVENUE CODE CONFORMITY PROVISIONS**

100.6 Section 1. Minnesota Statutes 2010, section 356.611, subdivision 2, is amended to read:

100.7 Subd. 2. **Federal compensation limits.** (a) For members of a covered pension plan
 100.8 enumerated in section 356.30, subdivision 3, and of the plan established under chapter
 100.9 353D, compensation in excess of the limitation specified in section 401(a)(17) of the
 100.10 Internal Revenue Code, as amended, for changes in the cost of living under section
 100.11 401(a)(17)(B) of the Internal Revenue Code, may not be included for contribution and
 100.12 benefit computation purposes.

100.13 (b) Notwithstanding paragraph (a), for members specified in paragraph (a) who
 100.14 first contributed to a plan specified in that paragraph before July 1, 1995, the annual
 100.15 compensation limit specified in ~~Internal Revenue Code~~ section 401(a)(17) of the Internal
 100.16 Revenue Code on June 30, 1993, applies if that provides a greater allowable annual
 100.17 compensation.

100.18 (c) To the extent required by the federal Internal Revenue Code, sections 3401(h)
 100.19 and 414(u)(12), an individual receiving a differential wage payment as defined in section
 100.20 3401(h)(2) of the federal Internal Revenue Code from an employer shall be treated
 100.21 as employed by that employer, and the differential wage payment will be treated as
 100.22 compensation for purposes of applying the limits on annual additions under section 415(c)
 100.23 of the federal Internal Revenue Code.

100.24 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2009.

100.25 Sec. 2. Minnesota Statutes 2010, section 356.611, subdivision 3, is amended to read:

100.26 Subd. 3. **Maximum benefit limitations.** ~~A member's~~ An annuitant's annual benefit,
 100.27 if necessary, must be reduced to the extent required by section 415(b) of the federal
 100.28 Internal Revenue Code, as adjusted by the United States secretary of the treasury under
 100.29 section 415(d) of the federal Internal Revenue Code for any applicable increases in the
 100.30 cost of living, including applicable increases in the cost of living after the member's
 100.31 termination of employment. ~~For purposes of section 415 of the federal Internal Revenue~~
 100.32 ~~Code, the limitation year of a pension plan covered by this section must be the fiscal year~~
 100.33 ~~or calendar year of that plan, whichever is applicable.~~ If an annuitant participated in more

101.1 than one pension plan in which the employer participates, the benefits under each plan
 101.2 must be reduced proportionately, if necessary, to satisfy the applicable limitation.

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

101.4 Sec. 3. Minnesota Statutes 2010, section 356.611, subdivision 3a, is amended to read:

101.5 Subd. 3a. **Maximum annual addition limitation, defined contribution plans.** The
 101.6 annual additions on behalf of a member to ~~the~~ a defined contribution plan established
 101.7 ~~under chapter 352D or 353D for any limitation year beginning after December 31, 2001,~~
 101.8 shall not exceed the ~~lesser of 100 percent of the member's compensation, as defined for~~
 101.9 ~~purposes of~~ applicable limitation on annual additions under section 415(c) of the federal
 101.10 Internal Revenue Code, or \$40,000, as adjusted by the United States secretary of the
 101.11 treasury under section 415(d) of the federal Internal Revenue Code.

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

101.13 Sec. 4. Minnesota Statutes 2010, section 356.611, subdivision 4, is amended to read:

101.14 Subd. 4. **Compensation.** ~~(a)~~ For purposes of this section, compensation means a
 101.15 member's compensation actually paid or made available for any limitation year including
 101.16 all items of remuneration described in federal treasury regulation section 1.415 (c)-2(b)
 101.17 and excluding all items of remuneration described in federal treasury regulation section
 101.18 1.415 (c)-2(c). Compensation for pension plan purposes for any limitation year shall not
 101.19 exceed the applicable federal compensation limit described in subdivision 2.

101.20 ~~(b) Compensation for any period includes:~~

101.21 ~~(1) any elective deferral as defined in section 402(g)(3) of the federal Internal~~
 101.22 ~~Revenue Code;~~

101.23 ~~(2) any elective amounts that are not includable in a member's gross income by~~
 101.24 ~~reason of sections 125 or 457 of the federal Internal Revenue Code; and~~

101.25 ~~(3) any elective amounts that are not includable in a member's gross income by~~
 101.26 ~~reason of section 132(f)(4) of the federal Internal Revenue Code.~~

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

101.28 Sec. 5. Minnesota Statutes 2010, section 356.611, is amended by adding a subdivision
 101.29 to read:

101.30 Subd. 5. **Limitation year.** Unless otherwise specifically provided, for purposes of
 101.31 section 415 of the federal Internal Revenue Code, the limitation year of a pension plan
 101.32 covered by this section is the calendar year or fiscal year, whichever is applicable.

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

102.2 Sec. 6. Minnesota Statutes 2010, section 356.635, subdivision 6, is amended to read:

102.3 Subd. 6. **Eligible retirement plan.** (a) An "eligible retirement plan" is:

102.4 (1) an individual retirement account under section 408(a) or 408A of the federal
102.5 Internal Revenue Code;

102.6 (2) an individual retirement annuity plan under section 408(b) of the federal Internal
102.7 Revenue Code;

102.8 (3) an annuity plan under section 403(a) of the federal Internal Revenue Code;

102.9 (4) a qualified trust plan under section 401(a) of the federal Internal Revenue Code
102.10 that accepts the distributee's eligible rollover distribution;

102.11 (5) an annuity contract under section 403(b) of the federal Internal Revenue Code;

102.12 (6) an eligible deferred compensation plan under section 457(b) of the federal
102.13 Internal Revenue Code, which is maintained by a state or local government and which
102.14 agrees to separately account for the amounts transferred into the plan; or

102.15 (7) in the case of an eligible rollover distribution to a nonspousal beneficiary, an
102.16 individual account or annuity treated as an inherited individual retirement account under
102.17 section 402(c)(11) of the federal Internal Revenue Code.

102.18 (b) For distributions of after-tax contributions which are not includable in gross
102.19 income, the after-tax portion may be transferred only to an individual retirement
102.20 account or annuity described in section 408(a) or (b) of the federal Internal Revenue
102.21 Code, to a Roth individual retirement account described in section 408A of the federal
102.22 Internal Revenue Code, or to a qualified ~~defined contribution~~ plan described in either
102.23 section 401(a) or 403(a) of the federal Internal Revenue Code, that agrees to separately
102.24 account for the amounts transferred, including separately accounting for the portion of
102.25 the distribution which is includable in gross income and the portion of the distribution
102.26 which is not includable.

102.27 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2008.

102.28 Sec. 7. Minnesota Statutes 2010, section 356.635, subdivision 9, is amended to read:

102.29 Subd. 9. **Military service.** Contributions, benefits, including death and disability
102.30 benefits under section 401(a)(37) of the Internal Revenue Code, and service credit with
102.31 respect to qualified military service must be provided according to section 414(u) of the
102.32 Internal Revenue Code.

102.33 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2007.

103.1 **ARTICLE 10**103.2 **AUTHORIZED PUBLIC PENSION FUND INVESTMENT REVISIONS**

103.3 Section 1. Minnesota Statutes 2010, section 11A.07, subdivision 4, is amended to read:

103.4 Subd. 4. **Duties and powers.** The director, at the direction of the state board, shall:

103.5 (1) plan, direct, coordinate, and execute administrative and investment functions
103.6 in conformity with the policies and directives of the state board and the requirements of
103.7 this chapter and of chapter 356A;

103.8 (2) prepare and submit biennial and annual budgets to the board and with the
103.9 approval of the board submit the budgets to the Department of Management and Budget;

103.10 (3) employ professional and clerical staff as necessary. Employees whose primary
103.11 responsibility is to invest or manage money or employees who hold positions designated
103.12 as unclassified under section 43A.08, subdivision 1a, are in the unclassified service of the
103.13 state. Other employees are in the classified service. Unclassified employees who are
103.14 not covered by a collective bargaining agreement are employed under the terms and
103.15 conditions of the compensation plan approved under section 43A.18, subdivision 3b;

103.16 (4) report to the state board on all operations under the director's control and
103.17 supervision;

103.18 (5) maintain accurate and complete records of securities transactions and official
103.19 activities;

103.20 (6) establish a policy relating to the purchase and sale of securities on the basis of
103.21 competitive offerings or bids. The policy is subject to board approval;

103.22 (7) cause securities acquired to be kept in the custody of the commissioner of
103.23 management and budget or other depositories consistent with chapter 356A, as the state
103.24 board deems appropriate;

103.25 (8) prepare and file with the director of the Legislative Reference Library, by
103.26 December 31 of each year, a report summarizing the activities of the state board, the
103.27 council, and the director during the preceding fiscal year. The report must be prepared
103.28 so as to provide the legislature and the people of the state with a clear, comprehensive
103.29 summary of the portfolio composition, the transactions, the total annual rate of return,
103.30 and the yield to the state treasury and to each of the funds whose assets are invested by
103.31 the state board, and the recipients of business placed or commissions allocated among
103.32 the various commercial banks, investment bankers, money managers, and brokerage
103.33 organizations and the amount of these commissions or other fees. ~~The report must contain~~
103.34 ~~financial statements for funds managed by the board prepared in accordance with generally~~
103.35 ~~accepted accounting principles.~~ The report must include an executive summary;

104.1 (9) include on the state board's Web site its annual report and an executive summary
104.2 of its quarterly reports;

104.3 (10) require state officials from any department or agency to produce and provide
104.4 access to any financial documents the state board deems necessary in the conduct of
104.5 its investment activities;

104.6 (11) receive and expend legislative appropriations; and

104.7 (12) undertake any other activities necessary to implement the duties and powers
104.8 set forth in this subdivision consistent with chapter 356A.

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

104.10 Sec. 2. Minnesota Statutes 2010, section 11A.14, subdivision 14, is amended to read:

104.11 Subd. 14. **Reports required.** As of each valuation date, or as often as the state
104.12 board determines, each participant shall be informed of the number of units owned and the
104.13 current value of the units. ~~Annually, the state board shall provide each participant financial~~
104.14 ~~statements prepared in accordance with generally accepted accounting principles.~~

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

104.16 Sec. 3. Minnesota Statutes 2010, section 11A.24, is amended to read:

104.17 **11A.24 AUTHORIZED INVESTMENTS.**

104.18 Subdivision 1. **Securities generally.** (a) The state board ~~shall have the authority is~~
104.19 authorized to purchase, sell, lend ~~or~~ and exchange the ~~following~~ securities specified in this
104.20 section, for funds or accounts specifically made subject to this section, including puts and
104.21 call options and future contracts traded on a contract market regulated by a governmental
104.22 agency or by a financial institution regulated by a governmental agency. These securities
104.23 may be owned directly or through shares in exchange-traded or mutual funds, or as units
104.24 in commingled trusts ~~that own the securities described in subdivisions 2 to 6~~, subject to
104.25 any limitations as specified in this section.

104.26 (b) Any agreement to lend securities must be concurrently collateralized with cash
104.27 or securities with a market value of not less than 100 percent of the market value of the
104.28 loaned securities at the time of the agreement. Any agreement for put and call options
104.29 and futures contracts may only be entered into with a fully offsetting amount of cash or
104.30 securities. Only securities authorized by this section, excluding those under subdivision 6,
104.31 paragraph (a), clauses (1) to ~~(4)~~ (3), may be accepted as collateral or offsetting securities.

104.32 Subd. 2. **Government obligations.** The state board ~~may~~ is authorized to invest
104.33 funds in governmental bonds, notes, bills, mortgages, and other evidences of indebtedness

105.1 ~~provided~~ if the issue is backed by the full faith and credit of the issuer or if the issue
 105.2 is rated among the top four quality rating categories by a nationally recognized rating
 105.3 agency. The obligations in which the board may invest under this subdivision ~~include~~ are
 105.4 guaranteed or insured issues of ~~(a)~~:

105.5 (1) the United States, its agencies, its instrumentalities, or organizations created
 105.6 and regulated by an act of Congress; ~~(b)~~

105.7 (2) the Dominion of Canada ~~and~~ or any of its provinces, provided the principal and
 105.8 interest ~~is~~ are payable in United States dollars; ~~(c)~~

105.9 (3) any of the states ~~and~~ or any of their municipalities, political subdivisions,
 105.10 agencies or instrumentalities; ~~(d) the International Bank for Reconstruction and~~
 105.11 ~~Development, the Inter-American Development Bank, the Asian Development Bank, the~~
 105.12 ~~African Development Bank, or and~~

105.13 (4) any ~~other~~ United States government sponsored organization of which the United
 105.14 States is a member, ~~provided~~ if the principal and interest ~~is~~ are payable in United States
 105.15 dollars.

105.16 Subd. 3. **Corporate obligations.** (a) The state board ~~may~~ is authorized to invest
 105.17 funds in bonds, notes, debentures, transportation equipment obligations, ~~or~~ and any other
 105.18 longer term evidences of indebtedness issued or guaranteed by a corporation organized
 105.19 under the laws of the United States or any state ~~thereof~~ of the United States, or the
 105.20 Dominion of Canada or any Canadian province ~~thereof~~ provided that if:

105.21 (1) the principal and interest of obligations of corporations incorporated or organized
 105.22 under the laws of the Dominion of Canada or any Canadian province ~~thereof~~ shall be
 105.23 are payable in United States dollars; and

105.24 (2) the obligations ~~shall be~~ are rated among the top four quality categories by a
 105.25 nationally recognized rating agency.

105.26 (b) The state board may invest in unrated corporate obligations or in corporate
 105.27 obligations that are not rated among the top four quality categories as provided in
 105.28 paragraph (a), clause (2), ~~provided that if~~:

105.29 (1) the aggregate value of these obligations ~~may~~ does not exceed five percent of the
 105.30 market ~~or book~~ value, ~~whichever is less~~, of the fund for which the state board is investing;

105.31 (2) the state board's participation is limited to 50 percent of a single offering subject
 105.32 to this paragraph; and

105.33 (3) the state board's participation is limited to 25 percent of an issuer's obligations
 105.34 subject to this paragraph.

105.35 Subd. 4. **Other obligations.** (a) The state board ~~may~~ is authorized to invest funds
 105.36 ~~in bankers acceptances, certificates of deposit, deposit notes, commercial paper, mortgage~~

106.1 ~~securities and asset backed securities, repurchase agreements and reverse repurchase~~
 106.2 ~~agreements, guaranteed investment contracts, savings accounts, and guaranty fund~~
 106.3 ~~certificates, surplus notes, or debentures of domestic mutual insurance companies if they~~
 106.4 ~~conform to the following provisions:~~

106.5 (1) ~~bankers acceptances and deposit notes of United States banks are limited to those~~
 106.6 ~~if issued by banks~~ a United States bank that is rated in the highest four quality categories
 106.7 ~~by a nationally recognized rating agency;~~

106.8 (2) ~~certificates of deposit are limited to those if issued by (i) a United States banks~~
 106.9 ~~and savings institutions that are bank or savings institution that is rated in the top four~~
 106.10 ~~quality categories by a nationally recognized rating agency or whose certificates of deposit~~
 106.11 ~~are fully insured by federal agencies,~~ or (ii) certificates of deposits issued by a credit
 106.12 ~~unions union in amounts up to an amount within the limit of the insurance coverage~~
 106.13 ~~provided by the National Credit Union Administration;~~

106.14 (3) ~~commercial paper is limited to those if issued by a United States corporations~~
 106.15 ~~corporation or their its Canadian subsidiaries subsidiary and if rated in the highest two~~
 106.16 ~~quality categories by a nationally recognized rating agency;~~

106.17 (4) ~~mortgage securities shall be and asset-backed securities if~~ rated in the top four
 106.18 ~~quality categories by a nationally recognized rating agency;~~

106.19 (5) ~~collateral for repurchase agreements and reverse repurchase agreements is~~
 106.20 ~~limited to if collateralized with letters of credit and or securities authorized in this section;~~

106.21 (6) ~~guaranteed investment contracts are limited to those if issued by an insurance~~
 106.22 ~~companies company or banks a bank that is rated in the top four quality categories by a~~
 106.23 ~~nationally recognized rating agency or to alternative guaranteed investment contracts~~
 106.24 ~~where if the underlying assets comply with the requirements of this section;~~

106.25 (7) ~~savings accounts are limited to those if fully insured by a federal agencies~~
 106.26 ~~agency; and~~

106.27 (8) ~~asset backed securities shall be rated in the top four quality categories by a~~
 106.28 ~~nationally recognized rating agency guaranty fund certificates, surplus notes, or debentures~~
 106.29 ~~if issued by a domestic mutual insurance company.~~

106.30 (b) Sections 16A.58, 16C.03, subdivision 4, and 16C.05 do not apply to certificates
 106.31 of deposit and collateralization agreements executed by the state board under paragraph
 106.32 (a), clause (2).

106.33 (c) In addition to investments authorized by paragraph (a), clause (4), the state board
 106.34 ~~may~~ is authorized to purchase from the Minnesota Housing Finance Agency all or any
 106.35 part of a pool of residential mortgages, not in default, that has previously been financed
 106.36 by the issuance of bonds or notes of the agency. The state board may also enter into a

107.1 commitment with the agency, at the time of any issue of bonds or notes, to purchase at
107.2 a specified future date, not exceeding 12 years from the date of the issue, the amount of
107.3 mortgage loans then outstanding and not in default that have been made or purchased from
107.4 the proceeds of the bonds or notes. The state board may charge reasonable fees for any
107.5 such commitment and may agree to purchase the mortgage loans at a price sufficient to
107.6 produce a yield to the state board comparable, in its judgment, to the yield available on
107.7 similar mortgage loans at the date of the bonds or notes. The state board may also enter
107.8 into agreements with the agency for the investment of any portion of the funds of the
107.9 agency. The agreement must cover the period of the investment, withdrawal privileges,
107.10 and any guaranteed rate of return.

107.11 Subd. 5. **Corporate stocks.** The state board ~~may~~ is authorized to invest funds in
107.12 stocks or convertible issues of any corporation organized under the laws of the United
107.13 States or ~~the any of its states thereof~~, the Dominion of Canada or any of its provinces, or
107.14 any corporation listed on an exchange that is regulated by an agency of the United States
107.15 or of the Canadian national government, ~~if they conform to the following provisions:~~

107.16 ~~(a) The aggregate value of corporate stock investments, as adjusted for realized~~
107.17 ~~profits and losses, shall not exceed 85 percent of the market or book value, whichever is~~
107.18 ~~less, of a fund, less the aggregate value of investments according to subdivision 6;~~

107.19 ~~(b) Investments shall~~ An investment in any corporation must not exceed five percent
107.20 of the total outstanding shares of any one that corporation, except that the state board may
107.21 hold up to 20 percent of the shares of a real estate investment trust and up to 20 percent
107.22 of the shares of a closed-end mutual fund.

107.23 Subd. 5a. **Asset mix limitations.** The aggregate value of investments under
107.24 subdivision 5, plus the aggregate value of all investments under subdivision 6, must not
107.25 exceed 85 percent of the market value of a fund.

107.26 Subd. 6. **Other investments.** (a) In addition to the investments authorized in
107.27 subdivisions 1 to 5, and subject to the provisions in paragraph (b), the state board ~~may~~
107.28 is authorized to invest funds in:

107.29 (1) ~~venture capital~~ equity and debt investment businesses through participation in
107.30 limited partnerships, trusts, private placements, limited liability corporations, limited
107.31 liability companies, limited liability partnerships, and corporations;

107.32 (2) real estate ownership interests or loans secured by mortgages or deeds of trust or
107.33 shares of real estate investment trusts through investment in limited partnerships, ~~bank~~
107.34 ~~sponsored~~ bank-sponsored collective funds, trusts, mortgage participation agreements,
107.35 and insurance company commingled accounts, including separate accounts;

108.1 ~~(3) regional and mutual funds through bank sponsored collective funds and open-end~~
108.2 ~~investment companies registered under the Federal Investment Company Act of 1940, and~~
108.3 ~~closed-end mutual funds listed on an exchange regulated by a governmental agency;~~

108.4 ~~(4)~~ (3) resource investments through limited partnerships, trusts, private placements,
108.5 limited liability corporations, limited liability companies, limited liability partnerships,
108.6 and corporations; and

108.7 ~~(5)~~ (4) international securities.

108.8 (b) The investments authorized in paragraph (a) must conform to the following
108.9 provisions:

108.10 (1) the aggregate value of all investments made ~~according to~~ under paragraph (a),
108.11 clauses (1) to ~~(4)~~ (3), may not exceed 35 percent of the market value of the fund for
108.12 which the state board is investing;

108.13 (2) there must be at least four unrelated owners of the investment other than the state
108.14 board for investments made under paragraph (a), clause (1), (2), or (3), ~~or~~ (4);

108.15 (3) state board participation in an investment vehicle is limited to 20 percent thereof
108.16 for investments made under paragraph (a), clause (1), (2), or (3), ~~or~~ (4); and

108.17 (4) state board participation in a limited partnership does not include a general
108.18 partnership interest or other interest involving general liability. The state board may not
108.19 engage in any activity as a limited partner which creates general liability.

108.20 (c) All financial, business, or proprietary data collected, created, received, or
108.21 maintained by the state board in connection with investments authorized by paragraph (a),
108.22 clause (1), (2), or ~~(4)~~ (3), are nonpublic data under section 13.02, subdivision 9. As used
108.23 in this paragraph, "financial, business, or proprietary data" means data, as determined by
108.24 the responsible authority for the state board, that is of a financial, business, or proprietary
108.25 nature, the release of which could cause competitive harm to the state board, the legal
108.26 entity in which the state board has invested or has considered an investment, the managing
108.27 entity of an investment, or a portfolio company in which the legal entity holds an interest.
108.28 As used in this section, "business data" is data described in section 13.591, subdivision 1.
108.29 Regardless of whether they could be considered financial, business, or proprietary data, the
108.30 following data received, prepared, used, or retained by the state board in connection with
108.31 investments authorized by paragraph (a), clause (1), (2), or ~~(4)~~ (3), are public at all times:

108.32 (1) the name and industry group classification of the legal entity in which the state
108.33 board has invested or in which the state board has considered an investment;

108.34 (2) the state board commitment amount, if any;

108.35 (3) the funded amount of the state board's commitment to date, if any;

108.36 (4) the market value of the investment by the state board;

109.1 (5) the state board's internal rate of return for the investment, including expenditures
 109.2 and receipts used in the calculation of the investment's internal rate of return; and
 109.3 (6) the age of the investment in years.

109.4 Subd. 7. **Appropriation.** There is annually appropriated to the state board, from
 109.5 the assets of the funds for which the state board invests ~~pursuant~~ relating to authorized
 109.6 investments under subdivision 6, clause paragraph (a), sums sufficient to pay the costs for
 109.7 the management of these ~~funds~~ assets by private management firms.

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

109.9 Sec. 4. Minnesota Statutes 2010, section 69.77, subdivision 9, is amended to read:

109.10 Subd. 9. **Local police and paid fire relief association investment authority.**

109.11 (a) The ~~funds~~ special fund of the association must be invested in securities that are
 109.12 authorized investments under section 356A.06, subdivision 6 or 7, whichever applies.
 109.13 ~~Notwithstanding any provision of section 356A.06, subdivision 6 or 7 to the contrary, the~~
 109.14 ~~special fund of the relief association may be additionally invested in:~~

109.15 ~~(1) open-end investment companies registered under the federal Investment~~
 109.16 ~~Company Act of 1940, if the portfolio investments of the investment companies comply~~
 109.17 ~~with the type of securities authorized for investment under section 356A.06, subdivision 7,~~
 109.18 ~~up to 75 percent of the market value of the assets of the fund; and~~

109.19 ~~(2) domestic government and corporate debt obligations that are not rated in the top~~
 109.20 ~~four quality categories by a nationally recognized rating agency, and comparable unrated~~
 109.21 ~~securities if the percentage of these assets does not exceed five percent of the total assets~~
 109.22 ~~of the special fund or 15 percent of the special fund's nonequity assets, whichever is less;~~
 109.23 ~~the special fund's participation is limited to 50 percent of a single offering of the debt~~
 109.24 ~~obligations, and the special fund's participation is limited to 25 percent of an issuer's debt~~
 109.25 ~~obligations that are not rated in the top four quality categories. Securities held by the~~
 109.26 ~~association before June 2, 1989, that do not meet the requirements of this subdivision may~~
 109.27 ~~be retained after that date if they were proper investments for the association on that date.~~

109.28 ~~(b) The governing board of the association may select and appoint investment~~
 109.29 ~~agencies to act for and in its behalf or may certify special fund assets for investment by the~~
 109.30 ~~State Board of Investment under section 11A.17. The governing board of the association~~
 109.31 ~~may certify general fund assets of the relief association for investment by the State Board~~
 109.32 ~~of Investment in fixed income pools or in a separately managed account at the discretion~~
 109.33 ~~of the State Board of Investment as provided in section 11A.14. The governing board of~~
 109.34 the association may select and appoint a qualified private firm to measure management

110.1 performance and return on investment, and the firm ~~shall~~ must use the formula or formulas
 110.2 developed by the state board under section 11A.04, clause (11).

110.3 (c) The governing board of the association may certify general fund assets of the
 110.4 relief association for investment by the State Board of Investment in fixed income pools
 110.5 or in a separately managed account at the discretion of the State Board of Investment
 110.6 as provided in section 11A.14.

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

110.8 Sec. 5. Minnesota Statutes 2010, section 69.775, is amended to read:

110.9 **69.775 INVESTMENTS.**

110.10 (a) The special fund assets of a relief association governed by sections 69.771 to
 110.11 69.776 must be invested in securities that are authorized investments under section
 110.12 356A.06, subdivision 6 or 7, whichever applies.

110.13 ~~(b) Notwithstanding the foregoing, up to 75 percent of the market value of the assets~~
 110.14 ~~of the special fund, not including any money market mutual funds, may be invested in~~
 110.15 ~~open-end investment companies registered under the federal Investment Company Act of~~
 110.16 ~~1940, if the portfolio investments of the investment companies comply with the type of~~
 110.17 ~~securities authorized for investment under section 356A.06, subdivision 7.~~

110.18 ~~(c) Securities held by the associations before June 2, 1989, that do not meet the~~
 110.19 ~~requirements of this section may be retained after that date if they were proper investments~~
 110.20 ~~for the association on that date.~~

110.21 ~~(d) The governing board of the association may select and appoint investment~~
 110.22 ~~agencies to act for and in its behalf or may certify special fund assets for investment by the~~
 110.23 ~~State Board of Investment under section 11A.17.~~

110.24 ~~(e) The governing board of the association may certify general fund assets of the~~
 110.25 ~~relief association for investment by the State Board of Investment in fixed income pools~~
 110.26 ~~or in a separately managed account at the discretion of the State Board of Investment~~
 110.27 ~~as provided in section 11A.14.~~

110.28 ~~(f)~~ (b) The governing board of the association may select and appoint a qualified
 110.29 private firm to measure management performance and return on investment, and the
 110.30 firm ~~shall~~ must use the formula or formulas developed by the state board under section
 110.31 11A.04, clause (11).

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

110.33 Sec. 6. Minnesota Statutes 2010, section 354A.08, is amended to read:

111.1 **354A.08 AUTHORIZED INVESTMENTS.**

111.2 ~~(a)~~ In addition to investments authorized under section 356A.06, subdivision 7, a
111.3 teachers retirement fund association may receive, hold, and dispose of:

111.4 ~~(1)~~ real estate or personal property acquired by it, whether the acquisition was by
111.5 purchase; or any other lawful means, as provided in this chapter or in the association's
111.6 articles of incorporation; and.

111.7 ~~(2) domestic government and corporate debt obligations that are not rated in the top~~
111.8 ~~four quality categories by a nationally recognized rating agency, and comparable unrated~~
111.9 ~~securities if the percentage of these assets does not exceed five percent of the total assets~~
111.10 ~~of the pension plan or 15 percent of the pension plan's nonequity assets, whichever is less,~~
111.11 ~~if the pension plan's participation is limited to 50 percent of a single offering of the debt~~
111.12 ~~obligations, and if the pension plan's participation is limited to 25 percent of an issuer's~~
111.13 ~~debt obligations that are not rated in the top four quality categories.~~

111.14 ~~(b) In addition to other authorized real estate investments, an association may also~~
111.15 ~~invest funds in Minnesota situs nonfarm real estate ownership interests or loans secured~~
111.16 ~~by mortgages or deeds of trust. The board may also certify assets for investment by the~~
111.17 ~~State Board of Investment as provided under section 11A.17.~~

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

111.19 Sec. 7. Minnesota Statutes 2010, section 356.219, subdivision 1, is amended to read:

111.20 Subdivision 1. **Report required.** ~~(a) Except as indicated in subdivision 4,~~ The State
111.21 Board of Investment, on behalf of the public pension funds and programs for which it is
111.22 the investment authority, and any Minnesota public pension plan that is not fully invested
111.23 through the State Board of Investment, including a local police or firefighters relief
111.24 association governed by sections 69.77 or 69.771 to 69.775, shall report the information
111.25 specified in subdivision 3 to the state auditor. The state auditor may prescribe a form or
111.26 forms for the purposes of the reporting requirements contained in this section.

111.27 (b) A local police or firefighters relief association governed by section 69.77 or
111.28 sections 69.771 to 69.775 is fully invested during a given calendar year for purposes of
111.29 this section if all assets of the applicable pension plan beyond sufficient cash equivalent
111.30 investments to cover six months expected expenses are invested under section 11A.17.
111.31 The board of any fully invested public pension plan remains responsible for submitting
111.32 investment policy statements and subsequent revisions as required by subdivision 3,
111.33 paragraph (a).

111.34 (c) For purposes of this section, the State Board of Investment is considered to be
111.35 the investment authority for any Minnesota public pension fund required to be invested by

112.1 the State Board of Investment under section 11A.23, or for any Minnesota public pension
 112.2 fund authorized to invest in the supplemental investment fund under section 11A.17 and
 112.3 which is fully invested by the State Board of Investment.

112.4 (d) This section does not apply to the following plans:

112.5 (1) the Minnesota unclassified employees retirement program under chapter 352D;

112.6 (2) the public employees defined contribution plan under chapter 353D;

112.7 (3) the individual retirement account plans under chapters 354B and 354D;

112.8 (4) the higher education supplemental retirement plan under chapter 354C;

112.9 (5) any alternative retirement benefit plan established under section 383B.914; and

112.10 (6) the University of Minnesota faculty retirement plan.

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

112.12 Sec. 8. Minnesota Statutes 2010, section 356.219, subdivision 8, is amended to read:

112.13 Subd. 8. **Timing of reports.** (a) For salaried firefighter relief associations, police
 112.14 relief associations, and volunteer firefighter relief associations, the information required
 112.15 under this section must be submitted by the due date for reports required under section
 112.16 69.051, subdivision 1 or 1a, as applicable. If a relief association satisfies the definition of
 112.17 a fully invested plan under subdivision 1, paragraph (b), for the calendar year covered
 112.18 by the report required under section 69.051, subdivision 1 or 1a, as applicable, the chief
 112.19 administrative officer of the covered pension plan shall certify that compliance on a form
 112.20 prescribed by the state auditor. The state auditor shall transmit annually to the State Board
 112.21 of Investment a list or lists of covered pension plans which submitted certifications in
 112.22 order to facilitate reporting by the State Board of Investment under paragraph (c).

112.23 (b) For ~~the Minneapolis Teachers Retirement Fund Association,~~ the St. Paul
 112.24 Teachers Retirement Fund Association, the Duluth Teachers Retirement Fund Association,
 112.25 ~~the Minneapolis Employees Retirement Fund,~~ and the University of Minnesota faculty
 112.26 supplemental retirement plan, ~~and the applicable administrators for the University of~~
 112.27 ~~Minnesota faculty retirement plan and the individual retirement account plans under~~
 112.28 ~~chapters 354B and 354D,~~ the information required under this section must be submitted to
 112.29 the state auditor by June 1 of each year.

112.30 (c) The State Board of Investment, on behalf of pension funds specified in
 112.31 subdivision 1, paragraph (c), must report information required under this section by
 112.32 September 1 of each year.

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

113.1 Sec. 9. Minnesota Statutes 2010, section 356A.01, subdivision 19, is amended to read:

113.2 Subd. 19. **Pension fund.** "Pension fund" means the assets amassed and held in a
 113.3 pension plan, other than the general fund, as reserves for present and future payment of
 113.4 benefits and administrative expenses. For a retirement plan governed by section 69.77 or
 113.5 by chapter 424A, the term means the relief association special fund.

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

113.7 Sec. 10. Minnesota Statutes 2010, section 356A.06, subdivision 6, is amended to read:

113.8 Subd. 6. **Limited list of authorized investment securities.** (a) ~~Except to the~~
 113.9 ~~extent otherwise authorized by law,~~ **Authority.** This subdivision specifies the investment
 113.10 authority for a limited list plan. A limited list plan is a covered pension plan ~~may invest its~~
 113.11 ~~assets only in investment securities authorized by this subdivision if the plan that does not:~~

113.12 (1) have pension fund assets with a ~~book~~ market value in excess of \$1,000,000;

113.13 (2) use the services of an investment advisor registered with the Securities and
 113.14 Exchange Commission in accordance with the Investment Advisers Act of 1940, or
 113.15 registered as an investment advisor in accordance with sections 80A.58, and 80A.60,
 113.16 for the investment of at least 60 percent of its pension fund assets, calculated on ~~book~~
 113.17 market value;

113.18 (3) use the services of the State Board of Investment for the investment of at least 60
 113.19 percent of its pension fund assets, calculated on ~~book~~ market value; or

113.20 (4) use a combination of the services of an investment advisor meeting the
 113.21 requirements of clause (2) and the services of the State Board of Investment for the
 113.22 investment of at least 75 percent of its pension fund assets, calculated on ~~book~~ market
 113.23 value.

113.24 (b) **Investment agency appointment authority.** ~~securities authorized for The~~
 113.25 governing board of a covered pension plan covered by this subdivision are: may select
 113.26 and appoint investment agencies to act for or on its behalf.

113.27 (c) **Savings accounts; similar vehicles.** A limited list plan is authorized to invest in:

113.28 (1) certificates of deposit issued, to the extent of available insurance or
 113.29 collateralization, by a financial institution that is a member of the Federal Deposit
 113.30 Insurance Corporation or the Federal Savings and Loan Insurance Corporation, that is
 113.31 insured by the National Credit Union Administration, or that is authorized to do business
 113.32 in this state and has deposited with the chief administrative officer of the plan a sufficient
 113.33 amount of marketable securities as collateral in accordance with section 118A.03;

113.34 (2) guaranteed investment contracts, limited to those issued by insurance companies
 113.35 or banks rated in the top four quality categories by a nationally recognized rating agency

114.1 or to alternative guaranteed investment contracts where the underlying assets comply
114.2 with the requirements of this paragraph; and

114.3 ~~(3) savings accounts, to the extent of available insurance, with a financial institution~~
114.4 ~~that is a member of the Federal Deposit Insurance Corporation or the Federal Savings and~~
114.5 ~~Loan Insurance Corporation; limited to those fully insured by federal agencies.~~

114.6 ~~(3) (d) **Government-backed obligations.** A limited list plan is authorized to invest~~
114.7 ~~in governmental obligations as further specified in this paragraph, including bonds, notes,~~
114.8 ~~bills, or other fixed obligations, issued by the United States, an agency or instrumentality~~
114.9 ~~of the United States, an organization established and regulated by an act of Congress or by~~
114.10 ~~a state, state agency or instrumentality, municipality, or other governmental or political~~
114.11 ~~subdivision that mortgages, and other evidences of indebtedness, if the issue is backed~~
114.12 ~~by the full faith and credit of the issuer or if the issue is rated among the top four quality~~
114.13 ~~rating categories by a nationally-recognized rating agency. The obligations in which plans~~
114.14 ~~are authorized to invest under this paragraph are guaranteed or insured issues of:~~

114.15 ~~(i) for the obligation in question, issues an obligation that equals or exceeds the~~
114.16 ~~stated investment yield of debt securities not exempt from federal income taxation and of~~
114.17 ~~comparable quality;~~

114.18 ~~(ii) for an obligation that is a revenue bond, has been completely self-supporting~~
114.19 ~~for the last five years; and~~

114.20 ~~(iii) for an obligation other than a revenue bond, has issued an obligation backed by~~
114.21 ~~the full faith and credit of the applicable taxing jurisdiction and has not been in default on~~
114.22 ~~the payment of principal or interest on the obligation in question or any other nonrevenue~~
114.23 ~~bond obligation during the preceding ten years;~~

114.24 ~~(1) the United States, one of its agencies, one of its instrumentalities, or an~~
114.25 ~~organization created and regulated by an act of Congress;~~

114.26 ~~(2) the Dominion of Canada or one of its provinces if the principal and interest are~~
114.27 ~~payable in United States dollars;~~

114.28 ~~(3) a state or one of its municipalities, political subdivisions, agencies, or~~
114.29 ~~instrumentalities; or~~

114.30 ~~(4) any United States government-sponsored organization of which the United States~~
114.31 ~~is a member if the principal and interest are payable in United States dollars.~~

114.32 ~~(4) (e) **Corporate obligations.** A limited list plan is authorized to invest in corporate~~
114.33 ~~obligations, including bonds, notes, debentures, or other regularly issued and readily~~
114.34 ~~marketable evidences of indebtedness issued by a corporation organized under the laws~~
114.35 ~~of any state that during the preceding five years has had on average annual net pretax~~
114.36 ~~earnings at least 50 percent greater than the annual interest charges and principal payments~~

115.1 ~~on the total issued debt of the corporation during that period and that, for the obligation~~
 115.2 ~~in question, has issued an obligation rated in one of the top three quality categories by~~
 115.3 ~~Moody's Investors Service, Incorporated, or Standard and Poor's Corporation; and~~
 115.4 ~~(5) shares in an open-end investment company registered under the federal~~
 115.5 ~~Investment Company Act of 1940, if the portfolio investments of the company are limited~~
 115.6 ~~to investments that meet the requirements of clauses (1) to (4): transportation equipment~~
 115.7 ~~obligations, or any other longer-term evidences of indebtedness issued or guaranteed by~~
 115.8 ~~a corporation organized under the laws of the United States or any of its states, or the~~
 115.9 ~~Dominion of Canada or any of its provinces if:~~

115.10 (1) the principal and interest are payable in United States dollars; and

115.11 (2) the obligations are rated among the top four quality categories by a nationally
 115.12 recognized rating agency.

115.13 (f) **Mutual fund authority, limited list authorized assets.** Securities authorized
 115.14 under paragraphs (c) to (e) may be owned directly or through shares in exchange-traded
 115.15 funds, or through open-end mutual funds, or as units of commingled trusts.

115.16 (g) **Extended mutual fund authority.** Notwithstanding restrictions in other
 115.17 paragraphs of this subdivision, a limited list plan is authorized to invest the assets of
 115.18 the special fund in exchange-traded funds and open-end mutual funds, if their portfolio
 115.19 investments comply with the type of securities authorized for investment under section
 115.20 356A.06, subdivision 7, paragraphs (c) to (g). Investments under this paragraph must not
 115.21 exceed 75 percent of the assets of the special fund, not including any money market
 115.22 investments through mutual or exchange-traded funds.

115.23 (h) **Supplemental fund authority.** The governing body of a limited list plan may
 115.24 certify special fund assets to the State Board of Investment for investment under section
 115.25 11A.17.

115.26 (i) **Assets mix restrictions.** A limited list plan must conform to the asset mix
 115.27 limitations specified in section 356A.06, subdivision 7.

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

115.29 Sec. 11. Minnesota Statutes 2010, section 356A.06, subdivision 7, is amended to read:

115.30 Subd. 7. **Expanded list of authorized investment securities.** (a) **Authority.**

115.31 ~~Except to the extent otherwise authorized by law, A covered pension plan not described by~~
 115.32 ~~subdivision 6, paragraph (a), is an expanded list plan and shall invest its assets only in~~
 115.33 ~~accordance with as specified in this subdivision. The governing board of an expanded list~~
 115.34 ~~plan may select and appoint investment agencies to act for or on its behalf.~~

116.1 (b) **Securities generally; investment forms.** ~~The covered pension~~ An expanded list
116.2 ~~plan has the authority~~ is authorized to purchase, sell, lend, or and exchange the investment
116.3 ~~securities specified in paragraphs (c) to (i) authorized under this subdivision, including~~
116.4 ~~puts and call options and future contracts traded on a contract market regulated by a~~
116.5 ~~governmental agency or by a financial institution regulated by a governmental agency.~~
116.6 ~~These securities may be owned directly or through shares in exchange-traded or mutual~~
116.7 ~~funds, or as units in commingled trusts that own the securities described in paragraphs (c)~~
116.8 ~~to (i), including real estate investment trusts and insurance company commingled accounts,~~
116.9 ~~including separate accounts, subject to any limitations specified in this subdivision.~~

116.10 (c) **Government obligations.** ~~The covered pension~~ An expanded list plan may
116.11 is authorized to invest funds in governmental bonds, notes, bills, mortgages, and other
116.12 evidences of indebtedness if the issue is backed by the full faith and credit of the issuer or
116.13 the issue is rated among the top four quality rating categories by a nationally recognized
116.14 rating agency. The obligations in which funds may be invested under this paragraph
116.15 include are guaranteed or insured issues of:

116.16 (1) the United States, one of its agencies, one of its instrumentalities, or organizations
116.17 an organization created and regulated by an act of Congress;

116.18 (2) the Dominion of Canada and or one of its provinces, provided if the principal
116.19 and interest is are payable in United States dollars;

116.20 (3) the states and their a state or one of its municipalities, political subdivisions,
116.21 agencies, or instrumentalities; and

116.22 (4) the International Bank for Reconstruction and Development, the Inter-American
116.23 Development Bank, the Asian Development Bank, the African Development Bank, or
116.24 any other a United States government sponsored government-sponsored organization of
116.25 which the United States is a member, provided if the principal and interest is are payable
116.26 in United States dollars.

116.27 (d) **Investment-grade corporate obligations.** ~~The covered pension~~ An expanded
116.28 list plan may is authorized to invest funds in bonds, notes, debentures, transportation
116.29 equipment obligations, or any other longer term evidences of indebtedness issued or
116.30 guaranteed by a corporation organized under the laws of the United States or any state
116.31 thereof of its states, or the Dominion of Canada or any province thereof of its provinces if
116.32 they conform to the following provisions:

116.33 (1) the principal and interest of obligations of corporations incorporated or organized
116.34 under the laws of the Dominion of Canada or any province thereof must be are payable in
116.35 United States dollars; and

117.1 (2) ~~the obligations must be~~ are rated among the top four quality categories by a
 117.2 nationally recognized rating agency.

117.3 (e) Below-investment-grade corporate obligations. An expanded list plan is
 117.4 authorized to invest in unrated corporate obligations or in corporate obligations that are
 117.5 not rated among the top four quality categories by a nationally recognized rating agency if:

117.6 (1) the aggregate value of these obligations does not exceed five percent of the
 117.7 covered pension plan's market value;

117.8 (2) the covered pension plan's participation is limited to 50 percent of a single
 117.9 offering subject to this paragraph; and

117.10 (3) the covered pension plan's participation is limited to 25 percent of an issuer's
 117.11 obligations subject to this paragraph.

117.12 ~~(e) (f) Other obligations.~~ (1) ~~The covered pension~~ An expanded list plan ~~may~~ is
 117.13 authorized to invest funds in ~~bankers acceptances, certificates of deposit, deposit notes,~~
 117.14 ~~commercial paper, mortgage participation certificates and pools, asset backed securities,~~
 117.15 ~~repurchase agreements and reverse repurchase agreements, guaranteed investment~~
 117.16 ~~contracts, savings accounts, and guaranty fund certificates, surplus notes, or debentures of~~
 117.17 ~~domestic mutual insurance companies if they conform to the following provisions:~~

117.18 (i) ~~bankers acceptances and deposit notes of United States banks are limited to those~~
 117.19 ~~if issued by banks~~ a United States bank that is rated in the highest four quality categories
 117.20 by a nationally recognized rating agency;

117.21 (ii) ~~certificates of deposit are limited to those~~ if issued by (A) a United States
 117.22 ~~banks and bank or savings institutions that are~~ institution rated in the highest four quality
 117.23 categories by a nationally recognized rating agency or whose certificates of deposit are
 117.24 fully insured by federal agencies; ~~or (B) if issued by a credit unions union in amounts~~
 117.25 ~~up to an amount within~~ the limit of the insurance coverage provided by the National
 117.26 Credit Union Administration;

117.27 (iii) ~~commercial paper is limited to those~~ if issued by a United States corporations
 117.28 corporation or their its Canadian subsidiaries subsidiary and if rated in the highest two
 117.29 quality categories by a nationally recognized rating agency;

117.30 (iv) ~~mortgage participation or pass through certificates evidencing interests in pools~~
 117.31 ~~of first mortgages or trust deeds on improved real estate located in the United States where~~
 117.32 ~~the loan to value ratio for each loan as calculated in accordance with section 61A.28,~~
 117.33 ~~subdivision 3, does not exceed 80 percent for fully amortizable residential properties and~~
 117.34 ~~in all other respects meets the requirements of section 61A.28, subdivision 3~~ securities
 117.35 and asset-backed securities if rated in the top four quality categories by a nationally
 117.36 recognized rating agency;

118.1 (v) ~~collateral for~~ repurchase agreements and reverse repurchase agreements ~~is~~
 118.2 ~~limited to~~ if collateralized with letters of credit and or securities authorized in this section;

118.3 (vi) guaranteed investment contracts ~~are limited to those~~ if issued by an insurance
 118.4 ~~companies~~ company or ~~banks~~ a bank that is rated in the top four quality categories by a
 118.5 nationally recognized rating agency or ~~to~~ alternative guaranteed investment contracts
 118.6 ~~where~~ if the underlying assets comply with the requirements of this subdivision;

118.7 (vii) savings accounts ~~are limited to those~~ if fully insured by a federal ~~agencies~~
 118.8 agency; and

118.9 (viii) ~~asset backed securities must be rated in the top four quality categories by a~~
 118.10 ~~nationally recognized rating agency~~ guaranty fund certificates, surplus notes, or debentures
 118.11 if issued by a domestic mutual insurance company.

118.12 (2) Sections 16A.58, 16C.03, subdivision 4, and 16C.05 do not apply to certificates
 118.13 of deposit and collateralization agreements executed by the covered pension plan under
 118.14 clause (1), item (ii).

118.15 (3) In addition to investments authorized by clause (1), item (iv), ~~the covered pension~~
 118.16 an expanded list plan may is authorized to purchase from the Minnesota Housing Finance
 118.17 Agency all or any part of a pool of residential mortgages, not in default, that has previously
 118.18 been financed by the issuance of bonds or notes of the agency. The covered pension plan
 118.19 may also enter into a commitment with the agency, at the time of any issue of bonds or
 118.20 notes, to purchase at a specified future date, not exceeding 12 years from the date of the
 118.21 issue, the amount of mortgage loans then outstanding and not in default that have been
 118.22 made or purchased from the proceeds of the bonds or notes. The covered pension plan may
 118.23 charge reasonable fees for any such commitment and may agree to purchase the mortgage
 118.24 loans at a price sufficient to produce a yield to the covered pension plan comparable, in
 118.25 its judgment, to the yield available on similar mortgage loans at the date of the bonds or
 118.26 notes. The covered pension plan may also enter into agreements with the agency for the
 118.27 investment of any portion of the funds of the agency. The agreement must cover the period
 118.28 of the investment, withdrawal privileges, and any guaranteed rate of return.

118.29 ~~(f)~~ (g) Corporate stocks. The covered pension An expanded list plan may is
 118.30 authorized to invest funds in stocks or convertible issues of any corporation organized
 118.31 under the laws of the United States or ~~the~~ any of its states ~~thereof~~, any corporation
 118.32 organized under the laws of the Dominion of Canada or any of its provinces, or any
 118.33 corporation listed on an exchange that is regulated by an agency of the United States or of
 118.34 the Canadian national government, if they conform to the following provisions:

118.35 ~~(1) the aggregate value of investments under this paragraph, plus paragraphs (g) and~~
 118.36 ~~(k), plus equity investments under paragraphs (h), (i), and (j), as adjusted for realized~~

119.1 ~~gains and losses, must not exceed 85 percent of the market or book value, whichever is~~
 119.2 ~~less, of a fund; and~~

119.3 ~~(2) investments~~ An investment in any corporation must not exceed five percent of
 119.4 the total outstanding shares of any one that corporation, except that an expanded list plan
 119.5 may hold up to 20 percent of the shares of a real estate investment trust and up to 20
 119.6 percent of the shares of a closed mutual fund.

119.7 ~~(g) **Developed market foreign stocks investments.** In addition to investments~~
 119.8 ~~authorized under paragraph (f), the covered pension fund may invest in foreign stock sold~~
 119.9 ~~on an exchange in any developed market country that is included in the Europe, Australia,~~
 119.10 ~~and Far East Index.~~

119.11 ~~(h) **Commingled or mutual investments.** The covered pension plan may invest~~
 119.12 ~~in index funds or mutual funds, including index mutual funds, through bank-sponsored~~
 119.13 ~~collective funds and shares of open-end investment companies registered under the~~
 119.14 ~~Federal Investment Company Act of 1940, to the extent that these funds comply with~~
 119.15 ~~paragraphs (c) to (j).~~

119.16 ~~(i) **Real estate investment trust; related investments.** The covered pension plan~~
 119.17 ~~may invest in real estate investment trusts secured by mortgages or deeds of trust and~~
 119.18 ~~sold on an exchange, and insurance company commingled accounts, including separate~~
 119.19 ~~accounts, of a debt or equity nature.~~

119.20 ~~(j) **Exchange traded funds.** The covered pension plan may invest funds in exchange~~
 119.21 ~~traded funds, subject to the maximums, the requirements, and the limitations set forth in~~
 119.22 ~~paragraphs (c) to (i), as applicable.~~

119.23 ~~(k) (h) **Other investments.** (1) In addition to the investments authorized in~~
 119.24 ~~paragraphs (b) to (j) (g), and subject to the provisions in clause (2), the covered pension~~
 119.25 ~~an expanded list plan may is authorized to invest funds in:~~

119.26 ~~(i) venture capital equity and debt investment businesses through participation in~~
 119.27 ~~limited partnerships, trusts, private placements, limited liability corporations, limited~~
 119.28 ~~liability companies, limited liability partnerships, and corporations;~~

119.29 ~~(ii) real estate ownership interests or loans secured by mortgages or deeds of trust or~~
 119.30 ~~shares of real estate investment trusts, through investment in limited partnerships or bank~~
 119.31 ~~sponsored, bank-sponsored collective funds, trusts, mortgage participation agreements,~~
 119.32 ~~and insurance company commingled accounts, including separate accounts;~~

119.33 ~~(iii) regional and mutual funds through bank sponsored collective funds and~~
 119.34 ~~open-end investment companies registered under the Federal Investment Company Act of~~
 119.35 ~~1940 to the extent that a fund or a portion of a fund does not qualify under paragraph (h);~~

120.1 ~~(iv)~~ (iii) resource investments through limited partnerships, trusts, private
 120.2 placements, limited liability corporations, limited liability companies, limited liability
 120.3 partnerships, and corporations; and

120.4 ~~(v)~~ (iv) international ~~debt securities and emerging market equity~~ securities.

120.5 (2) The investments authorized in clause (1) must conform to the following
 120.6 provisions:

120.7 (i) the aggregate value of all investments made ~~according to~~ under clause (1),
 120.8 ~~including allocated amounts of index and mutual funds~~ items (i), (ii), and (iii), may not
 120.9 exceed ~~20~~ 35 percent of the market value of the fund for which the ~~covered pension~~
 120.10 ~~expanded list plan~~ is investing;

120.11 (ii) there must be at least four unrelated owners of the investment other than the
 120.12 ~~covered pension expanded list plan~~ for investments made under clause (1), item (i), (ii),
 120.13 ~~or (iii), or (iv)~~;

120.14 (iii) ~~covered pension plan~~ the expanded list plan's participation in an investment
 120.15 vehicle is limited to 20 percent thereof for investments made under clause (1), item (i),
 120.16 (ii), ~~or (iii), or (iv)~~; and

120.17 (iv) ~~covered pension plan~~ the expanded list plan's participation in a limited
 120.18 partnership does not include a general partnership interest or other interest involving
 120.19 general liability. The ~~covered pension expanded list plan~~ may not engage in any activity
 120.20 as a limited partner which creates general liability; and

120.21 (v) for volunteer firefighter relief associations, emerging market equity and
 120.22 international debt investments authorized under clause (1), item (iv), must not exceed 15
 120.23 percent of the association's special fund market value.

120.24 (i) **Supplemental plan investments.** The governing body of an expanded list plan
 120.25 may certify assets to the State Board of Investment for investment under section 11A.17.

120.26 (j) **Asset mix limitations.** The aggregate value of an expanded list plan's
 120.27 investments under paragraphs (g) and (h) and equity investments under paragraph (i),
 120.28 regardless of the form in which these investments are held, must not exceed 85 percent of
 120.29 the covered plan's market value.

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

120.31 Sec. 12. **INVESTMENT AUTHORITY TRANSITION PROVISION.**

120.32 If any investment by the State Board of Investment or any covered pension plan fund
 120.33 was an authorized investment under law in effect immediately before the effective date
 120.34 of applicable sections of this act, but is not authorized by this act, the applicable assets
 120.35 must be liquidated before June 30, 2013.

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

121.2 Sec. 13. **REPEALER.**

121.3 Minnesota Statutes 2010, section 356.219, subdivision 4, is repealed.

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

121.5 **ARTICLE 11**

121.6 **LOCAL RELIEF ASSOCIATION OR CONSOLIDATION ACCOUNT**
121.7 **MERGERS WITH PERA-P&F**

121.8 Section 1. Minnesota Statutes 2011 Supplement, section 69.77, subdivision 1a, is
121.9 amended to read:

121.10 Subd. 1a. **Covered retirement plans.** The provisions of this section apply to ~~the~~
121.11 ~~following local retirement plans:~~

121.12 ~~(1) the Bloomington Firefighters Relief Association;~~

121.13 ~~(2) the Fairmont Police Relief Association; and~~

121.14 ~~(3) the Virginia Fire Department Relief Association.~~

121.15 **EFFECTIVE DATE.** (a) For the Fairmont Police Relief Association, this section
121.16 is effective as of the date for consolidation set by the board of the Public Employees
121.17 Retirement Association in consultation with the State Board of Investment, but not later
121.18 than June 29, 2012.

121.19 (b) For the Virginia fire consolidation account, this section is effective on June 29,
121.20 2012, which is the effective date of merger.

121.21 Sec. 2. Minnesota Statutes 2011 Supplement, section 69.77, subdivision 4, is amended
121.22 to read:

121.23 Subd. 4. **Relief association financial requirements; minimum municipal**

121.24 **obligation.** (a) The officers of the relief association shall determine the financial
121.25 requirements of the relief association and minimum obligation of the municipality for
121.26 the following calendar year in accordance with the requirements of this subdivision.

121.27 The financial requirements of the relief association and the minimum obligation of the
121.28 municipality must be determined on or before the submission date established by the
121.29 municipality under subdivision 5.

121.30 (b) The financial requirements of the relief association for the following calendar
121.31 year must be based on the most recent actuarial valuation or survey of the special fund of
121.32 the association if more than one fund is maintained by the association, or of the association,
121.33 if only one fund is maintained, prepared in accordance with sections 356.215, subdivisions

122.1 4 to 15, and 356.216, as required under subdivision 10. If an actuarial estimate is prepared
122.2 by the actuary of the relief association as part of obtaining a modification of the benefit
122.3 plan of the relief association and the modification is implemented, the actuarial estimate
122.4 must be used in calculating the subsequent financial requirements of the relief association.

122.5 (c) If the relief association has an unfunded actuarial accrued liability as reported in
122.6 the most recent actuarial valuation or survey, the total of the amounts calculated under
122.7 clauses (1), (2), and (3), constitute the financial requirements of the relief association for
122.8 the following year. If the relief association does not have an unfunded actuarial accrued
122.9 liability as reported in the most recent actuarial valuation or survey, the amount calculated
122.10 under clauses (1) and (2) constitute the financial requirements of the relief association for
122.11 the following year. The financial requirement elements are:

122.12 (1) the normal level cost requirement for the following year, expressed as a dollar
122.13 amount, which must be determined by applying the normal level cost of the relief
122.14 association as reported in the actuarial valuation or survey and expressed as a percentage
122.15 of covered payroll to the estimated covered payroll of the active membership of the relief
122.16 association, including any projected change in the active membership, for the following
122.17 year;

122.18 (2) for the ~~Bloomington Fire Department Relief Association, the Fairmont Police~~
122.19 ~~Relief Association, and the Virginia Fire Department Relief Association~~, to the dollar
122.20 amount of normal cost determined under clause (1) must be added an amount equal to the
122.21 dollar amount of the administrative expenses of the special fund of the association if more
122.22 than one fund is maintained by the association, or of the association if only one fund is
122.23 maintained, for the most recent year, multiplied by the factor of 1.035. The administrative
122.24 expenses are those authorized under section 69.80; and

122.25 (3) to the dollar amount of normal cost and expenses determined under clauses
122.26 (1) and (2) must be added an amount equal to the level annual dollar amount which
122.27 is sufficient to amortize the unfunded actuarial accrued liability as determined from
122.28 the actuarial valuation or survey of the fund, using an interest assumption set at the
122.29 applicable rate specified in section 356.215, subdivision 8, by that fund's amortization
122.30 date as specified in paragraph (d).

122.31 (d) ~~The Virginia Fire Department Relief Association special fund amortization date~~
122.32 ~~is December 31, 2010. The Fairmont Police Relief Association special fund amortization~~
122.33 ~~date is December 31, 2020.~~ The Bloomington Fire Department Relief Association
122.34 special fund amortization date is determined under section 356.216, clause (2). The
122.35 amortization date specified in this paragraph supersedes any amortization date specified in
122.36 any applicable special law.

123.1 (e) The minimum obligation of the municipality is an amount equal to the financial
 123.2 requirements of the relief association reduced by the estimated amount of member
 123.3 contributions from covered salary anticipated for the following calendar year and the
 123.4 estimated amounts anticipated for the following calendar year from the applicable state aid
 123.5 program established under sections 69.011 to 69.051 receivable by the relief association
 123.6 after any allocation made under section 69.031, subdivision 5, paragraph (b), clause (2),
 123.7 or 423A.01, subdivision 2, paragraph (a), clause (6), from the local police and salaried
 123.8 firefighters' relief association amortization aid program established under section 423A.02,
 123.9 subdivision 1, from the supplementary amortization state-aid program established under
 123.10 section 423A.02, subdivision 1a, and from the additional amortization state aid under
 123.11 section 423A.02, subdivision 1b.

123.12 **EFFECTIVE DATE.** (a) For the Fairmont Police Relief Association, this section
 123.13 is effective as of the date for consolidation set by the board of the Public Employees
 123.14 Retirement Association in consultation with the State Board of Investment, but not later
 123.15 than June 29, 2012.

123.16 (b) For the Virginia fire consolidation account, this section is effective on June 29,
 123.17 2012, which is the effective date of merger.

123.18 Sec. 3. Minnesota Statutes 2011 Supplement, section 353.668, subdivision 4, is
 123.19 amended to read:

123.20 Subd. 4. **Transfer of assets; transfer of title to assets.** (a) On the effective date of
 123.21 the consolidation under Laws 2011, First Special Session chapter 8, article 7, section 19,
 123.22 the chief administrative officer of the Minneapolis Police Relief Association shall transfer
 123.23 the entire assets of the special fund of the Minneapolis Police Relief Association other
 123.24 than the health insurance account to the public employees police and fire retirement fund
 123.25 at market value. Unless ineligible or inappropriate, the transfer must be in the form of
 123.26 investment securities and must include any accounts receivable that are determined by the
 123.27 State Board of Investment as being capable of being collected. An amount, in cash, must
 123.28 be transferred by the city of Minneapolis equal to the market value recognized by the relief
 123.29 association of investment securities that are determined by the executive director of the
 123.30 State Board of Investment not to be in compliance with the requirements and limitations
 123.31 set forth in sections 11A.09, 11A.14, 11A.23, and 11A.24 or not to be appropriate for
 123.32 retention in light of the established investment objectives of the State Board of Investment
 123.33 or of accounts receivable determined by the executive director of the State Board of
 123.34 Investment as being incapable of being collected. Legal and beneficial title to assets that
 123.35 are determined noncompliant or inappropriate securities or that are uncollectible accounts

124.1 receivable are transferred to the city of Minneapolis on the effective date of consolidation
124.2 under Laws 2011, First Special Session chapter 8, article 7, section 19. Any accounts
124.3 payable on the effective date of consolidation under Laws 2011, First Special Session
124.4 chapter 8, article 7, section 19, are an obligation of the public employees police and fire
124.5 retirement fund and reduce the asset value for purposes of subdivision 6. The transferred
124.6 assets must be deposited in the public employees police and fire retirement fund. The
124.7 amount of the health insurance account as of the date of the consolidation must remain
124.8 deposited in the financial institution retained by the former Minneapolis Police Relief
124.9 Association on May 1, 2011, and that financial institution must act as the custodian of the
124.10 account. The health insurance account may be transferred from the financial institution
124.11 that holds the account to a successor financial institution on June 30, 2012, under the
124.12 requirements of this subdivision and the terms of an agreement between the Minneapolis
124.13 Police Relief Association and the successor financial institution dated December 30,
124.14 2011, that provides for the transfer. The financial institution shall perform all trustee and
124.15 fiduciary duties with respect to the account as a condition to the retention of the account.
124.16 The executive director of the Minneapolis Police Relief Association, prior to the effective
124.17 date of consolidation, shall estimate three calendar years of the administrative expenses
124.18 related to the operation of the account and shall prepay those expenses from the account to
124.19 the financial institution prior to the effective date of consolidation. After the three-year
124.20 prepayment period, the beneficiaries of the account are responsible for the payment of the
124.21 administrative expenses related to the operation of the account.

124.22 (b) Upon the transfer of assets to the State Board of Investment under paragraph
124.23 (a), legal title to those transferred assets vests with the State Board of Investment on
124.24 behalf of the public employees police and fire retirement plan, and beneficial title to the
124.25 transferred assets remains with the former membership of the former Minneapolis Police
124.26 Relief Association.

124.27 (c) The public employees police and fire retirement plan and fund is the successor in
124.28 interest to all claims for or against the Minneapolis Police Relief Association. The public
124.29 employees police and fire retirement plan and fund is not liable for any claim against the
124.30 Minneapolis Police Relief Association, its governing board, or its administrative staff
124.31 acting in a fiduciary capacity, under chapter 356A or common law, which is founded upon
124.32 a claim of a breach of fiduciary duty if the act or acts constituting the claimed breach were
124.33 not undertaken in good faith. The public employees police and fire retirement plan may
124.34 assert any applicable defense to any claim in any judicial or administrative proceeding
124.35 that the Minneapolis Police Relief Association, its board, or its administrative staff would

125.1 otherwise have been entitled to assert, and the public employees police and fire retirement
125.2 plan may assert any applicable defense that it has in its capacity as a statewide agency.

125.3 (d) The Public Employees Retirement Association shall indemnify any former
125.4 fiduciary of the Minneapolis Police Relief Association consistent with the provisions of
125.5 section 356A.11. The indemnification may be effected by the purchase by the Public
125.6 Employees Retirement Association of reasonable fiduciary liability tail insurance for the
125.7 officers and directors of the former Minneapolis Police Relief Association. Consistent
125.8 with section 69.80, the relief association may purchase reasonable fiduciary liability tail
125.9 insurance for its officers and directors prior to the effective date of consolidation under
125.10 Laws 2011, First Special Session chapter 8, article 7, section 19.

125.11 (e) Office equipment and other physical assets of the special fund of the Minneapolis
125.12 Police Relief Association that are not needed by the Public Employees Retirement
125.13 Association may be sold by the special fund of the Minneapolis Police Relief Association
125.14 to the general fund of the Minneapolis Police Relief Association or to any successor
125.15 fraternal organization of the Minneapolis Police Relief Association at fair market value,
125.16 with the proceeds of that sale deposited in the public employees police and fire retirement
125.17 fund and included in the transferred asset value under subdivision 6.

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

125.19 Sec. 4. **[353.669] CONSOLIDATION OF THE FAIRMONT POLICE RELIEF**
125.20 **ASSOCIATION.**

125.21 **Subdivision 1. Membership transfer.** On the effective date of consolidation, the
125.22 retired members, including surviving spouses, of the Fairmont Police Relief Association
125.23 are transferred to the public employees police and fire retirement plan, are no longer
125.24 members of the former Fairmont Police Relief Association, and are members of the public
125.25 employees police and fire retirement plan.

125.26 **Subd. 2. Benefit liability transfer.** The liability for the payment of retirement
125.27 annuities, service pensions, and survivor benefits of the retired members, service
125.28 pensioners, surviving spouses, and any other retirement benefit recipients of the former
125.29 Fairmont Police Relief Association, as contained in the transferred records of the former
125.30 relief association, is transferred to the public employees police and fire retirement plan on
125.31 the effective date of consolidation.

125.32 **Subd. 3. Transfer of records.** On the effective date of consolidation, the
125.33 chief administrative officer of the Fairmont Police Relief Association shall transfer all
125.34 records and documents relating to the special fund of the former Fairmont Police Relief

126.1 Association to the executive director of the Public Employees Retirement Association. To
126.2 the extent possible, original copies of all records and documents must be transferred.

126.3 Subd. 4. **Transfer of assets; transfer of title to assets.** (a) On the effective date of
126.4 consolidation, the chief administrative officer of the Fairmont Police Relief Association
126.5 shall transfer the entire assets of the special fund of the Fairmont Police Relief Association
126.6 to the public employees police and fire retirement fund at market value. Unless ineligible
126.7 or inappropriate as determined by the State Board of Investment, the transfer must be
126.8 in the form of investment securities and must include any accounts receivable that are
126.9 determined by the State Board of Investment as being capable of being collected. The city
126.10 of Fairmont must transfer, in cash, an amount equal to the market value, as recognized by
126.11 the relief association of any investment securities that are determined by the executive
126.12 director of the State Board of Investment to be not in compliance with the requirements
126.13 and limitations set forth in sections 11A.09, 11A.14, 11A.23, and 11A.24, or to be
126.14 inappropriate for retention in light of the established investment objectives of the State
126.15 Board of Investment, or of any accounts receivable that are determined by the executive
126.16 director as being incapable of being collected. The legal and beneficial title to assets that
126.17 are determined to be noncompliant or inappropriate securities or that are determined to be
126.18 uncollectable accounts receivable are transferred from the relief association special fund
126.19 to the city of Fairmont as of the effective date of consolidation. Any accounts payable
126.20 of the special fund of the Fairmont Police Relief Association on the effective date of
126.21 consolidation, are an obligation of the public employees police and fire retirement fund
126.22 and reduce the value of the transferred relief association special fund assets for purposes
126.23 of subdivision 6. Assets transferred from the special fund of the Fairmont Police Relief
126.24 Association must be deposited in the public employees police and fire retirement fund
126.25 and must be managed by the State Board of Investment through the Minnesota combined
126.26 investment funds under section 11A.14.

126.27 (b) Upon the transfer of the assets to the management of the State Board of
126.28 Investment under paragraph (a), legal title to those transferred assets vests with the State
126.29 Board of Investment on behalf of the public employees police and fire retirement plan,
126.30 and beneficial title to the transferred assets remains with the former membership of the
126.31 former Fairmont Police Relief Association.

126.32 (c) The public employees police and fire retirement plan and fund is the successor in
126.33 interest to all claims for and against the Fairmont Police Relief Association. The public
126.34 employees police and fire retirement plan and fund is not liable for any claim against the
126.35 Fairmont Police Relief Association or its governing board acting in a fiduciary capacity
126.36 under chapter 356A or under common law which is founded upon a claim of a breach of

127.1 fiduciary duty if the act or acts constituting the claimed breach were not undertaken in
127.2 good faith. The public employees police and fire retirement plan may assert any applicable
127.3 defense to any claim in any judicial or administrative proceeding that the former Fairmont
127.4 Police Relief Association or its former governing board would otherwise have been
127.5 entitled to assert and the public employees police and fire retirement plan may assert any
127.6 applicable defense that it has in its capacity as a statewide agency.

127.7 (d) The Public Employees Retirement Association shall indemnify any former
127.8 fiduciary of the Fairmont Police Relief Association consistent with the provisions of
127.9 section 356A.11. The indemnification may be effected by the purchase by the Public
127.10 Employees Retirement Association of reasonable fiduciary liability tail insurance for the
127.11 officers and directors of the former Fairmont Police Relief Association.

127.12 Subd. 5. **Benefits.** (a) The annuities, service pensions, and other retirement benefits
127.13 of or attributable to retired members and surviving spouses of the Fairmont Police Relief
127.14 Association who had that status as of the effective date of consolidation, continue after
127.15 consolidation in the same amount and under the same terms as provided under Minnesota
127.16 Statutes 2000, sections 423.41 to 423.46, 423.48 to 423.59, 423.61, and 423.62; Laws
127.17 1963, chapter 423; Laws 1977, chapter 100; and Laws 1999, chapter 222, article 3, section
127.18 4, except as provided in paragraph (b).

127.19 (b) The annual base salary figure for pension and benefit determinations upon
127.20 consolidation and for the balance of calendar year 2012 is \$106,666.67. After December
127.21 31, 2012, annual postretirement adjustments of pensions and benefits in force must be
127.22 calculated solely under section 356.415, subdivision 1c.

127.23 Subd. 6. **Calculation of final funded status; employer contributions.** (a) As of
127.24 the effective date of consolidation, the approved actuary retained by the Public Employees
127.25 Retirement Association under section 356.214 shall determine the final funded status of
127.26 the Fairmont Police Relief Association special fund. The final funded status is the present
127.27 value of future benefits payable from the Fairmont Police Relief Association as of the
127.28 effective date of consolidation after subtracting the market value of the transferred assets
127.29 of the Fairmont Police Relief Association as of the effective date of consolidation. The
127.30 present value of future benefits figure must be calculated using the applicable actuarial
127.31 assumptions for the public employees police and fire retirement plan specified in or
127.32 established under section 356.215. If there is a remainder present value of future benefits
127.33 amount, the city of Fairmont shall pay to the public employees police and fire retirement
127.34 fund an amount sufficient, on a level annual dollar basis, to amortize the calculated
127.35 remainder present value of future benefits amount by December 31, 2020. Payments shall
127.36 be made annually on or before December 31, beginning in 2012.

128.1 (b) If there are assets of the former Fairmont Police Relief Association in excess of
128.2 the present value of future benefits as of the effective date of consolidation, these assets
128.3 must be credited to an interest bearing suspense account within the public employees
128.4 police and fire retirement fund, must be used to offset any amount payable under paragraph
128.5 (c) until June 30, 2015, and, after June 30, 2015, must be paid to the city of Fairmont. The
128.6 suspense account must be credited with the same rate of investment return as the public
128.7 employees police and fire retirement fund.

128.8 (c) If, after the effective date of consolidation, the postretirement or preretirement
128.9 interest rate actuarial assumption applicable to the public employees police and fire
128.10 retirement plan under section 356.215, subdivision 8, is modified from the rates specified
128.11 in Minnesota Statutes 2010, section 356.215, subdivision 8, the remainder present value of
128.12 future benefits amount calculation under paragraph (a), updated for the passage of time,
128.13 must be revised and the amortization contribution by the city of Fairmont for the balance
128.14 of the amortization period must be redetermined and certified to the city of Fairmont.

128.15 **EFFECTIVE DATE.** This section is effective as of the date for consolidation set
128.16 by the board of the Public Employees Retirement Association in consultation with the
128.17 State Board of Investment, but not later than June 29, 2012.

128.18 Sec. 5. **[353.6691] MERGER OF THE VIRGINIA FIRE DEPARTMENT**
128.19 **RELIEF ASSOCIATION.**

128.20 Subdivision 1. **Merger authorized.** On the effective date of merger, the Virginia
128.21 fire department consolidation account of the Public Employees Retirement Association
128.22 under chapter 353A becomes a part of the public employees police and fire retirement plan
128.23 and fund governed by sections 353.63 to 353.659.

128.24 Subd. 2. **Benefit liability transfer.** All current and future liabilities of the Virginia
128.25 fire department consolidation account under chapter 353A are liabilities of the public
128.26 employees police and fire retirement plan and fund as of the effective date of merger and
128.27 the accrued benefits of the members of the consolidation account are the obligation of the
128.28 public employees police and fire retirement plan and fund.

128.29 Subd. 3. **Transfer of assets; transfer to title assets.** On the effective date of merger,
128.30 the assets of the Virginia fire department consolidation account must be transferred to the
128.31 public employees police and fire retirement fund. Upon transfer, the market value of the
128.32 assets of the consolidation account, less any amount of residual assets under subdivision 5,
128.33 are assets of the public employees police and fire fund as of the effective date of merger,
128.34 and the assets, excluding the distribution amount under subdivision 5, become an asset of
128.35 the public employees police and fire retirement fund. The public employees police and

129.1 fire retirement fund also must be credited as an asset with the amount of any receivable
129.2 assets from employer contributions under subdivision 5.

129.3 Subd. 4. **Benefits.** A person who received a service pension, a disability benefit, or a
129.4 survivor benefit from the Virginia fire department consolidation account for the month
129.5 prior to the effective date of merger and who has not previously elected postretirement
129.6 adjustments under section 356.415, subdivision 1c, rather than the postretirement
129.7 adjustment mechanism of the Virginia Fire Department Relief Association under section
129.8 353A.08, subdivision 1, may elect future postretirement adjustments under section
129.9 356.415, subdivision 1c, or the retention of the former Virginia Fire Department Relief
129.10 Association postretirement adjustment mechanism. The election must be made in writing
129.11 on a form prescribed by the executive director on or before September 1, 2012. Unless
129.12 modified by an election under this subdivision, the benefit plan election by any person or
129.13 on behalf of any person under section 353A.08 remains binding.

129.14 Subd. 5. **Calculation of final funded status; employer contributions.** (a) As of
129.15 the effective date of merger, the approved actuary retained by the Public Employees
129.16 Retirement Association under section 356.214 shall determine the final funded status of the
129.17 former Virginia Fire Department Relief Association special fund. The final funded status is
129.18 the present value of future benefits payable from the Virginia fire department consolidation
129.19 account as of the effective date of merger after subtracting the market value of the
129.20 transferred assets of the Virginia fire department consolidation account as of the effective
129.21 date of merger. The present value of future benefits figure must be calculated using the
129.22 applicable actuarial assumptions for the public employees police and fire retirement plan
129.23 specified in or established under section 356.215. If there is a remainder present value
129.24 of future benefits amount, the city of Virginia shall pay to the public employees police
129.25 and fire retirement fund an amount sufficient, on a level annual dollar basis, to amortize
129.26 the calculated remainder present value of future benefits amount by December 31, 2020.
129.27 Payments shall be made annually on or before December 31, beginning in 2012.

129.28 (b) If there are assets of the former Virginia fire department consolidation account in
129.29 excess of the present value of future benefits as of the effective date of merger, these assets
129.30 shall be credited to an interest bearing suspense account within the public employees police
129.31 and fire retirement fund until January 1, 2013. The suspense account must be credited with
129.32 the same rate of investment return as the public employees police and fire retirement fund.

129.33 (c) If, after the effective date of merger, the postretirement or preretirement interest
129.34 rate actuarial assumption applicable to the public employees police and fire retirement plan
129.35 under section 356.215, subdivision 8, is modified from the rates specified in Minnesota
129.36 Statutes 2010, section 356.215, subdivision 8, the remainder present value of future

130.1 benefits amount calculation under paragraph (a), updated for the passage of time, must be
 130.2 revised and any amortization contribution by the city of Virginia for the balance of the
 130.3 amortization period must be redetermined and certified to the city of Virginia.

130.4 (d) On January 1, 2013, one-half of any suspense account under paragraph (b)
 130.5 must be paid as an additional ad hoc postretirement adjustment to the service pensioners,
 130.6 disabilitants, and surviving spouses of the former Virginia fire consolidation account. The
 130.7 additional ad hoc postretirement adjustment for each recipient is the total amount available
 130.8 for the adjustment divided by the total number of recipients as of January 1, 2013, of the
 130.9 former Virginia fire consolidation account. On January 1, 2014, if the suspense account
 130.10 has earned investment income equal to or greater than the preretirement interest rate
 130.11 assumption applicable to the public employees police and fire retirement plan under section
 130.12 356.215, subdivision 8, the balance remaining of the suspense account under paragraph (b)
 130.13 must be paid as an additional ad hoc postretirement adjustment to the service pensioners,
 130.14 disabilitants, and surviving spouses of the former Virginia fire consolidation account,
 130.15 divided by the total number of recipients as of January 1, 2014. Nothing in this paragraph
 130.16 may be deemed to authorize the payment of a postretirement adjustment to an estate.

130.17 **EFFECTIVE DATE.** This section is effective on June 29, 2012, which is the
 130.18 effective date of merger.

130.19 Sec. 6. Minnesota Statutes 2011 Supplement, section 356.215, subdivision 8, is
 130.20 amended to read:

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

130.24		preretirement	postretirement
130.25		interest	interest
130.26	plan	rate assumption	rate assumption
130.27	general state employees retirement plan	8.5%	6.0%
130.28	correctional state employees retirement plan	8.5	6.0
130.29	State Patrol retirement plan	8.5	6.0
130.30	legislators retirement plan	8.5	6.0
130.31	elective state officers retirement plan	8.5	6.0
130.32	judges retirement plan	8.5	6.0
130.33	general public employees retirement plan	8.5	6.0
130.34	public employees police and fire retirement plan	8.5	6.0
130.35	local government correctional service		
130.36	retirement plan	8.5	6.0
130.37	teachers retirement plan	8.5	6.0

131.1	Duluth teachers retirement plan	8.5	8.5
131.2	St. Paul teachers retirement plan	8.5	8.5
131.3	Fairmont Police Relief Association	5.0	5.0
131.4	Virginia Fire Department Relief Association	5.0	5.0
131.5	Bloomington Fire Department Relief		
131.6	Association	6.0	6.0
131.7	local monthly benefit volunteer firefighters		
131.8	relief associations	5.0	5.0

131.9 (b) Before July 1, 2010, the actuarial valuation must use the applicable following
 131.10 single rate future salary increase assumption, the applicable following modified single
 131.11 rate future salary increase assumption, or the applicable following graded rate future
 131.12 salary increase assumption:

131.13 (1) single rate future salary increase assumption

131.14	plan	future salary increase assumption
131.15	legislators retirement plan	5.0%
131.16	judges retirement plan	4.0
131.17	Fairmont Police Relief Association	3.5
131.18	Virginia Fire Department Relief Association	3.5
131.19	Bloomington Fire Department Relief	
131.20	Association	4.0

131.21 (2) age-related select and ultimate future salary increase assumption or graded rate
 131.22 future salary increase assumption

131.23	plan	future salary increase assumption
131.24	correctional state employees retirement plan	assumption D
131.25	State Patrol retirement plan	assumption C
131.26	local government correctional service retirement plan	assumption C
131.27	Duluth teachers retirement plan	assumption A
131.28	St. Paul teachers retirement plan	assumption B

131.29 The select calculation is: during the
 131.30 designated select period, a designated
 131.31 percentage rate is multiplied by the result of
 131.32 the designated integer minus T, where T is
 131.33 the number of completed years of service,
 131.34 and is added to the applicable future salary
 131.35 increase assumption. The designated select
 131.36 period is five years and the designated
 131.37 integer is five for the general state employees
 131.38 retirement plan. The designated select period
 131.39 is ten years and the designated integer is ten

132.1 for all other retirement plans covered by
 132.2 this clause. The designated percentage rate
 132.3 is: (1) 0.2 percent for the correctional state
 132.4 employees retirement plan, the State Patrol
 132.5 retirement plan, and the local government
 132.6 correctional service retirement plan; (2)
 132.7 0.6 percent for the general state employees
 132.8 retirement plan; and (3) 0.3 percent for the
 132.9 teachers retirement plan, the Duluth Teachers
 132.10 Retirement Fund Association, and the St.
 132.11 Paul Teachers Retirement Fund Association.
 132.12 The select calculation for the Duluth Teachers
 132.13 Retirement Fund Association is 8.00 percent
 132.14 per year for service years one through seven,
 132.15 7.25 percent per year for service years seven
 132.16 and eight, and 6.50 percent per year for
 132.17 service years eight and nine.

132.18 The ultimate future salary increase assumption is:

132.19 age	A	B	C	D
132.20 16	8.00%	6.90%	7.7500%	7.2500%
132.21 17	8.00	6.90	7.7500	7.2500
132.22 18	8.00	6.90	7.7500	7.2500
132.23 19	8.00	6.90	7.7500	7.2500
132.24 20	6.90	6.90	7.7500	7.2500
132.25 21	6.90	6.90	7.1454	6.6454
132.26 22	6.90	6.90	7.0725	6.5725
132.27 23	6.85	6.85	7.0544	6.5544
132.28 24	6.80	6.80	7.0363	6.5363
132.29 25	6.75	6.75	7.0000	6.5000
132.30 26	6.70	6.70	7.0000	6.5000
132.31 27	6.65	6.65	7.0000	6.5000
132.32 28	6.60	6.60	7.0000	6.5000
132.33 29	6.55	6.55	7.0000	6.5000
132.34 30	6.50	6.50	7.0000	6.5000
132.35 31	6.45	6.45	7.0000	6.5000
132.36 32	6.40	6.40	7.0000	6.5000
132.37 33	6.35	6.35	7.0000	6.5000
132.38 34	6.30	6.30	7.0000	6.5000
132.39 35	6.25	6.25	7.0000	6.5000
132.40 36	6.20	6.20	6.9019	6.4019

133.1	37	6.15	6.15	6.8074	6.3074
133.2	38	6.10	6.10	6.7125	6.2125
133.3	39	6.05	6.05	6.6054	6.1054
133.4	40	6.00	6.00	6.5000	6.0000
133.5	41	5.90	5.95	6.3540	5.8540
133.6	42	5.80	5.90	6.2087	5.7087
133.7	43	5.70	5.85	6.0622	5.5622
133.8	44	5.60	5.80	5.9048	5.4078
133.9	45	5.50	5.75	5.7500	5.2500
133.10	46	5.40	5.70	5.6940	5.1940
133.11	47	5.30	5.65	5.6375	5.1375
133.12	48	5.20	5.60	5.5822	5.0822
133.13	49	5.10	5.55	5.5404	5.0404
133.14	50	5.00	5.50	5.5000	5.0000
133.15	51	4.90	5.45	5.4384	4.9384
133.16	52	4.80	5.40	5.3776	4.8776
133.17	53	4.70	5.35	5.3167	4.8167
133.18	54	4.60	5.30	5.2826	4.7826
133.19	55	4.50	5.25	5.2500	4.7500
133.20	56	4.40	5.20	5.2500	4.7500
133.21	57	4.30	5.15	5.2500	4.7500
133.22	58	4.20	5.10	5.2500	4.7500
133.23	59	4.10	5.05	5.2500	4.7500
133.24	60	4.00	5.00	5.2500	4.7500
133.25	61	3.90	5.00	5.2500	4.7500
133.26	62	3.80	5.00	5.2500	4.7500
133.27	63	3.70	5.00	5.2500	4.7500
133.28	64	3.60	5.00	5.2500	4.7500
133.29	65	3.50	5.00	5.2500	4.7500
133.30	66	3.50	5.00	5.2500	4.7500
133.31	67	3.50	5.00	5.2500	4.7500
133.32	68	3.50	5.00	5.2500	4.7500
133.33	69	3.50	5.00	5.2500	4.7500
133.34	70	3.50	5.00	5.2500	4.7500

133.35 (3) service-related ultimate future salary increase assumption

133.36	general state employees retirement plan of the	assumption A
133.37	Minnesota State Retirement System	
133.38	general employees retirement plan of the Public	assumption B
133.39	Employees Retirement Association	
133.40	Teachers Retirement Association	assumption C
133.41	public employees police and fire retirement plan	assumption D

134.1	service				
134.2	length	A	B	C	D
134.3	1	10.75%	12.25%	12.00%	13.00%
134.4	2	8.35	9.15	9.00	11.00
134.5	3	7.15	7.75	8.00	9.00
134.6	4	6.45	6.85	7.50	8.00
134.7	5	5.95	6.25	7.25	6.50
134.8	6	5.55	5.75	7.00	6.10
134.9	7	5.25	5.45	6.85	5.80
134.10	8	4.95	5.15	6.70	5.60
134.11	9	4.75	4.85	6.55	5.40
134.12	10	4.65	4.65	6.40	5.30
134.13	11	4.45	4.45	6.25	5.20
134.14	12	4.35	4.35	6.00	5.10
134.15	13	4.25	4.15	5.75	5.00
134.16	14	4.05	4.05	5.50	4.90
134.17	15	3.95	3.95	5.25	4.80
134.18	16	3.85	3.85	5.00	4.80
134.19	17	3.75	3.75	4.75	4.80
134.20	18	3.75	3.75	4.50	4.80
134.21	19	3.75	3.75	4.25	4.80
134.22	20	3.75	3.75	4.00	4.80
134.23	21	3.75	3.75	3.90	4.70
134.24	22	3.75	3.75	3.80	4.60
134.25	23	3.75	3.75	3.70	4.50
134.26	24	3.75	3.75	3.60	4.50
134.27	25	3.75	3.75	3.50	4.50
134.28	26	3.75	3.75	3.50	4.50
134.29	27	3.75	3.75	3.50	4.50
134.30	28	3.75	3.75	3.50	4.50
134.31	29	3.75	3.75	3.50	4.50
134.32	30 or more	3.75	3.75	3.50	4.50

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

134.37	plan	payroll growth assumption
134.38	general state employees retirement plan of the	
134.39	Minnesota State Retirement System	3.75%
134.40	correctional state employees retirement plan	4.50
134.41	State Patrol retirement plan	4.50
134.42	legislators retirement plan	4.50

135.1	judges retirement plan	4.00
135.2	general employees retirement plan of the Public	
135.3	Employees Retirement Association	3.75
135.4	public employees police and fire retirement plan	3.75
135.5	local government correctional service retirement plan	4.50
135.6	teachers retirement plan	3.75
135.7	Duluth teachers retirement plan	4.50
135.8	St. Paul teachers retirement plan	5.00

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

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

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

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

135.16 **EFFECTIVE DATE.** (a) For the Fairmont Police Relief Association, this section
 135.17 is effective as of the date for consolidation set by the board of the Public Employees
 135.18 Retirement Association in consultation with the State Board of Investment, but not later
 135.19 than June 29, 2012.

135.20 (b) For the Virginia fire consolidation account, this section is effective on June 29,
 135.21 2012, which is the effective date of merger.

135.22 Sec. 7. Laws 2002, chapter 392, article 1, section 8, is amended to read:

135.23 Sec. 8. **REVISOR INSTRUCTIONS.**

135.24 ~~(a) In the next and subsequent editions of Minnesota Statutes, the revisor of statutes~~
 135.25 ~~shall not print Minnesota Statutes, sections 423.41 to 423.62, but shall denote those~~
 135.26 ~~sections as "[LOCAL, CITY OF FAIRMONT, POLICE PENSIONS.]."~~

135.27 ~~(b)~~ In the next and subsequent editions of Minnesota Statutes, the revisor of statutes
 135.28 shall, in each section indicated in column A, replace the cross-reference specified in
 135.29 column B with the cross-reference set forth in column C:

135.30	Column A	Column B	Column C
135.31	69.021, subd. 10	69.77, subd. 2a	69.77, subd. 3
135.32	69.021, subd. 10	69.77, subd. 2b	69.77, subd. 4
135.33	69.021, subd. 10	69.77, subd. 2c	69.77, subd. 5
135.34	299A.465, subd. 5	424.03	Minnesota Statutes, 2000,
135.35			424.03
135.36	353A.07, subd. 6	69.77, subd. 2a	69.77, subd. 3
135.37	353A.09, subd. 4	69.77, subd. 2a	69.77, subd. 3

136.1	356.216	69.77, subd. 2b	69.77, subd. 4
136.2	356.219, subd. 2	69.77, subd. 2g	69.77, subd. 9
136.3	423.01, subd. 2	69.77, subd. 2b	69.77, subd. 4
136.4	423A.18	69.77, subd. 2i	69.77, subd. 11
136.5	423A.19, subd. 4	69.77, subd. 2i	69.77, subd. 11
136.6	423B.06, subd. 1	69.77, subd. 2a	69.77, subd. 3
136.7	423B.06, subd. 1	69.77, subd. 2b	69.77, subd. 4
136.8	423B.06, subd. 1	69.77, subd. 2c	69.77, subd. 5
136.9	423B.06, subd. 1	69.77, subd. 2d	69.77, subd. 6
136.10	423B.06, subd. 1	69.77, subd. 2e	69.77, subd. 7
136.11	423B.06, subd. 1	69.77, subd. 2f	69.77, subd. 8
136.12	423B.21, subd. 1	69.77, subd. 2b	69.77, subd. 4

136.13 **EFFECTIVE DATE.** This section is effective as of the date for consolidation set
 136.14 by the board of the Public Employees Retirement Association in consultation with the
 136.15 State Board of Investment, but not later than June 29, 2012.

136.16 Sec. 8. **TERMINATION OF THE FAIRMONT POLICE RELIEF**
 136.17 **ASSOCIATION.**

136.18 On the effective date of consolidation, the Fairmont Police Relief Association
 136.19 ceases to exist.

136.20 **EFFECTIVE DATE.** This section is effective as of the date for consolidation set
 136.21 by the board of the Public Employees Retirement Association in consultation with the
 136.22 State Board of Investment, but not later than June 29, 2012.

136.23 Sec. 9. **TERMINATION OF THE VIRGINIA FIRE DEPARTMENT RELIEF**
 136.24 **ASSOCIATION.**

136.25 On the effective date of merger, the Virginia fire department consolidation account
 136.26 ceases to exist.

136.27 **EFFECTIVE DATE.** This section is effective on June 29, 2012, which is the
 136.28 effective date of merger.

136.29 Sec. 10. **REPEALER.**

136.30 Subdivision 1. **Fairmont Police Relief Association.** (a) Laws 1963, chapter 423;
 136.31 and Laws 1999, chapter 222, article 3, sections 3; 4; and 5, are repealed.

136.32 (b) Minnesota Statutes 2010, section 423A.06, is repealed.

137.1 (c) The revisor shall show Minnesota Statutes, sections 423.41, 423.42, 423.43,
 137.2 423.44, 423.45, 423.46, 423.48, 423.49, 423.50, 423.51, 423.52, 423.53, 423.54, 423.55,
 137.3 423.56, 423.57, 423.58, 423.59, 423.61, and 423.62, as repealed.

137.4 (d) Laws 1947, chapter 624, sections 1; 2; 3; 4; 5; 6; 8; 9; 10; 11; 12; 13; 14; 15;
 137.5 16; 17; 18; 19; 21; and 22, are repealed.

137.6 Subd. 2. **Virginia fire department consolidation account.** Laws 1953, chapter
 137.7 399, as amended by Laws 1961, chapter 420, section 1, Laws 1961, chapter 420, section 2,
 137.8 Laws 1961, chapter 420, section 3, Laws 1961, chapter 420, section 4, Laws 1961, chapter
 137.9 420, section 5, Laws 1961, chapter 420, section 6, Laws 1963, chapter 407, section 1,
 137.10 Laws 1965, chapter 546, section 1, Laws 1965, chapter 546, section 2, Laws 1965, chapter
 137.11 546, section 3, Laws 1969, chapter 578, section 1, Laws 1969, chapter 578, section 2,
 137.12 Laws 1969, chapter 578, section 3; Laws 1961, chapter 420, sections 2, as amended by
 137.13 Laws 1965, chapter 546, section 2, Laws 1965, chapter 546, section 3, Laws 1969, chapter
 137.14 578, section 1; 3; 4; 5, as amended by Laws 1963, chapter 407, section 1, Laws 1969,
 137.15 chapter 578, section 2; and 6; Laws 1963, chapter 407, section 1, as amended by Laws
 137.16 1969, chapter 578, section 2; Laws 1965, chapter 546, sections 1; 2, as amended by Laws
 137.17 1969, chapter 578, section 1; and 3; Laws 1969, chapter 578, sections 1; 2; and 3; Laws
 137.18 1974, chapter 183, as amended by Laws 1991, chapter 62, section 1; Laws 1982, chapter
 137.19 574, section 1; Laws 1982, chapter 578, article 1, section 14; Laws 1983, chapter 69,
 137.20 section 1; Laws 1984, chapter 547, section 27; Laws 1987, chapter 372, article 2, section
 137.21 14; Laws 1988, chapter 709, sections 1, as amended by Laws 1989, chapter 319, article 4,
 137.22 section 2, Laws 1989, chapter 319, article 18, section 11; and 2; Laws 1991, chapter 62,
 137.23 sections 1; and 2; and Laws 1992, chapter 465, section 1, are repealed.

137.24 **EFFECTIVE DATE.** Subdivision 1 is effective as of the date for consolidation
 137.25 of the Fairmont Police Relief Association set by the board of the Public Employees
 137.26 Retirement Association in consultation with the State Board of Investment, but not later
 137.27 than June 29, 2012.

137.28 Subdivision 2 is effective for the Virginia fire consolidation account on June 29,
 137.29 2012, which is the effective date of merger.

137.30 **ARTICLE 12**

137.31 **VOLUNTEER FIRE RETIREMENT CHANGES**

137.32 Section 1. Minnesota Statutes 2010, section 69.011, subdivision 1, is amended to read:

137.33 Subdivision 1. **Definitions.** Unless the language or context clearly indicates that
 137.34 a different meaning is intended, the following words and terms, for the purposes of this
 137.35 chapter and chapters 423, 423A, 424 and 424A, have the meanings ascribed to them:

- 138.1 (a) "Commissioner" means the commissioner of revenue.
- 138.2 (b) "Municipality" means:
- 138.3 (1) a home rule charter or statutory city;
- 138.4 (2) an organized town;
- 138.5 (3) a park district subject to chapter 398;
- 138.6 (4) the University of Minnesota;
- 138.7 (5) for purposes of the fire state aid program only, an American Indian tribal
- 138.8 government entity located within a federally recognized American Indian reservation;
- 138.9 (6) for purposes of the police state aid program only, an American Indian tribal
- 138.10 government with a tribal police department which exercises state arrest powers under
- 138.11 section 626.90, 626.91, 626.92, or 626.93;
- 138.12 (7) for purposes of the police state aid program only, the Metropolitan Airports
- 138.13 Commission; and
- 138.14 (8) for purposes of the police state aid program only, the Department of Natural
- 138.15 Resources and the Department of Public Safety with respect to peace officers covered
- 138.16 under chapter 352B.
- 138.17 (c) "Minnesota Firetown Premium Report" means a form prescribed by the
- 138.18 commissioner containing space for reporting by insurers of fire, lightning, sprinkler
- 138.19 leakage and extended coverage premiums received upon risks located or to be performed
- 138.20 in this state less return premiums and dividends.
- 138.21 (d) "Firetown" means the area serviced by any municipality having a qualified fire
- 138.22 department or a qualified incorporated fire department having a subsidiary volunteer
- 138.23 firefighters' relief association.
- 138.24 (e) "Market value" means latest available market value of all property in a taxing
- 138.25 jurisdiction, whether the property is subject to taxation, or exempt from ad valorem
- 138.26 taxation obtained from information which appears on abstracts filed with the commissioner
- 138.27 of revenue or equalized by the State Board of Equalization.
- 138.28 (f) "Minnesota Aid to Police Premium Report" means a form prescribed by the
- 138.29 commissioner for reporting by each fire and casualty insurer of all premiums received
- 138.30 upon direct business received by it in this state, or by its agents for it, in cash or otherwise,
- 138.31 during the preceding calendar year, with reference to insurance written for insuring against
- 138.32 the perils contained in auto insurance coverages as reported in the Minnesota business
- 138.33 schedule of the annual financial statement which each insurer is required to file with
- 138.34 the commissioner in accordance with the governing laws or rules less return premiums
- 138.35 and dividends.
- 138.36 (g) "Peace officer" means any person:

139.1 (1) whose primary source of income derived from wages is from direct employment
 139.2 by a municipality or county as a law enforcement officer on a full-time basis of not less
 139.3 than 30 hours per week;

139.4 (2) who has been employed for a minimum of six months prior to December 31
 139.5 preceding the date of the current year's certification under subdivision 2, clause (b);

139.6 (3) who is sworn to enforce the general criminal laws of the state and local
 139.7 ordinances;

139.8 (4) who is licensed by the Peace Officers Standards and Training Board and is
 139.9 authorized to arrest with a warrant; and

139.10 (5) who is a member of the Minneapolis Police Relief Association, the State Patrol
 139.11 retirement plan, or the public employees police and fire fund.

139.12 (h) "Full-time equivalent number of peace officers providing contract service" means
 139.13 the integral or fractional number of peace officers which would be necessary to provide
 139.14 the contract service if all peace officers providing service were employed on a full-time
 139.15 basis as defined by the employing unit and the municipality receiving the contract service.

139.16 (i) "Retirement benefits other than a service pension" means any disbursement
 139.17 authorized under section 424A.05, subdivision 3, clauses (3) and (4).

139.18 (j) "Municipal clerk, municipal clerk-treasurer, or county auditor" means:

139.19 (1) for the police state aid program and police relief association financial reports:

139.20 (i) the person who was elected or appointed to the specified position or, in the
 139.21 absence of the person, another person who is designated by the applicable governing body;

139.22 (ii) in a park district, the ~~clerk is the~~ secretary of the board of park district
 139.23 commissioners;

139.24 (iii) in the case of the University of Minnesota, the ~~clerk is that~~ official designated
 139.25 by the Board of Regents;

139.26 (iv) for the Metropolitan Airports Commission, the ~~clerk is the~~ person designated
 139.27 by the commission;

139.28 (v) for the Department of Natural Resources or the Department of Public Safety,
 139.29 the ~~clerk is the~~ respective commissioner;

139.30 (vi) for a tribal police department which exercises state arrest powers under section
 139.31 626.90, 626.91, 626.92, or 626.93, the ~~clerk is the~~ person designated by the applicable
 139.32 American Indian tribal government; and

139.33 (2) for the fire state aid program and fire relief association financial reports, the
 139.34 person who was elected or appointed to the specified position, or, for governmental
 139.35 entities other than counties, if the governing body of the governmental entity designates

140.1 the position to perform the function, the chief financial official of the governmental entity
 140.2 or the chief administrative official of the governmental entity.

140.3 (k) "Voluntary statewide lump-sum volunteer firefighter retirement plan" means the
 140.4 retirement plan established by chapter 353G.

140.5 **EFFECTIVE DATE.** This section is effective July 1, 2012.

140.6 Sec. 2. Minnesota Statutes 2010, section 69.051, subdivision 1, is amended to read:

140.7 Subdivision 1. **Financial report and audit.** (a) The board of each salaried
 140.8 firefighters relief association, police relief association, and volunteer firefighters relief
 140.9 association as defined in section 424A.001, subdivision 4, with assets of at least \$200,000
 140.10 or liabilities of at least \$200,000 in the prior year or in any previous year, according to
 140.11 the applicable actuarial valuation or financial report if no valuation is required, shall: ~~(1)~~
 140.12 prepare a financial report covering the special and general funds of the relief association
 140.13 for the preceding fiscal year ~~on a form prescribed by the state auditor,~~ file the financial
 140.14 report, and submit financial statements.

140.15 (b) The financial report must contain financial statements and disclosures which
 140.16 present the true financial condition of the relief association and the results of relief
 140.17 association operations in conformity with generally accepted accounting principles and in
 140.18 compliance with the regulatory, financing and funding provisions of this chapter and any
 140.19 other applicable laws. The financial report must be countersigned by:

140.20 (1) the municipal clerk or clerk-treasurer of the municipality in which the relief
 140.21 association is located if the relief association is a firefighters relief association which is
 140.22 directly associated with a municipal fire department or is a police relief association; ~~or~~
 140.23 ~~countersigned by the secretary of the independent nonprofit firefighting corporation and~~

140.24 (2) by the municipal clerk or clerk-treasurer of the largest municipality in population
 140.25 which contracts with the independent nonprofit firefighting corporation if the volunteer
 140.26 firefighter relief association is a subsidiary of an independent nonprofit firefighting
 140.27 corporation and by the secretary of the independent nonprofit firefighting corporation; or

140.28 (3) by the chief financial official of the county in which the volunteer firefighter
 140.29 relief association is located or primarily located if the relief association is associated with
 140.30 a fire department that is not located in or associated with an organized municipality.

140.31 ~~(2) file~~ (c) The financial report must be retained in its office for public inspection
 140.32 and ~~present it to~~ must be filed with the city council governing body of the government
 140.33 subdivision in which the associated fire department is located after the close of the fiscal
 140.34 year. One copy of the financial report must be furnished to the state auditor after the
 140.35 close of the fiscal year; ~~and.~~

141.1 ~~(3) submit to the state auditor~~ (d) Audited financial statements ~~which have been~~ must
 141.2 be attested to by a certified public accountant, public accountant, or the state auditor and
 141.3 must be filed with the state auditor within 180 days after the close of the fiscal year. The
 141.4 state auditor may accept this report in lieu of the report required in ~~clause (2)~~ paragraph (c).

141.5 **EFFECTIVE DATE.** This section is effective July 1, 2011.

141.6 Sec. 3. Minnesota Statutes 2010, section 69.051, subdivision 1a, is amended to read:

141.7 Subd. 1a. **Financial statement.** (a) The board of each volunteer firefighters relief
 141.8 association, as defined in section 424A.001, subdivision 4, that is not required to file
 141.9 a financial report and audit under subdivision 1 must prepare a detailed statement of
 141.10 the financial affairs for the preceding fiscal year of the relief association's special and
 141.11 general funds in the style and form prescribed by the state auditor. The detailed statement
 141.12 must show the sources and amounts of all money received; all disbursements, accounts
 141.13 payable and accounts receivable; the amount of money remaining in the treasury; total
 141.14 assets including a listing of all investments; the accrued liabilities; and all items necessary
 141.15 to show accurately the revenues and expenditures and financial position of the relief
 141.16 association.

141.17 (b) The detailed financial statement required under paragraph (a) must be certified
 141.18 by an independent public accountant or auditor or by the auditor or accountant who
 141.19 regularly examines or audits the financial transactions of the municipality. In addition to
 141.20 certifying the financial condition of the special and general funds of the relief association,
 141.21 the accountant or auditor conducting the examination shall give an opinion as to the
 141.22 condition of the special and general funds of the relief association, and shall comment
 141.23 upon any exceptions to the report. The independent accountant or auditor must have at
 141.24 least five years of public accounting, auditing, or similar experience, and must not be an
 141.25 active, inactive, or retired member of the relief association or the fire or police department.

141.26 (c) The detailed statement required under paragraph (a) must be countersigned by:

141.27 (1) the municipal clerk or clerk-treasurer of the municipality; or

141.28 (2) where applicable, by the ~~secretary of the independent nonprofit firefighting~~
 141.29 ~~corporation and by the~~ municipal clerk or clerk-treasurer of the largest municipality in
 141.30 population which contracts with the independent nonprofit firefighting corporation if the
 141.31 relief association is a subsidiary of an independent nonprofit firefighting corporation; and
 141.32 by the secretary of the independent nonprofit firefighting corporation; or

141.33 (3) by the chief financial official of the county in which the volunteer firefighter
 141.34 relief association is located or primarily located if the relief association is associated with
 141.35 a fire department that is not located in or associated with an organized municipality.

142.1 (d) The volunteer firefighters' relief association board must file the detailed statement
142.2 required under paragraph (a) in the relief association office for public inspection and
142.3 present it to the city council within 45 days after the close of the fiscal year, and must
142.4 submit a copy of the detailed statement to the state auditor within 90 days of the close of
142.5 the fiscal year.

142.6 **EFFECTIVE DATE.** This section is effective July 1, 2012.

142.7 Sec. 4. Minnesota Statutes 2010, section 69.051, subdivision 3, is amended to read:

142.8 Subd. 3. **Report by certain municipalities.** (a) Each municipality which has
142.9 an organized fire department but which does not have a firefighters' relief association
142.10 governed by section 69.77 or sections 69.771 to 69.775 and which is not exempted
142.11 under paragraph (b) shall annually prepare a detailed financial report of the receipts and
142.12 disbursements by the municipality for fire protection service during the preceding calendar
142.13 year, on a form prescribed by the state auditor. The financial report must contain any
142.14 information which the state auditor deems necessary to disclose the sources of receipts
142.15 and the purpose of disbursements for fire protection service. The financial report must be
142.16 signed by the municipal clerk or clerk-treasurer of the municipality. The financial report
142.17 must be filed by the municipal clerk or clerk-treasurer with the state auditor on or before
142.18 July 1 annually. ~~The state auditor shall forward one copy to the county auditor of the~~
142.19 ~~county wherein the municipality is located.~~ The municipality shall not qualify initially to
142.20 receive, or be entitled subsequently to retain, state aid under this chapter if the financial
142.21 reporting requirement or the applicable requirements of this chapter or any other statute or
142.22 special law have not been complied with or are not fulfilled.

142.23 (b) Each municipality that has an organized fire department and provides retirement
142.24 coverage to its firefighters through the voluntary statewide lump-sum volunteer firefighter
142.25 retirement plan under chapter 353G qualifies to have fire state aid transmitted to and
142.26 retained in the statewide lump-sum volunteer firefighter retirement fund without filing
142.27 a detailed financial report if the executive director of the Public Employees Retirement
142.28 Association certifies compliance by the municipality with the requirements of sections
142.29 353G.04 and 353G.08, paragraph (e), and by the applicable fire chief with the requirements
142.30 of section 353G.07.

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

142.32 Sec. 5. Minnesota Statutes 2010, section 69.772, subdivision 4, is amended to read:

143.1 Subd. 4. **Certification of financial requirements and minimum municipal**
143.2 **obligation; levy.** (a) The officers of the relief association shall certify the financial
143.3 requirements of the special fund of the relief association and the minimum obligation of
143.4 the municipality with respect to the special fund of the relief association as determined
143.5 under subdivision 3 ~~to the governing body of the municipality~~ on or before August 1 of
143.6 each year. The certification must be made to the entity that is responsible for satisfying
143.7 the minimum obligation with respect to the special fund of the relief association. If the
143.8 responsible entity is a joint powers entity, the certification must be made in the manner
143.9 specified in the joint powers agreement, or if the joint powers agreement is silent on this
143.10 point, the certification must be made to the chair of the joint powers board.

143.11 (b) The financial requirements of the relief association and the minimum municipal
143.12 obligation must be included in the financial report or financial statement under section
143.13 69.051. The schedule forms related to the determination of the financial requirements
143.14 must be filed with the state auditor by March 31, annually, if the relief association is
143.15 required to file a financial statement under section 69.051, subdivision 1a, or by June 30,
143.16 annually, if the relief association is required to file a financial report and audit under
143.17 section 69.051, subdivision 1.

143.18 ~~(b)~~ (c) The municipality shall provide for at least the minimum obligation of the
143.19 municipality with respect to the special fund of the relief association by tax levy or from
143.20 any other source of public revenue.

143.21 ~~(c)~~ (d) The municipality may levy taxes for the payment of the minimum municipal
143.22 obligation without any limitation as to rate or amount and irrespective of any limitations
143.23 imposed by other provisions of law upon the rate or amount of taxation until the balance
143.24 of the special fund or any fund of the relief association has attained a specified level. In
143.25 addition, any taxes levied under this section must not cause the amount or rate of any other
143.26 taxes levied in that year or to be levied in a subsequent year by the municipality which are
143.27 subject to a limitation as to rate or amount to be reduced.

143.28 ~~(d)~~ (e) If the municipality does not include the full amount of the minimum
143.29 municipal obligations in its levy for any year, the officers of the relief association shall
143.30 certify that amount to the county auditor, who shall spread a levy in the amount of the
143.31 certified minimum municipal obligation on the taxable property of the municipality.

143.32 ~~(e)~~ (f) If the state auditor determines that a municipal contribution actually made
143.33 in a plan year was insufficient under section 69.771, subdivision 3, paragraph (c), clause
143.34 (5), the state auditor may request a copy of the certifications under this subdivision
143.35 from the relief association or from the city. The relief association or the city, whichever

144.1 applies, must provide the certifications within 14 days of the date of the request from
144.2 the state auditor.

144.3 **EFFECTIVE DATE.** This section is effective July 1, 2012.

144.4 Sec. 6. Minnesota Statutes 2010, section 69.773, subdivision 5, is amended to read:

144.5 Subd. 5. **Minimum municipal obligation.** (a) The officers of the relief association
144.6 shall determine the minimum obligation of the municipality with respect to the special
144.7 fund of the relief association for the following calendar year on or before August 1 of each
144.8 year in accordance with the requirements of this subdivision.

144.9 (b) The minimum obligation of the municipality with respect to the special fund is
144.10 an amount equal to the financial requirements of the special fund of the relief association
144.11 determined under subdivision 4, reduced by the estimated amount of any fire state
144.12 aid payable under sections 69.011 to 69.051 reasonably anticipated to be received by
144.13 the municipality for transmittal to the special fund of the relief association during the
144.14 following year and the amount of any anticipated contributions to the special fund
144.15 required by the relief association bylaws from the active members of the relief association
144.16 reasonably anticipated to be received during the following calendar year. A reasonable
144.17 amount of anticipated fire state aid is an amount that does not exceed the fire state aid
144.18 actually received in the prior year multiplied by the factor 1.035.

144.19 (c) The officers of the relief association shall certify the financial requirements of
144.20 the special fund of the relief association and the minimum obligation of the municipality
144.21 with respect to the special fund of the relief association as determined under subdivision 4
144.22 and this subdivision ~~to the governing body of the municipality~~ by August 1 of each year.
144.23 The certification must be made to the entity that is responsible for satisfying the minimum
144.24 obligation with respect to the special fund of the relief association. If the responsible
144.25 entity is a joint powers entity, the certification must be made in the manner specified in
144.26 the joint powers agreement, or if the joint powers agreement is silent on this point, the
144.27 certification must be made to the chair of the joint powers board.

144.28 (d) The financial requirements of the relief association and the minimum municipal
144.29 obligation must be included in the financial report or financial statement under section
144.30 69.051.

144.31 ~~(d)~~ (e) The municipality shall provide for at least the minimum obligation of the
144.32 municipality with respect to the special fund of the relief association by tax levy or from
144.33 any other source of public revenue. The municipality may levy taxes for the payment of the
144.34 minimum municipal obligation without any limitation as to rate or amount and irrespective
144.35 of any limitations imposed by other provisions of law or charter upon the rate or amount

145.1 of taxation until the balance of the special fund or any fund of the relief association has
 145.2 attained a specified level. In addition, any taxes levied under this section must not cause
 145.3 the amount or rate of any other taxes levied in that year or to be levied in a subsequent year
 145.4 by the municipality which are subject to a limitation as to rate or amount to be reduced.

145.5 ~~(e)~~ (f) If the municipality does not include the full amount of the minimum municipal
 145.6 obligation in its levy for any year, the officers of the relief association shall certify that
 145.7 amount to the county auditor, who shall spread a levy in the amount of the minimum
 145.8 municipal obligation on the taxable property of the municipality.

145.9 ~~(f)~~ (g) If the state auditor determines that a municipal contribution actually made
 145.10 in a plan year was insufficient under section 69.771, subdivision 3, paragraph (c), clause
 145.11 (5), the state auditor may request from the relief association or from the city a copy of
 145.12 the certifications under this subdivision. The relief association or the city, whichever
 145.13 applies, must provide the certifications within 14 days of the date of the request from
 145.14 the state auditor.

145.15 **EFFECTIVE DATE.** This section is effective July 1, 2012.

145.16 Sec. 7. Minnesota Statutes 2010, section 69.80, is amended to read:

145.17 **69.80 AUTHORIZED ADMINISTRATIVE EXPENSES.**

145.18 (a) Notwithstanding any provision of law to the contrary, the payment of the
 145.19 following necessary, reasonable and direct expenses of maintaining, protecting and
 145.20 administering the special fund, when provided for in the bylaws of the association and
 145.21 approved by the board of trustees, constitutes authorized administrative expenses of a
 145.22 police, salaried firefighters', or volunteer firefighters' relief association organized under
 145.23 any law of this state:

145.24 (1) office expense, including, but not limited to, rent, utilities, equipment, supplies,
 145.25 postage, periodical subscriptions, furniture, fixtures, and salaries of administrative
 145.26 personnel;

145.27 (2) salaries of the ~~president, secretary, and treasurer~~ officers of the association, or
 145.28 their designees, and ~~any other official~~ salaries of the members of the board of trustees of
 145.29 the relief association to whom a salary is payable under bylaws or articles of incorporation
 145.30 in effect on January 1, 1986 if the salary amounts are approved by the governing body of
 145.31 the entity that is responsible for meeting any minimum obligation under section 69.77,
 145.32 69.772, or 69.773, and their the itemized expenses of relief association officers and board
 145.33 members that are incurred as a result of fulfilling their responsibilities as administrators
 145.34 of the special fund;

146.1 (3) tuition, registration fees, organizational dues, and other authorized expenses
146.2 of the officers or members of the board of trustees incurred in attending educational
146.3 conferences, seminars, or classes relating to the administration of the relief association;

146.4 (4) audit, actuarial, medical, legal, and investment and performance evaluation
146.5 expenses;

146.6 (5) Filing and application fees payable by the relief association to federal or other
146.7 governmental entities;

146.8 (6) reimbursement to the officers and members of the board of trustees, or their
146.9 designees, for reasonable and necessary expenses actually paid and incurred in the
146.10 performance of their duties as officers or members of the board; and

146.11 ~~(6)~~ (7) premiums on fiduciary liability insurance and official bonds for the officers,
146.12 members of the board of trustees, and employees of the relief association.

146.13 (b) Any other expenses of the relief association must be paid from the general fund
146.14 of the association, if one exists. If a relief association has only one fund, that fund is the
146.15 special fund for purposes of this section. If a relief association has a special fund and
146.16 a general fund, and any expense of the relief association that is directly related to the
146.17 purposes for which both funds were established, the payment of that expense must be
146.18 apportioned between the two funds on the basis of the benefits derived by each fund.

146.19 **EFFECTIVE DATE.** This section is effective July 1, 2012, with respect to the
146.20 amendment to paragraph (a), clause (2), and is effective retroactively from January 1,
146.21 2010, with respect to the amendment to paragraph (a), clauses (5), (6), and (7).

146.22 Sec. 8. Minnesota Statutes 2010, section 353G.08, is amended by adding a subdivision
146.23 to read:

146.24 **Subd. 2a. Additional municipal contributions authorized.** (a) At the discretion of
146.25 the municipality or the independent nonprofit firefighting corporation associated with a fire
146.26 department covered by a voluntary statewide lump-sum volunteer firefighter retirement
146.27 plan account, the municipality or the corporation may make additional contributions
146.28 to the applicable account.

146.29 (b) The executive director of the Public Employees Retirement Association
146.30 may specify requirements as to the form, timing, and accompanying information for
146.31 contributions made under this subdivision.

146.32 (c) Any contributions made under this subdivision must be included as total present
146.33 assets of the account for the calculation of any subsequent annual funding requirements
146.34 for the account under subdivision 1 or for the calculation of any cash flow funding
146.35 requirement under subdivision 2.

147.1 **EFFECTIVE DATE.** This section is effective July 1, 2011.

147.2 Sec. 9. Minnesota Statutes 2010, section 424A.001, subdivision 4, is amended to read:

147.3 Subd. 4. **Relief association.** (a) "Relief association" or "volunteer firefighters'
147.4 relief association" means ~~(1)~~ a volunteer firefighters' relief association or a volunteer
147.5 firefighters' division or account of a partially salaried and partially volunteer firefighters'
147.6 relief association that is:

147.7 (1) organized and incorporated as a nonprofit corporation to provide retirement
147.8 benefits to volunteer firefighters under chapter 317A and any laws of the state;

147.9 (2) is governed by this chapter and ~~chapter 69,~~ sections 69.771 to 69.775; and

147.10 (3) is directly associated with:

147.11 (i) a fire department established by municipal ordinance; or

147.12 ~~(2) any separately incorporated volunteer firefighters' relief association that is~~
147.13 ~~subsidiary to and that provides service pension and retirement benefit coverage for~~

147.14 ~~members of~~ (ii) an independent nonprofit firefighting corporation that is organized under
147.15 the provisions of chapter 317A, is governed by this chapter, and that operates exclusively
147.16 primarily for firefighting purposes; or

147.17 (iii) a fire department operated as or by a joint powers entity that operates primarily
147.18 for firefighting purposes.

147.19 (b) "Relief association" or "volunteer firefighters' relief association" does not mean:

147.20 (1) the Bloomington Fire Department Relief Association governed by section 69.77;
147.21 Minnesota Statutes 2000, chapter 424; and Laws 1965, chapter 446, as amended;

147.22 (2) the Minneapolis Firefighters Relief Association governed by section 69.77;
147.23 chapter 423A, and chapter 423C;

147.24 (3) the Virginia Fire Department Relief Association governed by section 69.77;
147.25 chapter 423A; and Laws 1953, chapter 399, as amended; or

147.26 (4) the voluntary statewide lump-sum volunteer firefighter retirement plan governed
147.27 by Minnesota Statutes, chapter 353G.

147.28 (c) A relief association or volunteer firefighters' relief association is a governmental
147.29 entity that receives and manages public money to provide retirement benefits for
147.30 individuals providing the governmental services of firefighting and emergency first
147.31 response.

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

147.33 Sec. 10. Minnesota Statutes 2010, section 424A.01, subdivision 6, is amended to read:

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

148.4 (b)(1) If a firefighter who has ceased to perform or supervise fire suppression and
148.5 fire prevention duties for at least 60 days resumes performing active firefighting with the
148.6 fire department associated with the relief association, if the bylaws of the relief association
148.7 so permit, the firefighter may again become an active member of the relief association. A
148.8 firefighter who returns to active service and membership is subject to the service pension
148.9 calculation requirements under this section.

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

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

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

148.20 (c) If a former firefighter who has received a service pension or disability benefit
148.21 returns to active relief association membership under paragraph (b), the firefighter may
148.22 qualify for the receipt of a service pension from the relief association for the resumption
148.23 service period if the firefighter meets the service requirements of section 424A.016,
148.24 subdivision 3, or 424A.02, subdivision 2. No firefighter may be paid a service pension
148.25 more than once for the same period of service.

148.26 (d) If a former firefighter who has not received a service pension or disability benefit
148.27 returns to active relief association membership under paragraph (b), the firefighter may
148.28 qualify for the receipt of a service pension from the relief association for the original
148.29 and resumption service period periods if the firefighter meets the ~~minimum period of~~
148.30 ~~resumption service specified in the relief association bylaws and the~~ service requirements
148.31 of section 424A.016, subdivision 3, or 424A.02, subdivision 2, based on the original and
148.32 resumption years of service credit.

148.33 (e) A firefighter who returns to active lump-sum relief association membership
148.34 under paragraph (b) and who qualifies for a service pension under paragraph (c) ~~or (d)~~
148.35 must have, upon a subsequent cessation of duties, any service pension for the resumption
148.36 service period calculated as a separate benefit. If a lump-sum service pension had

149.1 been paid to the firefighter upon the firefighter's previous cessation of duties, a second
149.2 lump-sum service pension for the resumption service period must be calculated ~~to apply~~
149.3 by applying the service pension amount in effect on the date of the firefighter's termination
149.4 of the resumption service for all years of the resumption service. ~~No firefighter may be~~
149.5 ~~paid a service pension twice for the same period of service. If a lump-sum service pension~~
149.6 ~~had not been paid to the firefighter upon the firefighter's previous cessation of duties and~~
149.7 ~~the firefighter meets the minimum service requirement of section 424A.016, subdivision~~
149.8 ~~3, or 424A.02, subdivision 2, a service pension must be calculated to apply the service~~
149.9 ~~pension amount in effect on the date of the firefighter's termination of the resumption~~
149.10 ~~service for all years of service credit.~~

149.11 (f) A firefighter who had not been paid a lump-sum service pension returns to
149.12 active relief association membership under paragraph (b), who ~~does~~ did not qualify for
149.13 ~~a service pension under paragraph (d)~~ meet the minimum period of resumption service
149.14 requirement specified in the relief association's bylaws, but who does meet the minimum
149.15 service requirement of section ~~424A.016, subdivision 3, or 424A.02, subdivision 2~~, based
149.16 on the firefighter's ~~previous~~ original and resumption years of active service, must have,
149.17 upon a subsequent cessation of duties, a service pension ~~calculated~~ for the ~~previous years~~
149.18 ~~of original and resumption service based on periods calculated by applying~~ the service
149.19 pension amount in effect on the date of the firefighter's termination of the resumption
149.20 service, or, if the bylaws so provide, based on the service pension amount in effect on the
149.21 date of the firefighter's previous cessation of duties. The service pension for a firefighter
149.22 who returns to active lump-sum relief association membership under this paragraph, but
149.23 who had met the minimum period of resumption service requirement specified in the relief
149.24 association's bylaws, must be calculated by applying the service pension amount in effect
149.25 on the date of the firefighter's termination of the resumption service.

149.26 (g) If a firefighter receiving a monthly benefit service pension returns to active
149.27 monthly benefit relief association membership under paragraph (b), and if the relief
149.28 association bylaws do not allow for the firefighter to continue collecting a monthly service
149.29 pension, any monthly benefit service pension payable to the firefighter is suspended as
149.30 of the first day of the month next following the date on which the firefighter returns to
149.31 active membership. If the firefighter was receiving a monthly benefit service pension, and
149.32 qualifies for a service pension under paragraph (c), the firefighter is entitled to an additional
149.33 monthly benefit service pension upon a subsequent cessation of duties calculated based
149.34 on the resumption service credit and the service pension accrual amount in effect on the
149.35 date of the termination of the resumption service. A suspended initial service pension
149.36 resumes as of the first of the month next following the termination of the resumption

150.1 service. If the firefighter was not receiving a monthly benefit service pension and meets
150.2 the minimum service requirement of section 424A.02, subdivision 2, a service pension
150.3 must be calculated ~~to apply~~ by applying the service pension amount in effect on the date
150.4 of the firefighter's termination of the resumption service for all years of service credit.

150.5 (h) A firefighter who was not receiving a monthly benefit service pension returns to
150.6 active relief association membership under paragraph (b), who ~~does~~ did not qualify for
150.7 ~~a service pension under paragraph (d)~~ meet the minimum period of resumption service
150.8 requirement specified in the relief association's bylaws, but who does meet the minimum
150.9 service requirement of section 424A.02, subdivision 2, based on the firefighter's ~~previous~~
150.10 original and resumption years of active service, must have, upon a subsequent cessation
150.11 of duties, a service pension ~~calculated for the previous years of~~ original and resumption
150.12 ~~service based on~~ periods calculated by applying the service pension amount in effect on
150.13 the date of the firefighter's termination of the resumption service, or, if the bylaws so
150.14 provide, based on the service pension amount in effect on the date of the firefighter's
150.15 previous cessation of duties. The service pension for a firefighter who returns to active
150.16 relief association membership under this paragraph, but who had met the minimum period
150.17 of resumption service requirement specified in the relief association's bylaws, must be
150.18 calculated by applying the service pension amount in effect on the date of the firefighter's
150.19 termination of the resumption service.

150.20 (i) For defined contribution plans, a firefighter who returns to active relief
150.21 association membership under paragraph (b) and who qualifies for a service pension
150.22 under paragraph (c) or (d) must have, upon a subsequent cessation of duties, any service
150.23 pension for the resumption service period calculated as a separate benefit. If a service
150.24 pension had been paid to the firefighter upon the firefighter's previous cessation of duties,
150.25 and if the firefighter meets the minimum service requirement of section 424A.016,
150.26 subdivision 3, based on the resumption years of service, a second service pension for
150.27 the resumption service period must be calculated to include allocations credited to the
150.28 firefighter's individual account during the resumption period of service and deductions
150.29 for administrative expenses, if applicable.

150.30 (j) For defined contribution plans, if a firefighter who had not been paid a service
150.31 pension returns to active relief association membership under paragraph (b), and who
150.32 meets the minimum service requirement of section 424A.016, subdivision 3, based on
150.33 the firefighter's original and resumption years of service, must have, upon a subsequent
150.34 cessation of duties, a service pension for the original and resumption service periods
150.35 calculated to include allocations credited to the firefighter's individual account during the

151.1 resumption period of service and deductions for administrative expenses, if applicable,
151.2 less any amounts previously forfeited under section 424A.016, subdivision 4.

151.3 **EFFECTIVE DATE.** This section is effective July 1, 2012.

151.4 Sec. 11. Minnesota Statutes 2010, section 424A.016, subdivision 5, is amended to read:

151.5 Subd. 5. **Service pension installment payments.** (a) A defined contribution relief
151.6 association, if the governing bylaws so provide, may pay, at the option of the ~~retiring~~
151.7 ~~member~~ intended recipient and in lieu of a single payment of a service pension or a
151.8 survivor benefit, the service pension or survivor benefit in installments.

151.9 (b) The election of installment payments is irrevocable and must be made by the
151.10 ~~retiring member~~ intended recipient in writing and filed with the secretary of the relief
151.11 association no later than 30 days before the commencement of payment of the service
151.12 pension or survivor benefit.

151.13 (c) The amount of the installment payments must be the fractional portion of the
151.14 remaining account balance equal to one divided by the number of remaining annual
151.15 installment payments.

151.16 **EFFECTIVE DATE.** This section is effective July 1, 2012.

151.17 Sec. 12. Minnesota Statutes 2010, section 424A.016, subdivision 6, is amended to read:

151.18 Subd. 6. **Deferred service pensions.** (a) A member of a relief association is entitled
151.19 to a deferred service pension if the member:

151.20 (1) has completed the lesser of the minimum period of active service with the fire
151.21 department specified in the bylaws or 20 years of active service with the fire department;

151.22 (2) has completed at least five years of active membership in the relief association;
151.23 and

151.24 (3) separates from active service and membership ~~before reaching age 50 or the~~
151.25 ~~minimum age for retirement and commencement of a service pension specified in the~~
151.26 ~~bylaws governing the relief association if that age is greater than age 50.~~ The requirement
151.27 that a member separate from active service and membership is waived for persons who
151.28 have discontinued their volunteer firefighter duties and who are employed on a full-time
151.29 basis under section 424A.015, subdivision 1.

151.30 (b) The deferred service pension is payable when the former member reaches
151.31 at least age 50, or at least the minimum age specified in the bylaws governing the relief
151.32 association if that age is greater than age 50, and when the former member makes a valid
151.33 written application.

152.1 (c) A defined contribution relief association may, if its governing bylaws so provide,
152.2 credit interest or additional investment performance on the deferred lump-sum service
152.3 pension during the period of deferral. If provided for in the bylaws, the interest must be
152.4 paid:

152.5 (1) at the investment performance rate actually earned on that portion of the assets
152.6 if the deferred benefit amount is invested by the relief association in a separate account
152.7 established and maintained by the relief association ~~or~~;

152.8 (2) at the investment performance rate actually earned on that portion of the assets
152.9 if the deferred benefit amount is invested in a separate investment vehicle held by the
152.10 relief association; or

152.11 ~~(2)~~ (3) at the investment return on the assets of the special fund of the defined
152.12 contribution volunteer firefighter relief association in proportion to the share of the assets
152.13 of the special fund to the credit of each individual deferred member account through
152.14 the accounting date on which the investment return is recognized by and credited to the
152.15 special fund.

152.16 (d) Unless the bylaws of a relief association that has elected to pay interest or
152.17 additional investment performance on deferred lump-sum service pensions under
152.18 paragraph (c) specifies a different interest or additional investment performance method,
152.19 including the interest or additional investment performance period starting date and ending
152.20 date, the interest or additional investment performance on a deferred service pension
152.21 is creditable as follows:

152.22 (1) for a relief association that has elected to pay interest or additional investment
152.23 performance under paragraph (c), clause (1) or (3), beginning on the date that the
152.24 member separates from active service and membership and ending on the accounting
152.25 date immediately before the deferred member commences receipt of the deferred service
152.26 pension; or

152.27 (2) for a relief association that has elected to pay interest or additional investment
152.28 performance under paragraph (c), clause (2), beginning on the date that the member
152.29 separates from active service and membership and ending on the date that the separate
152.30 investment vehicle is valued immediately before the date on which the deferred member
152.31 commences receipt of the deferred service pension.

152.32 (e) The deferred service pension is governed by and must be calculated under
152.33 the general statute, special law, relief association articles of incorporation, and relief
152.34 association bylaw provisions applicable on the date on which the member separated from
152.35 active service with the fire department and active membership in the relief association.

152.36 **EFFECTIVE DATE.** (a) This section is effective January 1, 2013.

153.1 (b) This section applies only to persons becoming deferred service pensioners after
153.2 January 1, 2013.

153.3 Sec. 13. Minnesota Statutes 2010, section 424A.02, subdivision 1, is amended to read:

153.4 Subdivision 1. **Authorization.** (a) A defined benefit relief association, when its
153.5 articles of incorporation or bylaws so provide, may pay out of the assets of its special
153.6 fund a defined benefit service pension to each of its members who: (1) separates from
153.7 active service with the fire department; (2) reaches age 50; (3) completes at least five
153.8 years of active service as an active member of the municipal fire department to which the
153.9 relief association is associated; (4) completes at least five years of active membership
153.10 with the relief association before separation from active service; and (5) complies with
153.11 any additional conditions as to age, service, and membership that are prescribed by the
153.12 bylaws of the relief association. A service pension computed under this section may be
153.13 prorated monthly for fractional years of service as the bylaws or articles of incorporation
153.14 of the relief association so provide. The bylaws or articles of incorporation may define
153.15 a "month," but the definition must require a calendar month to have at least 16 days of
153.16 active service. If the bylaws or articles of incorporation do not define a "month," a
153.17 "month" is a completed calendar month of active service measured from the member's
153.18 date of entry to the same date in the subsequent month. The service pension earned by a
153.19 volunteer firefighter under this chapter and the articles of incorporation and bylaws of the
153.20 volunteer firefighters' relief association may be paid whether or not the municipality or
153.21 nonprofit firefighting corporation to which the relief association is associated qualifies for
153.22 the receipt of fire state aid under chapter 69.

153.23 (b) In the case of a member who has completed at least five years of active service as
153.24 an active member of the fire department to which the relief association is associated on
153.25 the date that the relief association is established and incorporated, the requirement that
153.26 the member complete at least five years of active membership with the relief association
153.27 before separation from active service may be waived by the board of trustees of the relief
153.28 association if the member completes at least five years of inactive membership with the
153.29 relief association before the date of the payment of the service pension. During the
153.30 period of inactive membership, the member is not entitled to receive disability benefit
153.31 coverage, is not entitled to receive additional service credit towards computation of a
153.32 service pension, and is considered to have the status of a person entitled to a deferred
153.33 service pension under subdivision 7.

153.34 (c) No municipality or nonprofit firefighting corporation may delegate the power to
153.35 take final action in setting a service pension or ancillary benefit amount or level to the

154.1 board of trustees of the relief association or to approve in advance a service pension or
154.2 ancillary benefit amount or level equal to the maximum amount or level that this chapter
154.3 would allow rather than a specific dollar amount or level.

154.4 ~~(d) No relief association as defined in section 424A.001, subdivision 4, may pay a~~
154.5 ~~defined benefit service pension or disability benefit to a former member of the relief~~
154.6 ~~association if that person has not separated from active service with the fire department to~~
154.7 ~~which the relief association is directly associated, unless:~~

154.8 ~~(1) the person is employed subsequent to retirement by the municipality or the~~
154.9 ~~independent nonprofit firefighting corporation, whichever applies, to perform duties within~~
154.10 ~~the municipal fire department or corporation on a full-time basis;~~

154.11 ~~(2) the governing body of the municipality or of the corporation has filed its~~
154.12 ~~determination with the board of trustees of the relief association that the person's~~
154.13 ~~experience with and service to the fire department in that person's full-time capacity~~
154.14 ~~would be difficult to replace; and~~

154.15 ~~(3) the bylaws of the relief association were amended to provide for the payment of~~
154.16 ~~a service pension or disability benefit for such full-time employees.~~

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

154.18 Sec. 14. Minnesota Statutes 2010, section 424A.02, subdivision 7, is amended to read:

154.19 Subd. 7. **Deferred service pensions.** (a) A member of a defined benefit relief
154.20 association is entitled to a deferred service pension if the member:

154.21 (1) has completed the lesser of either the minimum period of active service with
154.22 the fire department specified in the bylaws or 20 years of active service with the fire
154.23 department;

154.24 (2) has completed at least five years of active membership in the relief association;
154.25 and

154.26 (3) separates from active service and membership ~~before reaching age 50 or the~~
154.27 ~~minimum age for retirement and commencement of a service pension specified in the~~
154.28 ~~bylaws governing the relief association if that age is greater than age 50. The requirement~~
154.29 that a member separate from active service and membership is waived for persons who
154.30 have discontinued their volunteer firefighter duties and who are employed on a full-time
154.31 basis under section 424A.015, subdivision 1.

154.32 (b) The deferred service pension is payable when the former member reaches
154.33 at least age 50, or at least the minimum age specified in the bylaws governing the relief
154.34 association if that age is greater than age 50, and when the former member makes a valid
154.35 written application.

155.1 (c) A defined benefit relief association that provides a lump-sum service pension
155.2 governed by subdivision 3 may, when its governing bylaws so provide, pay interest on the
155.3 deferred lump-sum service pension during the period of deferral. If provided for in the
155.4 bylaws, interest must be paid in one of the following manners:

155.5 (1) at the investment performance rate actually earned on that portion of the assets
155.6 if the deferred benefit amount is invested by the relief association in a separate account
155.7 established and maintained by the relief association ~~or~~;

155.8 (2) at the investment performance rate actually earned on that portion of the assets
155.9 if the deferred benefit amount is invested in a separate investment vehicle held by the
155.10 relief association; or

155.11 ~~(2)~~ (3) at an interest rate of up to five percent, compounded annually, as set by the
155.12 board of directors and approved as provided in subdivision 10.

155.13 (d) Interest under paragraph (c), clause ~~(2)~~ (3), is payable following the date on
155.14 which the municipality has approved the deferred service pension interest rate established
155.15 by the board of trustees.

155.16 (e) Unless the bylaws of a relief association that has elected to pay interest or
155.17 additional investment performance on deferred lump-sum service pensions under
155.18 paragraph (c) specifies a different interest or additional investment performance method,
155.19 including the interest or additional investment performance period starting date and ending
155.20 date, the interest or additional investment performance on a deferred service pension
155.21 is creditable as follows:

155.22 (1) for a relief association that has elected to pay interest or additional investment
155.23 performance under paragraph (c), clause (1) or (3), beginning on the date that the
155.24 member separates from active service and membership and ending on the accounting
155.25 date immediately before the deferred member commences receipt of the deferred service
155.26 pension; or

155.27 (2) for a relief association that has elected to pay interest or additional investment
155.28 performance under paragraph (c), clause (2), beginning on the date that the member
155.29 separates from active service and membership and ending on the date that the separate
155.30 investment vehicle is valued immediately before the date on which the deferred member
155.31 commences receipt of the deferred service pension.

155.32 (f) For a deferred service pension that is transferred to a separate account established
155.33 and maintained by the relief association or separate investment vehicle held by the relief
155.34 association, the deferred member bears the full investment risk subsequent to transfer and
155.35 in calculating the accrued liability of the volunteer firefighters relief association that pays
155.36 a lump-sum service pension, the accrued liability for deferred service pensions is equal

156.1 to the separate relief association account balance or the fair market value of the separate
156.2 investment vehicle held by the relief association.

156.3 ~~(f)~~ (g) The deferred service pension is governed by and must be calculated under
156.4 the general statute, special law, relief association articles of incorporation, and relief
156.5 association bylaw provisions applicable on the date on which the member separated from
156.6 active service with the fire department and active membership in the relief association.

156.7 **EFFECTIVE DATE.** (a) This section is effective January 1, 2013.

156.8 (b) This section applies only to persons becoming deferred service pensioners after
156.9 January 1, 2013.

156.10 Sec. 15. Minnesota Statutes 2010, section 424A.02, subdivision 9, is amended to read:

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

156.16 (1) with respect to a defined benefit relief association in which governing bylaws
156.17 provide solely for a lump-sum service pension to a retiring member, or provide a retiring
156.18 member the choice of either a lump-sum service pension or a monthly service pension
156.19 and the lump-sum service pension was chosen, no ancillary benefit may be paid to any
156.20 former member or paid to any person on behalf of any former member after the former
156.21 member (i) terminates active service with the fire department and active membership
156.22 in the relief association; and (ii) commences receipt of a service pension as authorized
156.23 under this section; and

156.24 (2) with respect to any defined benefit relief association, no ancillary benefit paid or
156.25 payable to any member, to any former member, or to any person on behalf of any member
156.26 or former member, may exceed in amount the total earned service pension of the member
156.27 or former member. The total earned service pension must be calculated by multiplying
156.28 the service pension amount specified in the bylaws of the relief association at the time of
156.29 death or disability, whichever applies, by the years of service credited to the member or
156.30 former member. The years of service must be determined as of (i) the date the member or
156.31 former member became entitled to the ancillary benefit; or (ii) the date the member or
156.32 former member died entitling a survivor or the estate of the member or former member to
156.33 an ancillary benefit. The ancillary benefit must be calculated without regard to whether the
156.34 member had attained the minimum amount of service and membership credit specified in
156.35 the governing bylaws. For active members, the amount of a permanent disability benefit

157.1 or a survivor benefit must be equal to the member's total earned service pension except
157.2 that the bylaws of a defined benefit relief association may provide for the payment of a
157.3 survivor benefit in an amount not to exceed five times the yearly service pension amount
157.4 specified in the bylaws on behalf of any member who dies before having performed five
157.5 years of active service in the fire department with which the relief association is affiliated.

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

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

157.9 (B) as a survivor benefit to the surviving children of the deceased firefighter if
157.10 no surviving spouse;

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

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

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

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

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

157.20 (B) as a survivor benefit to the surviving children of the deceased firefighter if
157.21 no surviving spouse;

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

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

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

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

157.31 (5) For purposes of this section, for a monthly benefit volunteer fire relief association
157.32 or for a combination lump-sum and monthly benefit volunteer fire relief association where
157.33 a monthly benefit service pension has been elected by or a monthly benefit is payable with
157.34 respect to a firefighter, a designated beneficiary must be a natural person. For purposes
157.35 of this section, for a lump-sum volunteer fire relief association or for a combination
157.36 lump-sum and monthly benefit volunteer fire relief association where a lump-sum service

158.1 pension has been elected by or a lump-sum benefit is payable with respect to a firefighter,
 158.2 a trust created under chapter 501B may be a designated beneficiary. If a trust is payable to
 158.3 the surviving children organized under chapter 501B as authorized by this section and
 158.4 there is no surviving spouse, the survivor benefit may be paid to the trust, notwithstanding
 158.5 a requirement of this section to the contrary.

158.6 **EFFECTIVE DATE.** This section is effective January 1, 2013.

158.7 Sec. 16. Minnesota Statutes 2010, section 424A.04, subdivision 3, is amended to read:

158.8 Subd. 3. **Conditions on relief association consultants.** (a) If a volunteer firefighter
 158.9 relief association employs or contracts with a consultant to provide legal or financial
 158.10 advice, the secretary of the relief association shall obtain and the consultant shall provide
 158.11 to the secretary of the relief association a copy of the consultant's certificate of insurance.

158.12 (b) A consultant is any person who is employed under contract to provide legal or
 158.13 financial advice and who is or who represents to the volunteer firefighter relief association
 158.14 that the person is:

- 158.15 (1) an actuary;
- 158.16 (2) ~~a licensed public accountant~~ or a certified public accountant;
- 158.17 (3) an attorney;
- 158.18 (4) an investment advisor or manager, or an investment counselor;
- 158.19 (5) an investment advisor or manager selection consultant;
- 158.20 (6) a pension benefit design advisor or consultant; or
- 158.21 (7) any other financial consultant.

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

158.23 Sec. 17. Minnesota Statutes 2010, section 424A.06, subdivision 2, is amended to read:

158.24 Subd. 2. **General fund assets and revenues.** ~~To~~ (a) The general fund, if established,
 158.25 must be credited with the following:

- 158.26 (1) all moneys money received from dues; other than dues payable as contributions
 158.27 under the bylaws of the relief association to the special fund;
- 158.28 (2) all money received from fines;
- 158.29 (3) all money received from initiation fees;
- 158.30 (4) all money received as entertainment revenues; and
- 158.31 (5) any moneys money or property donated, given, granted or devised by any
 158.32 person, either for the support of the general fund of the relief association or for unspecified
 158.33 uses purposes.

159.1 (b) The treasurer of the relief association is the custodian of the assets of the general
 159.2 fund and must be the recipient on behalf of the general fund of all revenues payable to the
 159.3 general fund. The treasurer shall maintain adequate records documenting any transaction
 159.4 involving the assets or the revenues of the general fund. These records must be open for
 159.5 inspection by any member of the relief association at reasonable times and places.

159.6 **EFFECTIVE DATE.** This section is effective July 1, 2012.

159.7 **ARTICLE 13**

159.8 **SMALL GROUP OR ONE PERSON RETIREMENT PROVISIONS**

159.9 Section 1. Minnesota Statutes 2010, section 353.01, subdivision 2a, is amended to read:

159.10 Subd. 2a. **Included employees; mandatory membership.** (a) Public employees
 159.11 whose salary exceeds \$425 in any month and who are not specifically excluded under
 159.12 subdivision 2b or who have not been provided an option to participate under subdivision
 159.13 2d, whether individually or by action of the governmental subdivision, must participate as
 159.14 members of the association with retirement coverage by the general employees retirement
 159.15 plan under this chapter, the public employees police and fire retirement plan under this
 159.16 chapter, or the local government correctional employees retirement plan under chapter
 159.17 353E, whichever applies. Membership commences as a condition of their employment on
 159.18 the first day of their employment or on the first day that the eligibility criteria are met,
 159.19 whichever is later. Public employees include but are not limited to:

159.20 (1) persons whose salary meets the threshold in this paragraph from employment in
 159.21 one or more positions within one governmental subdivision;

159.22 (2) elected county sheriffs;

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

159.26 (i) town and city clerk or treasurer;

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

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

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

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

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

159.34 (6) employees of the Minneapolis Firefighters Relief Association or Minneapolis
 159.35 Police Relief Association who are not excluded employees under subdivision 2b due

160.1 to coverage by the relief association pension plan and who elected general employee
160.2 retirement plan coverage before August 20, 2009; and

160.3 (7) employees of the Seaway Port Authority of Duluth who are not excluded
160.4 employees under subdivision 2b.

160.5 (b) A public employee or elected official who was a member of the association on
160.6 June 30, 2002, based on employment that qualified for membership coverage by the public
160.7 employees retirement plan or the public employees police and fire plan under this chapter,
160.8 or the local government correctional employees retirement plan under chapter 353E as of
160.9 June 30, 2002, retains that membership for the duration of the person's employment in that
160.10 position or incumbency in elected office. Except as provided in subdivision 28, the person
160.11 shall participate as a member until the employee or elected official terminates public
160.12 employment under subdivision 11a or terminates membership under subdivision 11b.

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

160.15 (d) For the purpose of participation in the MERF division of the general employees
160.16 retirement plan, public employees include employees who were members of the former
160.17 Minneapolis Employees Retirement Fund on June 29, 2010, and who participate as
160.18 members of the MERF division of the association.

160.19 **EFFECTIVE DATE.** (a) This section is effective the day after the board of
160.20 commissioners of the Seaway Port Authority of Duluth and its chief clerical officer timely
160.21 complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

160.22 (b) Authority of the Seaway Port Authority of Duluth to approve this section expires
160.23 on June 30, 2012.

160.24 Sec. 2. Minnesota Statutes 2010, section 353.01, subdivision 6, is amended to read:

160.25 Subd. 6. **Governmental subdivision.** (a) "Governmental subdivision" means a
160.26 county, city, town, school district within this state, or a department, unit or instrumentality
160.27 of state or local government, or any public body established under state or local
160.28 authority that has a governmental purpose, is under public control, is responsible for the
160.29 employment and payment of the salaries of employees of the entity, and receives a major
160.30 portion of its revenues from taxation, fees, assessments or from other public sources.

160.31 (b) Governmental subdivision also means the Public Employees Retirement
160.32 Association, the League of Minnesota Cities, the Association of Metropolitan
160.33 Municipalities, charter schools formed under section 124D.10, service cooperatives
160.34 exercising retirement plan participation under section 123A.21, subdivision 5, joint
160.35 powers boards organized under section 471.59, subdivision 11, paragraph (a), family

161.1 service collaboratives and children's mental health collaboratives organized under
161.2 section 471.59, subdivision 11, paragraph (b) or (c), provided that the entities creating
161.3 the collaboratives are governmental units that otherwise qualify for retirement plan
161.4 membership, public hospitals owned or operated by, or an integral part of, a governmental
161.5 subdivision or governmental subdivisions, the Association of Minnesota Counties, the
161.6 Minnesota Inter-county Association, the Minnesota Municipal Utilities Association, the
161.7 Metropolitan Airports Commission, the University of Minnesota with respect to police
161.8 officers covered by the public employees police and fire retirement plan, the Minneapolis
161.9 Employees Retirement Fund for employment initially commenced after June 30, 1979, the
161.10 Range Association of Municipalities and Schools, soil and water conservation districts,
161.11 economic development authorities created or operating under sections 469.090 to
161.12 469.108, the Port Authority of the city of St. Paul, the Seaway Port Authority of Duluth,
161.13 the Spring Lake Park Fire Department, incorporated, the Lake Johanna Volunteer Fire
161.14 Department, incorporated, the Red Wing Environmental Learning Center, the Dakota
161.15 County Agricultural Society, Hennepin Healthcare System, Inc., and the Minneapolis
161.16 Firefighters Relief Association and Minneapolis Police Relief Association with respect to
161.17 staff covered by the Public Employees Retirement Association general plan.

161.18 (c) Governmental subdivision does not mean any municipal housing and
161.19 redevelopment authority organized under the provisions of sections 469.001 to 469.047;
161.20 or any port authority organized under sections 469.048 to 469.089 other than the Port
161.21 Authority of the city of St. Paul or the Seaway Port Authority of Duluth; or any hospital
161.22 district organized or reorganized prior to July 1, 1975, under sections 447.31 to 447.37 or
161.23 the successor of the district; or the board of a family service collaborative or children's
161.24 mental health collaborative organized under sections 124D.23, 245.491 to 245.495, or
161.25 471.59, if that board is not controlled by representatives of governmental units.

161.26 (d) A nonprofit corporation governed by chapter 317A or organized under Internal
161.27 Revenue Code, section 501(c)(3), which is not covered by paragraph (a) or (b), is not a
161.28 governmental subdivision unless the entity has obtained a written advisory opinion from
161.29 the United States Department of Labor or a ruling from the Internal Revenue Service
161.30 declaring the entity to be an instrumentality of the state so as to provide that any future
161.31 contributions by the entity on behalf of its employees are contributions to a governmental
161.32 plan within the meaning of Internal Revenue Code, section 414(d).

161.33 (e) A public body created by state or local authority may request membership on
161.34 behalf of its employees by providing sufficient evidence that it meets the requirements in
161.35 paragraph (a).

162.1 (f) An entity determined to be a governmental subdivision is subject to the reporting
162.2 requirements of this chapter upon receipt of a written notice of eligibility from the
162.3 association.

162.4 **EFFECTIVE DATE.** (a) This section is effective the day after the board of
162.5 commissioners of the Seaway Port Authority of Duluth and its chief clerical officer timely
162.6 complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

162.7 (b) Authority of the Seaway Port Authority of Duluth to approve this section expires
162.8 on June 30, 2012.

162.9 Sec. 3. **PERA-GENERAL; PRIOR SEAWAY PORT AUTHORITY OF DULUTH**
162.10 **SERVICE CREDIT TRANSFER.**

162.11 Subdivision 1. **PERA-general coverage.** Employees of the Seaway Port Authority
162.12 of Duluth on July 1, 2012, are public employees within the meaning of Minnesota
162.13 Statutes, section 353.01, subdivisions 2 and 2a, and are members of the general employees
162.14 retirement plan of the Public Employees Retirement Association as of that date.

162.15 Subd. 2. **Service and salary credit for prior Seaway Port Authority of Duluth**
162.16 **employment.** (a) Any employee of the Seaway Port Authority of Duluth on the effective
162.17 date of this section is eligible, on or after July 1, 2012, to transfer to the general employees
162.18 retirement plan of the Public Employees Retirement Association prior service credit
162.19 rendered in the employ of the Seaway Port Authority of Duluth as allowable service
162.20 credit, but not to exceed the maximum set forth in paragraph (c), and prior salary received
162.21 from employment by the Seaway Port Authority of Duluth as salary credit as provided in
162.22 paragraph (b).

162.23 (b) The amount of allowable service and salary credit to be transferred to the general
162.24 employees retirement plan for prior Seaway Port Authority of Duluth employment is that
162.25 portion of the total prior Seaway Port Authority of Duluth employment that bears the same
162.26 relationship that the assets transferred to the general employees retirement fund with
162.27 respect to each applicable person bear to the full actuarial value of the benefit attributable
162.28 to the prior service and salary under Minnesota Statutes, chapters 353 and 356. The full
162.29 actuarial value of the benefit attributable to the prior service under Minnesota Statutes,
162.30 chapters 353 and 356, is as provided in Minnesota Statutes, section 356.551. The assets
162.31 transferred with respect to each applicable person is the person's account balance in the
162.32 Seaway Port Authority of Duluth federal Internal Revenue Code Section 401(a) retirement
162.33 plan, the person's account balance in a federal Internal Revenue Code Section 457 deferred
162.34 compensation plan, the person's share of any purchase payment amounts that the Seaway

163.1 Port Authority of Duluth irrevocably commits to contribute to the general employees
163.2 retirement fund, and any purchase payment amount contributed by the applicable person
163.3 to the general employees retirement fund. Any amounts from the federal Internal Revenue
163.4 Code Section 401(a) retirement plan, the federal Internal Revenue Code Section 457
163.5 deferred compensation plan, or from a purchase payment amount provided by the Seaway
163.6 Port Authority of Duluth must be made on an institution-to-institution basis.

163.7 (c) If the assets transferred with respect to an applicable person under paragraph (b)
163.8 are less than the full actuarial value of the benefit attributable to the prior service under
163.9 Minnesota Statutes, section 356.551, as of the date of the asset transfer, the untransferred
163.10 balance of the prior service and salary may be purchased on June 30, 2014, by the
163.11 applicable person or a combination of the applicable person and the Seaway Port Authority
163.12 of Duluth by the payment of the balance of the full actuarial value payment amount under
163.13 Minnesota Statutes, section 356.551, plus compound interest at the rate of 0.71 percent per
163.14 month between the transfer date under paragraph (b) until June 30, 2014. No applicable
163.15 person may purchase more allowable service and salary credit from the general employees
163.16 retirement plan of the Public Employees Retirement Association than the person's period
163.17 of employment by the Seaway Port Authority of Duluth rendered before the effective date
163.18 of this section if the employment would have been eligible service and salary for general
163.19 employees retirement plan coverage if the service had been rendered or salary received
163.20 after the effective date of this section.

163.21 (d) An applicable person must provide any documentation related to eligibility
163.22 under the general employees retirement plan that is required by the executive director.
163.23 Allowable service and salary credit for any period must be transferred and recognized
163.24 by the general employees retirement plan for an applicable person upon receipt of the
163.25 associated transferred assets.

163.26 (e) Transferred service and salary credit related to the Seaway Port Authority of
163.27 Duluth before July 1, 1989, does not make a person eligible for a retirement annuity under
163.28 Minnesota Statutes, section 353.30, subdivision 1a.

163.29 (f) Authority to have service and salary credit transferred under this section expires
163.30 on July 1, 2013, or on the date that the applicable person terminates employment by the
163.31 Seaway Port Authority of Duluth, whichever is earlier.

163.32 Subd. 3. **Status of service transfer amounts.** Notwithstanding any provision of
163.33 Minnesota Statutes, section 353.32, 353.34, or 353.35, to the contrary, amounts transferred
163.34 to the general employees retirement fund of the Public Employees Retirement Association
163.35 under subdivision 2 must be considered to be an accumulated member contribution
163.36 deduction.

164.1 **EFFECTIVE DATE.** (a) This section is effective the day after the board of
164.2 commissioners of the Seaway Port Authority of Duluth and its chief clerical officer timely
164.3 complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

164.4 (b) Authority of the Seaway Port Authority of Duluth to approve this section expires
164.5 on June 30, 2012.

164.6 Sec. 4. **TEACHERS RETIREMENT ASSOCIATION; COVERAGE ELECTION**
164.7 **FOR CERTAIN MNSCU FACULTY MEMBER.**

164.8 (a) Notwithstanding any provision to the contrary in Minnesota Statutes, chapter
164.9 354B, an eligible person described in paragraph (b) may elect prospective and retroactive
164.10 retirement coverage under paragraph (c).

164.11 (b) An eligible person is a person who:

164.12 (1) was born on February 2, 1978;

164.13 (2) was initially employed by the Minnesota State Colleges and Universities system
164.14 on a part-time basis at Metropolitan State University on August 27, 2005;

164.15 (3) was also additionally employed within the Minnesota State Colleges and
164.16 Universities system at Inver Hills Community College and St. Paul College; and

164.17 (4) was covered by the higher education individual retirement account plan because
164.18 of a failure of Metropolitan State University to advise the eligible person about the
164.19 optional election and default retirement coverage provisions of Minnesota Statutes, section
164.20 354B.21, subdivisions 2 and 3.

164.21 (c) An eligible person may elect retirement coverage by the Teachers Retirement
164.22 Association rather than the higher education individual retirement account plan for faculty
164.23 employment rendered after the date of the retirement coverage election under this section
164.24 and for past Minnesota State Colleges and Universities system faculty employment from
164.25 August 27, 2005, until the date of the retirement coverage election. The election must
164.26 be made in writing, must be filed with the executive director of the Teachers Retirement
164.27 Association, and must be accompanied with any relevant documentation required by the
164.28 executive director of the Teachers Retirement Association.

164.29 (d) If an eligible person makes the retirement coverage election under paragraph (c),
164.30 the eligible person's member contributions to the higher education individual retirement
164.31 account plan must be transferred to the Teachers Retirement Association, with any earned
164.32 investment returns on those contributions. If the transferred member contributions and
164.33 investment earnings are less than the calculated amount of the member contribution that
164.34 the eligible person would have made to the Teachers Retirement Association on the
164.35 eligible person's compensation from the Minnesota State Colleges and Universities system

165.1 for the period from August 27, 2005, to the date of the retirement coverage election, if
165.2 the person had been covered by the Teachers Retirement Association during the period,
165.3 plus annual compound interest at the rate of 8.5 percent, the eligible person shall pay the
165.4 balance of that calculated member contribution obligation within 30 days of the retirement
165.5 coverage election. Any payment may be made through an institution-to-institution
165.6 transfer from the eligible person's account in the Minnesota state deferred compensation
165.7 program or the eligible person's tax-sheltered savings account under the federal Internal
165.8 Revenue Code, section 403(b).

165.9 (e) Upon the transfer of the equivalent member contribution amount and any
165.10 additional payments under paragraph (d), the balance of the eligible person's higher
165.11 education individual retirement account plan account must be transferred to the Teachers
165.12 Retirement Association. If the amounts under paragraph (d) and the higher education
165.13 individual retirement account plan account balance under this paragraph are less than
165.14 the prior service credit purchase payment amount calculated under Minnesota Statutes,
165.15 section 356.551, the Minnesota State Colleges and Universities system shall pay that
165.16 difference within 60 days of the retirement coverage election date.

165.17 (f) Upon the transfers and payments under paragraphs (d) and (e), the eligible person
165.18 must be credited by the Teachers Retirement Association with allowable and formula
165.19 service for Minnesota State Colleges and Universities system employment since August
165.20 27, 2005.

165.21 (g) The authority to make a retirement coverage election under this section expires
165.22 on January 1, 2013.

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

165.24 **Sec. 5. SERVICE CREDIT PURCHASE AUTHORIZATION FOR**
165.25 **UNCREDITED PRIOR PUBLIC EMPLOYMENT.**

165.26 (a) An eligible person described in paragraph (b) is entitled to purchase allowable
165.27 service in the general employees retirement plan of the Public Employees Retirement
165.28 Association under Minnesota Statutes, section 353.01, subdivision 16, for the period
165.29 described in paragraph (c) upon the payment of the purchase requirement specified in
165.30 paragraph (e).

165.31 (b) An eligible person is a person who:

165.32 (1) was born on September 10, 1949;

165.33 (2) was first employed by Crookston Township on July 1, 1990;

165.34 (3) was enrolled in the general employees retirement plan of the Public Employees
165.35 Retirement Association on September 15, 2010; and

166.1 (4) had omitted deductions paid for allowable service for Crookston Township
166.2 back to January 1, 2007.

166.3 (c) The period of prior service credit available for purchase is the period of
166.4 Crookston Township employment from July 1, 1990, to December 31, 2006, if the service
166.5 was not that of an independent contractor and the compensation for the service met or
166.6 exceeded the applicable minimum monthly salary threshold amount for plan coverage.

166.7 (d) The eligible person must apply with the executive director of the Public
166.8 Employees Retirement Association to make the service credit purchase under this section.
166.9 The application must be in writing and must include all necessary relevant documentation
166.10 that the executive director may require.

166.11 (e) Allowable service credit under Minnesota Statutes, section 353.01, subdivision
166.12 16, must be granted by the general employees retirement plan of the Public Employees
166.13 Retirement Association to the eligible person upon the receipt of the prior service credit
166.14 purchase payment amount required under Minnesota Statutes, section 356.551. Of the
166.15 total prior service credit purchase payment amount under Minnesota Statutes, section
166.16 356.551, the eligible person must pay an amount equal to the employee contribution rates
166.17 in effect during the uncredited employment period applied to the actual salary rates of the
166.18 eligible person during the period, plus annual compound interest at the rate of 8.5 percent
166.19 from the date on which the member contribution payment should have been made if made
166.20 in a timely fashion until the date on which the equivalent contribution is actually made. If
166.21 the eligible person makes the payment, Crookston Township shall pay the balance of the
166.22 total prior service credit purchase payment amount calculated under Minnesota Statutes,
166.23 section 356.551, within 60 days of the date on which the treasurer of Crookston Township
166.24 is notified by the executive director of the Public Employees Retirement Association that
166.25 the member contribution payment had been received by the association. If Crookston
166.26 Township fails to pay its portion of the prior service credit purchase payment amount
166.27 under this section, the executive director of the Public Employees Retirement Association
166.28 shall collect the unpaid amount under Minnesota Statutes, section 353.28, subdivision 6,
166.29 paragraph (a).

166.30 (f) Authority for an eligible person to make a prior service credit purchase under this
166.31 section expires on June 30, 2013, or upon the eligible person's termination of employment
166.32 covered by the Public Employees Retirement Association.

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