

1.1 **2014 OMNIBUS RETIREMENT BILL**

1.2 **AS OF MARCH 18, 2014**

1.3 ..... moves to amend S.F. No. 1803; H.F. No. 1951, as follows:

1.4 Delete everything after the enacting clause and insert:

1.5 **"ARTICLE 1**

1.6 **RETIREMENT PLAN MEMBERSHIP INCLUSIONS AND EXCLUSIONS**

1.7 Section 1. Minnesota Statutes 2013 Supplement, section 353.01, subdivision 2a,  
1.8 is amended to read:

1.9 Subd. 2a. **Included employees; mandatory membership.** (a) Public employees  
1.10 whose salary exceeds \$425 in any month and who are not specifically excluded under  
1.11 subdivision 2b or who have not been provided an option to participate under subdivision  
1.12 2d, whether individually or by action of the governmental subdivision, must participate as  
1.13 members of the association with retirement coverage by the general employees retirement  
1.14 plan under this chapter, the public employees police and fire retirement plan under this  
1.15 chapter, or the local government correctional employees retirement plan under chapter  
1.16 353E, whichever applies. Membership commences as a condition of their employment on  
1.17 the first day of their employment or on the first day that the eligibility criteria are met,  
1.18 whichever is later. Public employees include but are not limited to:

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

1.21 (2) elected county sheriffs;

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

1.25 (i) town and city clerk or treasurer;

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

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

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

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

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

1.33 (6) employees of the Red Wing Port Authority who were first employed by the  
1.34 Red Wing Port Authority before May 1, 2011, and who are not excluded employees  
1.35 under subdivision 2b; and

2.1 (7) employees of the Seaway Port Authority of Duluth who are not excluded  
2.2 employees under subdivision 2b; and

2.3 (8) employees of the Stevens County Housing and Redevelopment Authority who  
2.4 were first employed by the Stevens County Housing and Redevelopment Authority before  
2.5 May 1, 2014, and who are not excluded employees under subdivision 2b.

2.6 (b) A public employee or elected official who was a member of the association on  
2.7 June 30, 2002, based on employment that qualified for membership coverage by the public  
2.8 employees retirement plan or the public employees police and fire plan under this chapter,  
2.9 or the local government correctional employees retirement plan under chapter 353E as of  
2.10 June 30, 2002, retains that membership for the duration of the person's employment in that  
2.11 position or incumbency in elected office. Except as provided in subdivision 28, the person  
2.12 shall participate as a member until the employee or elected official terminates public  
2.13 employment under subdivision 11a or terminates membership under subdivision 11b.

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

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

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

2.21 Sec. 2. Minnesota Statutes 2013 Supplement, section 353.01, subdivision 2b, is  
2.22 amended to read:

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

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

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

2.32 (3) election officers or election judges;

2.33 (4) patient and inmate personnel who perform services for a governmental  
2.34 subdivision;

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

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

3.7 (7) employees who by virtue of their employment in one governmental subdivision  
3.8 are required by law to be a member of and to contribute to any of the plans or funds  
3.9 administered by the Minnesota State Retirement System, the Teachers Retirement  
3.10 Association, the Duluth Teachers Retirement Fund Association, and the St. Paul Teachers  
3.11 Retirement Fund Association. This clause must not be construed to prevent a person from  
3.12 being a member of and contributing to the Public Employees Retirement Association and  
3.13 also belonging to and contributing to another public pension plan or fund for other service  
3.14 occurring during the same period of time. A person who meets the definition of "public  
3.15 employee" in subdivision 2 by virtue of other service occurring during the same period of  
3.16 time becomes a member of the association unless contributions are made to another public  
3.17 retirement fund on the salary based on the other service or to the Teachers Retirement  
3.18 Association by a teacher as defined in section 354.05, subdivision 2;

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

3.24 (9) employees of a governmental subdivision who have not reached the age of  
3.25 23 and are enrolled on a full-time basis to attend or are attending classes on a full-time  
3.26 basis at an accredited school, college, or university in an undergraduate, graduate, or  
3.27 professional-technical program, or a public or charter high school;

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

3.30 (11) students who are serving for up to five years in an internship or residency program  
3.31 sponsored by a governmental subdivision, including an accredited educational institution;

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

3.34 (13) except for employees of Hennepin County or Hennepin Healthcare System, Inc.,  
3.35 foreign citizens who are employed by a governmental subdivision under a work permit, or  
3.36 an H-1b visa initially issued or extended for a combined period less than three years of

4.1 employment. Upon extension of the employment beyond the three-year period, the foreign  
4.2 citizens must be reported for membership beginning the first of the month thereafter  
4.3 provided the monthly earnings threshold as provided under subdivision 2a is met;

4.4 (14) public hospital employees who elected not to participate as members of the  
4.5 association before 1972 and who did not elect to participate from July 1, 1988, to October  
4.6 1, 1988;

4.7 (15) except as provided in section 353.86, volunteer ambulance service personnel, as  
4.8 defined in subdivision 35, but persons who serve as volunteer ambulance service personnel  
4.9 may still qualify as public employees under subdivision 2 and may be members of the  
4.10 Public Employees Retirement Association and participants in the general employees  
4.11 retirement plan or the public employees police and fire plan, whichever applies, on the  
4.12 basis of compensation received from public employment service other than service as  
4.13 volunteer ambulance service personnel;

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

4.21 (17) pipefitters and associated trades personnel employed by Independent School  
4.22 District No. 625, St. Paul, with coverage under a collective bargaining agreement by the  
4.23 pipefitters local 455 pension plan who were either first employed after May 1, 1997, or,  
4.24 if first employed before May 2, 1997, elected to be excluded under Laws 1997, chapter  
4.25 241, article 2, section 12;

4.26 (18) electrical workers, plumbers, carpenters, and associated trades personnel who  
4.27 are employed by Independent School District No. 625, St. Paul, or the city of St. Paul,  
4.28 who have retirement coverage under a collective bargaining agreement by the Electrical  
4.29 Workers Local 110 pension plan, the United Association Plumbers Local 34 pension plan,  
4.30 or the pension plan applicable to Carpenters Local 87 322 who were either first employed  
4.31 after May 1, 2000, or, if first employed before May 2, 2000, elected to be excluded under  
4.32 Laws 2000, chapter 461, article 7, section 5;

4.33 (19) bricklayers, allied craftworkers, cement masons, glaziers, glassworkers,  
4.34 painters, allied tradesworkers, and plasterers who are employed by the city of St. Paul  
4.35 or Independent School District No. 625, St. Paul, with coverage under a collective  
4.36 bargaining agreement by the Bricklayers and Allied Craftworkers Local 1 pension plan,

5.1 the Cement Masons Local 633 pension plan, the Glaziers and Glassworkers Local L-1324  
5.2 pension plan, the Painters and Allied Trades Local 61 pension plan, or the Twin Cities  
5.3 Plasterers Local 265 pension plan who were either first employed after May 1, 2001, or if  
5.4 first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special  
5.5 Session chapter 10, article 10, section 6;

5.6 (20) plumbers who are employed by the Metropolitan Airports Commission, with  
5.7 coverage under a collective bargaining agreement by the Plumbers Local 34 pension plan,  
5.8 who either were first employed after May 1, 2001, or if first employed before May 2,  
5.9 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article  
5.10 10, section 6;

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

5.14 (22) persons who are provided supported employment or work-study positions by a  
5.15 governmental subdivision and who participate in an employment or industries program  
5.16 maintained for the benefit of these persons where the governmental subdivision limits the  
5.17 position's duration to up to five years, including persons participating in a federal or state  
5.18 subsidized on-the-job training, work experience, senior citizen, youth, or unemployment  
5.19 relief program where the training or work experience is not provided as a part of, or  
5.20 for, future permanent public employment;

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

5.22 (24) reemployed annuitants of the association during the course of that  
5.23 reemployment; ~~and~~

5.24 (25) persons appointed to serve on a board or commission of a governmental  
5.25 subdivision or an instrumentality thereof; and

5.26 (26) persons employed as full-time fixed-route bus drivers by the St. Cloud  
5.27 Metropolitan Transit Commission who are members of the International Brotherhood  
5.28 of Teamsters Local 638 and who are, by virtue of that employment, members of the  
5.29 International Brotherhood of Teamsters Central States pension plan.

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

5.33 **EFFECTIVE DATE.** This section is effective retroactively from August 1, 1986.

5.34 Sec. 3. Minnesota Statutes 2012, section 356.24, subdivision 1, is amended to read:

6.1 Subdivision 1. **Restriction; exceptions.** It is unlawful for a school district or other  
6.2 governmental subdivision or state agency to levy taxes for or to contribute public funds to  
6.3 a supplemental pension or deferred compensation plan that is established, maintained,  
6.4 and operated in addition to a primary pension program for the benefit of the governmental  
6.5 subdivision employees other than:

6.6 (1) to a supplemental pension plan that was established, maintained, and operated  
6.7 before May 6, 1971;

6.8 (2) to a plan that provides solely for group health, hospital, disability, or death  
6.9 benefits;

6.10 (3) to the individual retirement account plan established by chapter 354B;

6.11 (4) to a plan that provides solely for severance pay under section 465.72 to a retiring  
6.12 or terminating employee;

6.13 (5) for employees other than personnel employed by the Board of Trustees of the  
6.14 Minnesota State Colleges and Universities and covered under the Higher Education  
6.15 Supplemental Retirement Plan under chapter 354C, but including city managers covered  
6.16 by an alternative retirement arrangement under section 353.028, subdivision 3, paragraph  
6.17 (a), or by the defined contribution plan of the Public Employees Retirement Association  
6.18 under section 353.028, subdivision 3, paragraph (b), if the supplemental plan coverage is  
6.19 provided for in a personnel policy of the public employer or in the collective bargaining  
6.20 agreement between the public employer and the exclusive representative of public  
6.21 employees in an appropriate unit or in the individual employment contract between a city  
6.22 and a city manager, and if for each available investment all fees and historic rates of return  
6.23 for the prior one-, three-, five-, and ten-year periods, or since inception, are disclosed in an  
6.24 easily comprehended document not to exceed two pages, in an amount matching employee  
6.25 contributions on a dollar for dollar basis, but not to exceed an employer contribution of  
6.26 one-half of the available elective deferral permitted per year per employee, under the  
6.27 Internal Revenue Code:

6.28 (i) to the state of Minnesota deferred compensation plan under section 352.965;

6.29 (ii) in payment of the applicable portion of the contribution made to any investment  
6.30 eligible under section 403(b) of the Internal Revenue Code, if the employing unit has  
6.31 complied with any applicable pension plan provisions of the Internal Revenue Code with  
6.32 respect to the tax-sheltered annuity program during the preceding calendar year; or

6.33 (iii) any other deferred compensation plan offered by the employer under section  
6.34 457 of the Internal Revenue Code;

6.35 (6) for personnel employed by the Board of Trustees of the Minnesota State Colleges  
6.36 and Universities and not covered by clause (5), to the supplemental retirement plan under

7.1 chapter 354C, if the supplemental plan coverage is provided for in a personnel policy  
7.2 or in the collective bargaining agreement of the public employer with the exclusive  
7.3 representative of the covered employees in an appropriate unit, in an amount matching  
7.4 employee contributions on a dollar for dollar basis, but not to exceed an employer  
7.5 contribution of \$2,700 a year for each employee;

7.6 (7) to a supplemental plan or to a governmental trust to save for postretirement  
7.7 health care expenses qualified for tax-preferred treatment under the Internal Revenue  
7.8 Code, if the supplemental plan coverage is provided for in a personnel policy or in the  
7.9 collective bargaining agreement of a public employer with the exclusive representative of  
7.10 the covered employees in an appropriate unit;

7.11 (8) to the laborers national industrial pension fund or to a laborers local pension fund  
7.12 for the employees of a governmental subdivision who are covered by a collective bargaining  
7.13 agreement that provides for coverage by that fund and that sets forth a fund contribution  
7.14 rate, but not to exceed an employer contribution of \$5,000 per year per employee;

7.15 (9) to the plumbers and pipefitters national pension fund or to a plumbers and  
7.16 pipefitters local pension fund for the employees of a governmental subdivision who are  
7.17 covered by a collective bargaining agreement that provides for coverage by that fund and  
7.18 that sets forth a fund contribution rate, but not to exceed an employer contribution of  
7.19 \$5,000 per year per employee;

7.20 (10) to the international union of operating engineers pension fund for the employees  
7.21 of a governmental subdivision who are covered by a collective bargaining agreement that  
7.22 provides for coverage by that fund and that sets forth a fund contribution rate, but not to  
7.23 exceed an employer contribution of \$5,000 per year per employee;

7.24 (11) to a supplemental plan organized and operated under the federal Internal  
7.25 Revenue Code, as amended, that is wholly and solely funded by the employee's  
7.26 accumulated sick leave, accumulated vacation leave, and accumulated severance pay;

7.27 (12) to the International Association of Machinists national pension fund for the  
7.28 employees of a governmental subdivision who are covered by a collective bargaining  
7.29 agreement that provides for coverage by that fund and that sets forth a fund contribution  
7.30 rate, but not to exceed an employer contribution of \$5,000 per year per employee;

7.31 (13) for employees of United Hospital District, Blue Earth, to the state of Minnesota  
7.32 deferred compensation program, if the employee makes a contribution, in an amount that  
7.33 does not exceed the total percentage of covered salary under section 353.27, subdivisions  
7.34 3 and 3a; ~~or~~

7.35 (14) to the alternative retirement plans established by the Hennepin County Medical  
7.36 Center under section 383B.914, subdivision 5; or

8.1 (15) to the International Brotherhood of Teamsters Central States pension plan for  
 8.2 fixed-route bus drivers employed by the St. Cloud Metropolitan Transit Commission who  
 8.3 are members of the International Brotherhood of Teamsters Local 638 by virtue of that  
 8.4 employment.

8.5 **EFFECTIVE DATE.** This section is effective retroactively from August 1, 1986.

8.6 Sec. 4. **VALIDATION OF PAST RETIREMENT COVERAGE**  
 8.7 **AND CONTRIBUTIONS FOR STEVENS COUNTY HOUSING AND**  
 8.8 **REDEVELOPMENT AUTHORITY EMPLOYEES.**

8.9 (a) Retirement coverage by the general employees plan of the Public Employees  
 8.10 Retirement Association, allowable service credit, and salary credit for employees of the  
 8.11 Stevens County Housing and Redevelopment Authority who were so employed after  
 8.12 November 7, 1984, and were first so employed before May 1, 2014, who had monthly  
 8.13 salary in any month of at least \$325 until June 30, 1988, and who had monthly salary in  
 8.14 any month of at least \$425 after June 30, 1988, who were not otherwise excluded under  
 8.15 the applicable edition of Minnesota Statutes, section 353.01, subdivision 2b, and who had  
 8.16 member deductions taken and transferred in a timely manner to the general employees  
 8.17 retirement fund before the effective date of this section are hereby validated.

8.18 (b) Notwithstanding any provision of Minnesota Statutes, chapter 353, to the  
 8.19 contrary, employee contributions deducted from employees of the Stevens County  
 8.20 Housing and Redevelopment Authority described in paragraph (a) before the effective  
 8.21 date of this section and associated employer contributions are valid assets of the general  
 8.22 employees retirement fund and are not subject to refund or adjustment for erroneous  
 8.23 receipt except as provided in Minnesota Statutes, section 353.32, subdivision 1 or 2;  
 8.24 or 353.34, subdivisions 1 and 2.

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

8.26 **ARTICLE 2**

8.27 **RETIREMENT GOVERNING BOARD PROVISIONS**

8.28 Section 1. Minnesota Statutes 2012, section 352.03, subdivision 1, is amended to read:  
 8.29 Subdivision 1. **Membership of board; election; term.** (a) The policy-making  
 8.30 function of the system is vested in a board of 11 members known as the board of directors.  
 8.31 This board shall consist of:



9.1 (1) three members appointed by the governor, one of whom must be a constitutional  
 9.2 officer or appointed state official and two of whom must be public members knowledgeable  
 9.3 in pension matters;

9.4 (2) four state employees elected by ~~state employees covered by the system~~ active  
 9.5 members and former members eligible for a deferred annuity from the general state  
 9.6 employees retirement plan, excluding employees in categories specifically authorized  
 9.7 to designate or elect a member by this subdivision, and deferred annuitants for whom  
 9.8 a board member is designated;

9.9 (3) one employee of the Metropolitan Council's transit operations or its successor  
 9.10 agency designated by the executive committee of the labor organization that is the  
 9.11 exclusive bargaining agent representing employees of the transit division;

9.12 (4) one employee who is a member of the State Patrol retirement fund plan elected  
 9.13 by active members of and former members eligible for a deferred annuity from that fund  
 9.14 at a time and in a manner fixed by the board, plan;

9.15 (5) one employee ~~covered by~~ who is a member of the correctional state employees  
 9.16 retirement plan established under this chapter elected by ~~employees covered by~~ active  
 9.17 members and former members eligible for a deferred annuity from that plan; and

9.18 (6) one retired employee of a plan included in the system, elected by disabled and  
 9.19 retired employees of ~~all the plans~~ administered by the system at a time and in a manner ~~to~~  
 9.20 ~~be fixed~~ determined by the board.

9.21 (b) The terms of the four elected state employees under paragraph (a), clause (2),  
 9.22 must be staggered, with two of the state employee members board positions elected  
 9.23 each biennium, whose terms of office begin on the first Monday in May after their  
 9.24 election, ~~must be elected biennially.~~ Elected members and the appointed member of the  
 9.25 Metropolitan Council's transit operations hold office for a term of four years and until their  
 9.26 successors are elected or appointed, and have qualified.

9.27 (c) An employee or former employee of the system is not eligible for membership  
 9.28 on the board of directors. A state employee on leave of absence is not eligible for election  
 9.29 or reelection to membership on the board of directors.

9.30 (d) The term of any board member who is on leave for more than six months  
 9.31 automatically ends on expiration of the term of office.

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

9.33 Sec. 2. Minnesota Statutes 2012, section 352.03, subdivision 1a, is amended to read:

9.34 Subd. 1a. **Membership voting limitations.** Active members and former members  
 9.35 eligible for a deferred annuity from a plan under this chapter or chapter 352B are eligible

10.1 to vote in board elections as further specified and restricted in this section. Retired  
 10.2 members and disabilitants from a plan in the system may vote only for the retired member  
 10.3 position under subdivision 1, paragraph (a), clause (6). If a former member eligible for a  
 10.4 deferred annuity from a plan under this chapter or chapter 352B is a deferred annuitant  
 10.5 from more than one plan covered by the system, that person is eligible to vote only in  
 10.6 elections applicable for deferred annuitants from the plan in the system from which the  
 10.7 person last received allowable service. If a person is an active member of a plan in the  
 10.8 system and is a deferred annuitant or a retiree from another plan or plans in the system,  
 10.9 the person is only eligible to vote in board elections applicable due to the active member  
 10.10 plan membership. If a person is a deferred annuitant from a plan in the system and is also  
 10.11 a retiree from another plan in the system, the person is only eligible to vote in elections  
 10.12 applicable due to the retiree status.

10.13 Subd. 1b. Terms; compensation; removal; vacancies; public members. The  
 10.14 membership terms, compensation, removal of members, and filling of vacancies for the  
 10.15 public members on the board are as provided in section 15.0575.

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

### 10.17 **ARTICLE 3**

#### 10.18 **RETIREMENT PLAN CONTRIBUTION RATE CHANGES**

10.19 Section 1. Minnesota Statutes 2012, section 352.04, subdivision 2, is amended to read:

10.20 Subd. 2. **Employee contributions.** (a) The employee contribution to the fund must  
 10.21 be equal to the following percent of salary:

10.22	<del>before July 1, 2007</del>	<del>4.00</del>
10.23	<del>from July 1, 2007, to June 30, 2008</del>	<del>4.25</del>
10.24	<del>from July 1, 2008, to June 30, 2009</del>	<del>4.50</del>
10.25	<del>from July 1, 2009, to June 30, 2010</del>	<del>4.75</del>
10.26	from July 1, 2010, and thereafter <u>to June 30,</u>	
10.27	<u>2014</u>	<del>5.00.</del>
10.28	<u>from July 1, 2014, and thereafter</u>	<u>5.50.</u>

10.29 (b) These contributions must be made by deduction from salary as provided in  
 10.30 subdivision 4.

10.31 **EFFECTIVE DATE.** This section is effective on the first day of the first full pay  
 10.32 period beginning after July 1, 2014.

10.33 Sec. 2. Minnesota Statutes 2012, section 352.04, subdivision 3, is amended to read:

11.1 Subd. 3. **Employer contributions.** The employer contribution to the fund must be  
11.2 equal to the following percent of salary:

11.3	<del>before July 1, 2007</del>	<del>4.00</del>
11.4	<del>from July 1, 2007, to June 30, 2008</del>	<del>4.25</del>
11.5	<del>from July 1, 2008, to June 30, 2009</del>	<del>4.50</del>
11.6	<del>from July 1, 2009, to June 30, 2010</del>	<del>4.75</del>
11.7	from July 1, 2010, and thereafter <u>to June 30,</u>	
11.8	<u>2014</u>	<del>5.00-</del>
11.9	<u>from July 1, 2014, and thereafter</u>	<u>5.50.</u>

11.10 **EFFECTIVE DATE.** This section is effective on the first day of the first full pay  
11.11 period beginning after July 1, 2014.

11.12 Sec. 3. Minnesota Statutes 2012, section 352.92, subdivision 1, is amended to read:

11.13 Subdivision 1. **Employee contributions.** (a) Employee contributions of covered  
11.14 correctional employees must be in an amount equal to the following percent of salary:

11.15	<del>before July 1, 2007</del>	<del>5.69</del>
11.16	<del>from July 1, 2007, to June 30, 2008</del>	<del>6.40</del>
11.17	<del>from July 1, 2008, to June 30, 2009</del>	<del>7.00</del>
11.18	<del>from July 1, 2009, to June 30, 2010</del>	<del>7.70</del>
11.19	from July 1, 2010, and thereafter <u>to June 30,</u>	
11.20	<u>2014</u>	<del>8.60-</del>
11.21	<u>from July 1, 2014, and thereafter</u>	<u>9.10.</u>

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

11.24 **EFFECTIVE DATE.** This section is effective on the first day of the first full pay  
11.25 period beginning after July 1, 2014.

11.26 Sec. 4. Minnesota Statutes 2012, section 352.92, subdivision 2, is amended to read:

11.27 Subd. 2. **Employer contributions.** The employer shall contribute for covered  
11.28 correctional employees an amount equal to the following percent of salary:

11.29	<del>before July 1, 2007</del>	<del>7.98</del>
11.30	<del>from July 1, 2007, to June 30, 2008</del>	<del>9.10</del>
11.31	<del>from July 1, 2008, to June 30, 2009</del>	<del>10.10</del>
11.32	<del>from July 1, 2009, to June 30, 2010</del>	<del>11.10</del>
11.33	from July 1, 2010, and thereafter <u>to June 30,</u>	
11.34	<u>2014</u>	<del>12.10-</del>
11.35	<u>from July 1, 2014, and thereafter</u>	<u>12.85</u>

12.1 **EFFECTIVE DATE.** This section is effective on the first day of the first full pay  
 12.2 period beginning after July 1, 2014.

12.3 Sec. 5. Minnesota Statutes 2012, section 353.27, subdivision 2, is amended to read:

12.4 Subd. 2. **General employees retirement plan; employee contribution.** (a) For  
 12.5 a basic member of the general employees retirement plan of the Public Employees  
 12.6 Retirement Association, the employee contribution is 9.10 percent of salary. For a  
 12.7 coordinated member of the general employees retirement plan of the Public Employees  
 12.8 Retirement Association, the employee contribution is the following percentage of salary  
 12.9 plus any contribution rate adjustment under subdivision 3b:

12.10	<del>Effective before January 1, 2011</del>	<del>6.00</del>
12.11	Effective after December 31, 2010	6.25
12.12	<u>Effective January 1, 2015</u>	<u>6.50</u>

12.13 (b) These contributions must be made by deduction from salary as defined in section  
 12.14 353.01, subdivision 10, in the manner provided in subdivision 4. If any portion of a  
 12.15 member's salary is paid from other than public funds, the member's employee contribution  
 12.16 must be based on the total salary received by the member from all sources.

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

12.18 Sec. 6. Minnesota Statutes 2012, section 353.27, subdivision 3, is amended to read:

12.19 Subd. 3. **General employees retirement plan; employer contribution.** (a) For  
 12.20 a basic member of the general employees retirement plan of the Public Employees  
 12.21 Retirement Association, the employer contribution is 9.10 percent of salary. For a  
 12.22 coordinated member of the general employees retirement plan of the Public Employees  
 12.23 Retirement Association, the employer contribution is the following percentage of salary  
 12.24 plus any contribution rate adjustment under subdivision 3b:

12.25	<del>Effective before January 1, 2011</del>	<del>6.00</del>
12.26	Effective after December 31, 2010	6.25
12.27	<u>Effective January 1, 2015</u>	<u>6.5</u>

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

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

12.31 Sec. 7. Minnesota Statutes 2012, section 353.27, subdivision 3b, is amended to read:

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

13.2 (a) For purposes of this section:

13.3 (1) a contribution sufficiency exists if the total of the employee contribution under  
13.4 subdivision 2, the employer contribution under subdivision 3, the additional employer  
13.5 contribution under subdivision 3a, and any additional contribution previously imposed  
13.6 under this subdivision exceeds the total of the normal cost, the administrative expenses,  
13.7 and the amortization contribution of the general employees retirement plan as reported in  
13.8 the most recent actuarial valuation of the retirement plan prepared by the actuary retained  
13.9 under section 356.214 and prepared under section 356.215 and the standards for actuarial  
13.10 work of the Legislative Commission on Pensions and Retirement; and

13.11 (2) a contribution deficiency exists if the total of the employee contributions under  
13.12 subdivision 2, the employer contributions under subdivision 3, the additional employer  
13.13 contribution under subdivision 3a, and any additional contribution previously imposed  
13.14 under this subdivision is less than the total of the normal cost, the administrative expenses,  
13.15 and the amortization contribution of the general employees retirement plan as reported in  
13.16 the most recent actuarial valuation of the retirement plan prepared by the actuary retained  
13.17 under section 356.214 and prepared under section 356.215 and the standards for actuarial  
13.18 work of the Legislative Commission on Pensions and Retirement.

13.19 (b) Employee and employer contributions to the general employees retirement plan  
13.20 under subdivisions 2 and 3 must be adjusted:

13.21 (1) if, ~~on or after July 1, 2010,~~ the regular actuarial valuation of the general employees  
13.22 retirement plan of the Public Employees Retirement Association under section 356.215  
13.23 indicates that there is a contribution sufficiency under paragraph (a) greater than one  
13.24 percent of covered payroll and that the sufficiency has existed for at least two consecutive  
13.25 years, the coordinated program employee and employer contribution rates must be  
13.26 decreased as determined under paragraph (c) to a level such that the sufficiency is no  
13.27 greater than one percent of covered payroll based on the most recent actuarial valuation; or

13.28 (2) if, ~~on or after July 1, 2010,~~ the regular actuarial valuation of the general  
13.29 employees retirement plan of the Public Employees Retirement Association under section  
13.30 356.215 indicates that there is a contribution deficiency equal to or greater than 0.5 percent  
13.31 of covered payroll and that the deficiency has existed for at least two consecutive years,  
13.32 the coordinated program employee and employer contribution rates must be increased  
13.33 as determined under paragraph (d) to a level such that no deficiency exists based on the  
13.34 most recent actuarial valuation.

13.35 (c) If the actuarially required contribution of the general employees retirement plan is  
13.36 less than the total support provided by the combined employee and employer contribution

14.1 rates under subdivisions 2, 3, and 3a, by more than one percent of covered payroll,  
14.2 the general employees retirement plan coordinated program employee and employer  
14.3 contribution rates under subdivisions 2 and 3 must be decreased incrementally over one or  
14.4 more years by no more than 0.25 percent of pay each for employee and employer matching  
14.5 contribution rates to a level such that there remains a contribution sufficiency of at least one  
14.6 percent of covered payroll. No contribution rate decrease may be made until at least two  
14.7 years have elapsed since any adjustment under this subdivision has been fully implemented.

14.8 (d) If the actuarially required contribution exceeds the total support provided by the  
14.9 combined employee and employer contribution rates under subdivisions 2, 3, and 3a,  
14.10 the employee and matching employer contribution rates must be increased equally to  
14.11 eliminate that contribution deficiency. If the contribution deficiency is:

14.12 (1) less than two percent, the incremental increase may be up to 0.25 percent for the  
14.13 general employees retirement plan employee and matching employer contribution rates;

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

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

14.18 (e) The general employees retirement plan contribution sufficiency or deficiency  
14.19 determination under paragraphs (a) to (d) must be made without the inclusion of the  
14.20 contributions to, the funded condition of, or the actuarial funding requirements of the  
14.21 MERF division.

14.22 (f) Any recommended adjustment to the contribution rates must be reported to the  
14.23 chair and the executive director of the Legislative Commission on Pensions and Retirement  
14.24 by January 15 following the receipt of the most recent annual actuarial valuation prepared  
14.25 under section 356.215. If the Legislative Commission on Pensions and Retirement does  
14.26 not recommend against the rate change or does not recommend a modification in the rate  
14.27 change, the recommended adjustment becomes effective on the first day of the first full  
14.28 payroll period in the fiscal year for any salary paid on or after the January 1 next following  
14.29 receipt of the most recent actuarial valuation that gave rise to the adjustment the legislative  
14.30 session in which the Legislative Commission on Pensions and Retirement did not take any  
14.31 action to disapprove or modify the Public Employees Retirement Association Board of  
14.32 Trustees' recommendation to adjust the employee and employer rates.

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

15.1 (h) Before any reduction in contributions to eliminate a sufficiency in excess of one  
 15.2 percent of covered pay may be recommended, the executive director must review any  
 15.3 need for a change in actuarial assumptions, as recommended by the actuary retained under  
 15.4 section 356.214 in the most recent experience study of the general employees retirement  
 15.5 plan prepared under section 356.215 and the standards for actuarial work promulgated by  
 15.6 the Legislative Commission on Pensions and Retirement that may result in an increase  
 15.7 in the actuarially required contribution and must report to the Legislative Commission  
 15.8 on Pensions and Retirement any recommendation by the board to use the sufficiency  
 15.9 exceeding one percent of covered payroll to offset the impact of an actuarial assumption  
 15.10 change recommended by the actuary retained under section 356.214, subdivision 1, and  
 15.11 reviewed by the actuary retained by the commission under section 356.214, subdivision 4.

15.12 (i) No contribution sufficiency in excess of one percent of covered pay may be  
 15.13 proposed to be used to increase benefits, and no benefit increase may be proposed that  
 15.14 would initiate an automatic adjustment to increase contributions under this subdivision.  
 15.15 Any proposed benefit improvement must include a recommendation, prepared by the  
 15.16 actuary retained under section 356.214, subdivision 1, and reviewed by the actuary  
 15.17 retained by the Legislative Commission on Pensions and Retirement as provided under  
 15.18 section 356.214, subdivision 4, on how the benefit modification will be funded.

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

## 15.20 ARTICLE 4

### 15.21 TRA-DTRFA CONSOLIDATION

15.22 Section 1. Minnesota Statutes 2012, section 13.632, subdivision 1, is amended to read:

15.23 Subdivision 1. **Beneficiary and survivor data.** The following data on beneficiaries  
 15.24 and survivors of the St. Paul Teachers Retirement Fund Association ~~and the Duluth~~  
 15.25 ~~Teachers Retirement Fund Association~~ members are private data on individuals: home  
 15.26 address, date of birth, direct deposit number, and tax withholding data.

15.27 Sec. 2. Minnesota Statutes 2012, section 122A.18, subdivision 7a, is amended to read:

15.28 Subd. 7a. **Permission to substitute teach.** (a) The Board of Teaching may allow a  
 15.29 person who is enrolled in and making satisfactory progress in a board-approved teacher  
 15.30 program and who has successfully completed student teaching to be employed as a  
 15.31 short-call substitute teacher.

15.32 (b) The Board of Teaching may issue a lifetime qualified short-call substitute  
 15.33 teaching license to a person who:

16.1 (1) was a qualified teacher under section 122A.16 while holding a continuing  
 16.2 five-year teaching license issued by the board, and receives a retirement annuity from the  
 16.3 Teachers Retirement Association, ~~Minneapolis Teachers Retirement Fund Association,~~  
 16.4 or the St. Paul Teachers Retirement Fund Association, ~~or Duluth Teachers Retirement~~  
 16.5 ~~Fund Association;~~

16.6 (2) holds an out-of-state teaching license and receives a retirement annuity as a  
 16.7 result of the person's teaching experience; or

16.8 (3) held a continuing five-year license issued by the board, taught at least three  
 16.9 school years in an accredited nonpublic school in Minnesota, and receives a retirement  
 16.10 annuity as a result of the person's teaching experience.

16.11 A person holding a lifetime qualified short-call substitute teaching license is not required  
 16.12 to complete continuing education clock hours. A person holding this license may reapply  
 16.13 to the board for a continuing five-year license and must again complete continuing  
 16.14 education clock hours one school year after receiving the continuing five-year license.

16.15 Sec. 3. Minnesota Statutes 2013 Supplement, section 353.01, subdivision 2b, is  
 16.16 amended to read:

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

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

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

16.26 (3) election officers or election judges;

16.27 (4) patient and inmate personnel who perform services for a governmental  
 16.28 subdivision;

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

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



17.1 (7) employees who by virtue of their employment in one governmental subdivision  
17.2 are required by law to be a member of and to contribute to any of the plans or funds  
17.3 administered by the Minnesota State Retirement System, the Teachers Retirement  
17.4 Association, ~~the Duluth Teachers Retirement Fund Association~~, and the St. Paul Teachers  
17.5 Retirement Fund Association. This clause must not be construed to prevent a person from  
17.6 being a member of and contributing to the Public Employees Retirement Association and  
17.7 also belonging to and contributing to another public pension plan or fund for other service  
17.8 occurring during the same period of time. A person who meets the definition of "public  
17.9 employee" in subdivision 2 by virtue of other service occurring during the same period of  
17.10 time becomes a member of the association unless contributions are made to another public  
17.11 retirement fund on the salary based on the other service or to the Teachers Retirement  
17.12 Association by a teacher as defined in section 354.05, subdivision 2;

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

17.18 (9) employees of a governmental subdivision who have not reached the age of  
17.19 23 and are enrolled on a full-time basis to attend or are attending classes on a full-time  
17.20 basis at an accredited school, college, or university in an undergraduate, graduate, or  
17.21 professional-technical program, or a public or charter high school;

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

17.24 (11) students who are serving for up to five years in an internship or residency program  
17.25 sponsored by a governmental subdivision, including an accredited educational institution;

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

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

17.34 (14) public hospital employees who elected not to participate as members of the  
17.35 association before 1972 and who did not elect to participate from July 1, 1988, to October  
17.36 1, 1988;

18.1 (15) except as provided in section 353.86, volunteer ambulance service personnel, as  
18.2 defined in subdivision 35, but persons who serve as volunteer ambulance service personnel  
18.3 may still qualify as public employees under subdivision 2 and may be members of the  
18.4 Public Employees Retirement Association and participants in the general employees  
18.5 retirement plan or the public employees police and fire plan, whichever applies, on the  
18.6 basis of compensation received from public employment service other than service as  
18.7 volunteer ambulance service personnel;

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

18.15 (17) pipefitters and associated trades personnel employed by Independent School  
18.16 District No. 625, St. Paul, with coverage under a collective bargaining agreement by the  
18.17 pipefitters local 455 pension plan who were either first employed after May 1, 1997, or,  
18.18 if first employed before May 2, 1997, elected to be excluded under Laws 1997, chapter  
18.19 241, article 2, section 12;

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

18.27 (19) bricklayers, allied craftworkers, cement masons, glaziers, glassworkers,  
18.28 painters, allied tradesworkers, and plasterers who are employed by the city of St. Paul  
18.29 or Independent School District No. 625, St. Paul, with coverage under a collective  
18.30 bargaining agreement by the Bricklayers and Allied Craftworkers Local 1 pension plan,  
18.31 the Cement Masons Local 633 pension plan, the Glaziers and Glassworkers Local L-1324  
18.32 pension plan, the Painters and Allied Trades Local 61 pension plan, or the Twin Cities  
18.33 Plasterers Local 265 pension plan who were either first employed after May 1, 2001, or if  
18.34 first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special  
18.35 Session chapter 10, article 10, section 6;

19.1 (20) plumbers who are employed by the Metropolitan Airports Commission, with  
19.2 coverage under a collective bargaining agreement by the Plumbers Local 34 pension plan,  
19.3 who either were first employed after May 1, 2001, or if first employed before May 2,  
19.4 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article  
19.5 10, section 6;

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

19.9 (22) persons who are provided supported employment or work-study positions by a  
19.10 governmental subdivision and who participate in an employment or industries program  
19.11 maintained for the benefit of these persons where the governmental subdivision limits the  
19.12 position's duration to up to five years, including persons participating in a federal or state  
19.13 subsidized on-the-job training, work experience, senior citizen, youth, or unemployment  
19.14 relief program where the training or work experience is not provided as a part of, or  
19.15 for, future permanent public employment;

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

19.17 (24) reemployed annuitants of the association during the course of that  
19.18 reemployment; and

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

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

19.24 Sec. 4. Minnesota Statutes 2012, section 354.05, subdivision 2, is amended to read:

19.25 Subd. 2. **Teacher.** (a) "Teacher" means:

19.26 (1) a person who renders service as a teacher, supervisor, principal, superintendent,  
19.27 librarian, nurse, counselor, social worker, therapist, or psychologist in a public school of  
19.28 the state located outside of the corporate limits of ~~the city of Duluth~~ or the city of St. Paul,  
19.29 or in any charter school, irrespective of the location of the school, or in any charitable,  
19.30 penal, or correctional institutions of a governmental subdivision, or who is engaged in  
19.31 educational administration in connection with the state public school system, but excluding  
19.32 the University of Minnesota, whether the position be a public office or an employment, and  
19.33 not including the members or officers of any general governing or managing board or body;

19.34 (2) an employee of the Teachers Retirement Association;

20.1 (3) a person who renders teaching service on a part-time basis and who also renders  
 20.2 other services for a single employing unit. A person whose teaching service comprises at  
 20.3 least 50 percent of the combined employment salary is a member of the association for all  
 20.4 services with the single employing unit. If the person's teaching service comprises less  
 20.5 than 50 percent of the combined employment salary, the executive director must determine  
 20.6 whether all or none of the combined service is covered by the association; or

20.7 (4) a person who is not covered by the plans established under chapter 352D, 354A,  
 20.8 or 354B and who is employed by the Board of Trustees of the Minnesota State Colleges  
 20.9 and Universities system in an unclassified position as:

20.10 (i) a president, vice-president, or dean;

20.11 (ii) a manager or a professional in an academic or an academic support program  
 20.12 other than specified in item (i);

20.13 (iii) an administrative or a service support faculty position; or

20.14 (iv) a teacher or a research assistant.

20.15 (b) "Teacher" does not mean:

20.16 (1) a person who works for a school or institution as an independent contractor as  
 20.17 defined by the Internal Revenue Service;

20.18 (2) a person who renders part-time teaching service or who is a customized trainer  
 20.19 as defined by the Minnesota State Colleges and Universities system if (i) the service is  
 20.20 incidental to the regular nonteaching occupation of the person; and (ii) the employer  
 20.21 stipulates annually in advance that the part-time teaching service or customized training  
 20.22 service will not exceed 300 hours in a fiscal year and retains the stipulation in its records;  
 20.23 and (iii) the part-time teaching service or customized training service actually does not  
 20.24 exceed 300 hours in a fiscal year; or

20.25 (3) a person exempt from licensure under section 122A.30.

20.26 Sec. 5. Minnesota Statutes 2012, section 354.05, subdivision 13, is amended to read:

20.27 Subd. 13. **Allowable service.** "Allowable service" means:

20.28 (1) Any service rendered by a teacher for which on or before July 1, 1957, the  
 20.29 teacher's account in the retirement fund was credited by reason of employee contributions  
 20.30 in the form of salary deductions, payments in lieu of salary deductions, or in any other  
 20.31 manner authorized by Minnesota Statutes 1953, sections 135.01 to 135.13, as amended by  
 20.32 Laws 1955, chapters 361, 549, 550, 611, ~~or~~;

20.33 (2) Any service rendered by a teacher for which on or before July 1, 1961, the  
 20.34 teacher elected to obtain credit for service by making payments to the fund pursuant to  
 20.35 under Minnesota Statutes 1980, section 354.09 and section 354.51, ~~or~~;

21.1 (3) Any service rendered by a teacher after July 1, 1957, for any calendar month  
21.2 when the member receives salary from which deductions are made, deposited and credited  
21.3 in the fund;~~or;~~

21.4 (4) Any service rendered by a person after July 1, 1957, for any calendar month where  
21.5 payments in lieu of salary deductions are made, deposited and credited into the fund as  
21.6 provided in Minnesota Statutes 1980, section 354.09, subdivision 4, and section 354.53;~~or;~~

21.7 (5) Any service rendered by a teacher for which the teacher elected to obtain credit  
21.8 for service by making payments to the fund pursuant to under Minnesota Statutes 1980,  
21.9 section 354.09, subdivisions 1 and 4, sections 354.50, 354.51, Minnesota Statutes 1957,  
21.10 section 135.41, subdivision 4, Minnesota Statutes 1971, section 354.09, subdivision 2, or  
21.11 Minnesota Statutes, 1973 Supplement, section 354.09, subdivision 3;~~or;~~

21.12 (6) Both service during years of actual membership in the course of which  
21.13 contributions were currently made and service in years during which the teacher was not a  
21.14 member but for which the teacher later elected to obtain credit by making payments to the  
21.15 fund as permitted by any law then in effect;~~or;~~

21.16 (7) Any service rendered where contributions were made and no credit was  
21.17 established because of the limitations contained in Minnesota Statutes 1957, section  
21.18 135.09, subdivision 2, as determined by the ratio between the amounts of money credited  
21.19 to the teacher's account in a fiscal year and the maximum retirement contribution allowable  
21.20 for that year;~~or;~~

21.21 (8) MS 2002 [Expired]

21.22 (9) A period of time during which a teacher was on strike without pay, not to exceed a  
21.23 period of one year, if payment in lieu of salary deductions is made under section 354.72;~~or;~~

21.24 (10) A period of service before July 1, 2006, that was properly credited as allowable  
21.25 service by the Minneapolis Teachers Retirement Fund Association, and that was rendered  
21.26 by a teacher as an employee of Special School District No. 1, Minneapolis, or by an  
21.27 employee of the Minneapolis Teachers Retirement Fund Association who was a member  
21.28 of the Minneapolis Teachers Retirement Fund Association by virtue of that employment,  
21.29 who has not begun receiving an annuity or other retirement benefit from the former  
21.30 Minneapolis Teachers Retirement Fund Association calculated in whole or in part on that  
21.31 service before July 1, 2006, and who has not taken a refund of member contributions  
21.32 related to that service unless the refund is repaid under section 354.50, subdivision 4.  
21.33 Service as an employee of Special School District No. 1, Minneapolis, on or after July 1,  
21.34 2006, is "allowable service" only as provided by this chapter; or

21.35 (11) A period of service before July 1, 2015, that was properly credited as allowable  
21.36 service by the Duluth Teachers Retirement Fund Association, and that was rendered

22.1 by a teacher as an employee of Independent School District No. 709, Duluth, or by an  
 22.2 employee of the Duluth Teachers Retirement Fund Association who was a member of the  
 22.3 Duluth Teachers Retirement Fund Association by virtue of that employment, who has not  
 22.4 begun receiving an annuity or other retirement benefit from the former Duluth Teachers  
 22.5 Retirement Fund Association calculated in whole or in part on that service before July  
 22.6 1, 2015, and who has not taken a refund of member contributions related to that service  
 22.7 unless the refund is repaid under section 354.50, subdivision 4. Service as an employee  
 22.8 of Independent School District No. 709, Duluth, on or after July 1, 2015, is "allowable  
 22.9 service" only as provided by this chapter.

22.10 Sec. 6. Minnesota Statutes 2012, section 354.42, subdivision 2, is amended to read:

22.11 Subd. 2. **Employee contribution.** (a) For a basic member, the employee  
 22.12 contribution to the fund is the following percentage of the member's salary:

22.13	<u>Period</u>	<u>Basic Program</u>	<u>Coordinated Program</u>
22.14	<del>before July 1, 2011</del>	<del>9.0 percent</del>	
22.15	<del>from July 1, 2011, until June 30, 2012</del>	<del>9.5 percent</del>	
22.16	<del>from July 1, 2012, until June 30, 2013</del>	<del>10.0 percent</del>	
22.17	from July 1, 2013, until June 30, 2014	10.5 percent	<u>7.0 percent</u>
22.18	after June 30, 2014	11.0 percent	<u>7.5 percent</u>

22.19 ~~(b) For a coordinated member, the employee contribution is the following percentage~~  
 22.20 ~~of the member's salary:~~

22.21	<del>before July 1, 2011</del>	<del>5.5 percent</del>	
22.22	<del>from July 1, 2011, until June 30, 2012</del>	<del>6.0 percent</del>	
22.23	<del>from July 1, 2012, until June 30, 2013</del>	<del>6.5 percent</del>	
22.24	<del>from July 1, 2013, until June 30, 2014</del>	<del>7.0 percent</del>	
22.25	<del>after June 30, 2014</del>	<del>7.5 percent</del>	

22.26 ~~(e) (b)~~ When an employee contribution rate changes for a fiscal year, the new  
 22.27 contribution rate is effective for the entire salary paid for each employer unit with the  
 22.28 first payroll cycle reported.

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

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

22.35 Sec. 7. Minnesota Statutes 2012, section 354.42, subdivision 3, is amended to read:

23.1 Subd. 3. **Employer.** (a) The regular employer contribution to the fund by Special  
 23.2 School District No. 1, Minneapolis, is an amount equal to the applicable following  
 23.3 percentage of salary of each coordinated member and the applicable following percentage  
 23.4 of salary of each basic member: specified in paragraph (c).

23.5	Period	Coordinated Member	Basic Member
23.6	<del>before July 1, 2011</del>	<del>5.5 percent</del>	<del>9.5 percent</del>
23.7	<del>from July 1, 2011, until June 30, 2012</del>	<del>6.0 percent</del>	<del>10.0 percent</del>
23.8	<del>from July 1, 2012, until June 30, 2013</del>	<del>6.5 percent</del>	<del>10.5 percent</del>
23.9	<del>from July 1, 2013, until June 30, 2014</del>	<del>7.0 percent</del>	<del>11.0 percent</del>
23.10	<del>after June 30, 2014</del>	<del>7.5 percent</del>	<del>11.5 percent</del>

23.11 The additional employer contribution to the fund by Special School District No. 1,  
 23.12 Minneapolis, is an amount equal to 3.64 percent of the salary of each teacher who is a  
 23.13 coordinated member or who is a basic member.

23.14 (b) The regular employer contribution to the fund by Independent School District  
 23.15 No. 709, Duluth, is an amount equal to the applicable percentage of salary of each old law  
 23.16 or new law coordinated member specified for the coordinated program in paragraph (c).

23.17 ~~(b)~~ (c) The employer contribution to the fund for every other employer is an amount  
 23.18 equal to the applicable following percentage of the salary of each coordinated member and  
 23.19 the applicable following percentage of the salary of each basic member:

23.20	Period	Coordinated Member	Basic Member
23.21	<del>before July 1, 2011</del>	<del>5.5 percent</del>	<del>9.5 percent</del>
23.22	<del>from July 1, 2011, until June 30, 2012</del>	<del>6.0 percent</del>	<del>10.0 percent</del>
23.23	<del>from July 1, 2012, until June 30, 2013</del>	<del>6.5 percent</del>	<del>10.5 percent</del>
23.24	<del>from July 1, 2013, until June 30, 2014</del>	<del>7.0 percent</del>	<del>11.0 percent</del>
23.25	<del>after June 30, 2014</del>	<del>7.5 percent</del>	<del>11.5 percent</del>

23.26 ~~(e)~~ (d) When an employer contribution rate changes for a fiscal year, the new  
 23.27 contribution rate is effective for the entire salary paid for each employer unit with the  
 23.28 first payroll cycle reported.

23.29 ~~(d)~~ (e) After June 30, 2015, if a contribution rate revision is made under subdivisions  
 23.30 4a, 4b, and 4c, the employer contributions under paragraphs (a) ~~and~~, (b), and (c) must  
 23.31 be adjusted accordingly.

23.32 Sec. 8. Minnesota Statutes 2013 Supplement, section 354.436, is amended to read:

23.33 **354.436 DIRECT STATE AID ON BEHALF OF THE FORMER**  
 23.34 **MINNEAPOLIS FIRST CLASS CITY TEACHERS RETIREMENT FUND**  
 23.35 **ASSOCIATION ASSOCIATIONS.**

24.1 Subdivision 1. **Aid authorization.** The state shall pay \$12,954,000 to the Teachers  
 24.2 Retirement Association on behalf of the former Minneapolis Teachers Retirement Fund  
 24.3 Association and shall pay \$14,377,000 on behalf of the Duluth Teachers Retirement  
 24.4 Fund Association.

24.5 Subd. 2. **Aid appropriation.** The commissioner of management and budget shall  
 24.6 pay the aid amounts under subdivision 1 annually on October 1. The amount required  
 24.7 is appropriated annually from the general fund to the commissioner of management and  
 24.8 budget.

24.9 Subd. 3. **Aid expiration.** The aid amounts specified in this section ~~terminates~~  
 24.10 terminate and this section expires on the October 1 next following the later of the  
 24.11 following dates when: (1) the current assets of the Teachers Retirement Association  
 24.12 fund equal or exceed the actuarial accrued liabilities of the fund as determined in the  
 24.13 most recent actuarial valuation report for the Teachers Retirement Association fund by  
 24.14 the actuary retained under section 356.214, or on the established date for full funding  
 24.15 under section 356.215, subdivision 11, whichever occurs earlier; and (2) the member and  
 24.16 employer contribution rates are first determined to be eligible for a reduction under section  
 24.17 354.42, subdivisions 4a, 4b, 4c, and 4d.

24.18 Sec. 9. Minnesota Statutes 2013 Supplement, section 354.44, subdivision 6, is  
 24.19 amended to read:

24.20 Subd. 6. **Computation of formula program retirement annuity.** (a) The formula  
 24.21 retirement annuity must be computed in accordance with the applicable provisions of the  
 24.22 formulas stated in paragraph (b) or (d) on the basis of each member's average salary under  
 24.23 section 354.05, subdivision 13a, for the period of the member's formula service credit.

24.24 (b) This paragraph, in conjunction with paragraph (c), applies to a person who first  
 24.25 became a member of the association or a member of a pension fund listed in section  
 24.26 356.30, subdivision 3, before July 1, 1989, unless paragraph (d), in conjunction with  
 24.27 paragraph (e), produces a higher annuity amount, in which case paragraph (d) applies. The  
 24.28 average salary as defined in section 354.05, subdivision 13a, multiplied by the following  
 24.29 percentages per year of formula service credit shall determine the amount of the annuity to  
 24.30 which the member qualifying therefor is entitled for service rendered before July 1, 2006:

24.31	<u>Period</u>	Coordinated Member	Basic Member
24.32	Each year of service	1.2 percent per year	2.2 percent per year
24.33	during first ten		
24.34	Each year of service	1.7 percent per year	2.7 percent per year
24.35	thereafter		



25.1 For service rendered on or after July 1, 2006, by a member other than a member  
 25.2 who was a member of the former Duluth Teachers Retirement Fund Association between  
 25.3 January 1, 2006, and June 30, 2015, and for service rendered on or after July 1, 2013, by a  
 25.4 member who was a member of the former Duluth Teachers Retirement Fund Association  
 25.5 between January 1, 2013, and June 30, 2015, the average salary as defined in section  
 25.6 354.05, subdivision 13a, multiplied by the following percentages per year of service credit,  
 25.7 determines the amount the annuity to which the member qualifying therefor is entitled:

25.8	<u>Period</u>	Coordinated Member	Basic Member
25.9	Each year of service	1.4 percent per year	2.2 percent per year
25.10	during first ten		
25.11	Each year of service after	1.9 percent per year	2.7 percent per year
25.12	ten years of service		

25.13 (c)(i) This paragraph applies only to a person who first became a member of the  
 25.14 association or a member of a pension fund listed in section 356.30, subdivision 3, before  
 25.15 July 1, 1989, and whose annuity is higher when calculated under paragraph (b), in  
 25.16 conjunction with this paragraph than when calculated under paragraph (d), in conjunction  
 25.17 with paragraph (e).

25.18 (ii) Where any member retires prior to normal retirement age under a formula  
 25.19 annuity, the member shall be paid a retirement annuity in an amount equal to the normal  
 25.20 annuity provided in paragraph (b) reduced by one-quarter of one percent for each month  
 25.21 that the member is under normal retirement age at the time of retirement except that for  
 25.22 any member who has 30 or more years of allowable service credit, the reduction shall be  
 25.23 applied only for each month that the member is under age 62.

25.24 (iii) Any member whose attained age plus credited allowable service totals 90 years  
 25.25 is entitled, upon application, to a retirement annuity in an amount equal to the normal  
 25.26 annuity provided in paragraph (b), without any reduction by reason of early retirement.

25.27 (d) This paragraph applies to a member who has become at least 55 years old and  
 25.28 first became a member of the association after June 30, 1989, and to any other member  
 25.29 who has become at least 55 years old and whose annuity amount when calculated under  
 25.30 this paragraph and in conjunction with paragraph (e), is higher than it is when calculated  
 25.31 under paragraph (b), in conjunction with paragraph (c). For a basic member, the average  
 25.32 salary, as defined in section 354.05, subdivision 13a, multiplied by 2.7 percent for each  
 25.33 year of service for a basic member determines the amount of the retirement annuity to  
 25.34 which the basic member is entitled. The annuity of a basic member who was a member of  
 25.35 the former Minneapolis Teachers Retirement Fund Association as of June 30, 2006, must  
 25.36 be determined according to the annuity formula under the articles of incorporation of the  
 25.37 former Minneapolis Teachers Retirement Fund Association in effect as of that date. For a

26.1 coordinated member, the average salary, as defined in section 354.05, subdivision 13a,  
26.2 multiplied by 1.7 percent for each year of service rendered before July 1, 2006, and by 1.9  
26.3 percent for each year of service rendered on or after July 1, 2006, for a member other than  
26.4 a member who was a member of the former Duluth Teachers Retirement Fund Association  
26.5 between January 1, 2006, and June 30, 2015, and by 1.9 percent for each year of service  
26.6 rendered on or after July 1, 2013, for a member of the former Duluth Teachers Retirement  
26.7 Fund Association between January 1, 2013, and June 30, 2015, determines the amount of  
26.8 the retirement annuity to which the coordinated member is entitled.

26.9 (e) This paragraph applies to a person who has become at least 55 years old and first  
26.10 becomes a member of the association after June 30, 1989, and to any other member who  
26.11 has become at least 55 years old and whose annuity is higher when calculated under  
26.12 paragraph (d) in conjunction with this paragraph than when calculated under paragraph  
26.13 (b), in conjunction with paragraph (c). An employee who retires under the formula annuity  
26.14 before the normal retirement age shall be paid the normal annuity provided in paragraph  
26.15 (d) reduced so that the reduced annuity is the actuarial equivalent of the annuity that  
26.16 would be payable to the employee if the employee deferred receipt of the annuity and the  
26.17 annuity amount were augmented at an annual rate of three percent compounded annually  
26.18 from the day the annuity begins to accrue until the normal retirement age if the employee  
26.19 became an employee before July 1, 2006, and at 2.5 percent compounded annually if the  
26.20 employee becomes an employee after June 30, 2006. Except in regards to section 354.46,  
26.21 this paragraph remains in effect until June 30, 2015.

26.22 (f) After June 30, 2020, this paragraph applies to a person who has become at least  
26.23 55 years old and first becomes a member of the association after June 30, 1989, and to any  
26.24 other member who has become at least 55 years old and whose annuity is higher when  
26.25 calculated under paragraph (d) in conjunction with this paragraph than when calculated  
26.26 under paragraph (b) in conjunction with paragraph (c). An employee who retires under  
26.27 the formula annuity before the normal retirement age is entitled to receive the normal  
26.28 annuity provided in paragraph (d). For a person who is at least age 62 or older and has at  
26.29 least 30 years of service, the annuity must be reduced by an early reduction factor of six  
26.30 percent per year of the annuity that would be payable to the employee if the employee  
26.31 deferred receipt of the annuity and the annuity amount were augmented at an annual rate  
26.32 of three percent compounded annually from the day the annuity begins to accrue until the  
26.33 normal retirement age if the employee became an employee before July 1, 2006, and at 2.5  
26.34 percent compounded annually if the employee became an employee after June 30, 2006.  
26.35 For a person who is not at least age 62 or older and does not have at least 30 years of  
26.36 service, the annuity would be reduced by an early reduction factor of four percent per year

27.1 for ages 55 through 59 and seven percent per year of the annuity that would be payable  
27.2 to the employee if the employee deferred receipt of the annuity and the annuity amount  
27.3 were augmented at an annual rate of three percent compounded annually from the day  
27.4 the annuity begins to accrue until the normal retirement age if the employee became an  
27.5 employee before July 1, 2006, and at 2.5 percent compounded annually if the employee  
27.6 became an employee after June 30, 2006.

27.7 (g) After June 30, 2015, and before July 1, 2020, for a person who would have  
27.8 a reduced retirement annuity under either paragraph (e) or (f) if they were applicable,  
27.9 the employee is entitled to receive a reduced annuity which must be calculated using  
27.10 a blended reduction factor augmented monthly by 1/60 of the difference between the  
27.11 reduction required under paragraph (e) and the reduction required under paragraph (f).

27.12 (h) No retirement annuity is payable to a former employee with a salary that exceeds  
27.13 95 percent of the governor's salary unless and until the salary figures used in computing  
27.14 the highest five successive years average salary under paragraph (a) have been audited by  
27.15 the Teachers Retirement Association and determined by the executive director to comply  
27.16 with the requirements and limitations of section 354.05, subdivisions 35 and 35a.

27.17 Sec. 10. **[354.73] RETIREMENT COVERAGE RELATED TO THE FORMER**  
27.18 **DULUTH TEACHERS RETIREMENT FUND ASSOCIATION.**

27.19 Subdivision 1. **Application.** This section applies to the retirement coverage of  
27.20 members of the former Duluth Teachers Retirement Fund Association transferred to the  
27.21 Teachers Retirement Association by section 46.

27.22 Subd. 2. **Teachers Retirement Association as successor in interest.** The Teachers  
27.23 Retirement Association is the successor in interest to all claims which the former Duluth  
27.24 Teachers Retirement Fund Association may have or may have been able to assert against  
27.25 any person on June 30, 2015, and is the successor in interest to all claims which could  
27.26 have been asserted against the former Duluth Teachers Retirement Fund Association,  
27.27 subject to the following:

27.28 (1) the Teachers Retirement Association is not liable for any claim against the  
27.29 Duluth Teachers Retirement Fund Association, its former board or board members, which  
27.30 is founded upon a claim of breach of fiduciary duty, where the act or acts constituting the  
27.31 claimed breach were not done in good faith;

27.32 (2) the Teachers Retirement Association may assert any applicable defense to  
27.33 any claim in any judicial or administrative proceeding that the former Duluth Teachers  
27.34 Retirement Fund Association or its board would otherwise have been entitled to assert;

28.1 (3) the Teachers Retirement Association may assert any applicable defense that it  
28.2 may assert in its capacity as a statewide agency; and

28.3 (4) the Teachers Retirement Association shall indemnify any former fiduciary of the  
28.4 Duluth Teachers Retirement Fund Association consistent with section 356A.11.

28.5 Subd. 3. **Benefit calculation.** (a) For every deferred, inactive, disabled, and  
28.6 retired member of the Duluth Teachers Retirement Fund Association transferred under  
28.7 subdivision 1, and the survivors of these members, annuities or benefits earned before July  
28.8 1, 2015, other than future postretirement adjustments, must be calculated and paid by the  
28.9 Teachers Retirement Association under the laws, articles of incorporation, and bylaws of  
28.10 the former Duluth Teachers Retirement Fund Association that were in effect relative to  
28.11 the person on the date of the person's termination of active service covered by the former  
28.12 Duluth Teachers Retirement Fund Association.

28.13 (b) Former Duluth Teachers Retirement Fund Association members who retired  
28.14 before July 1, 2015, must receive postretirement adjustments after January 1, 2015, only  
28.15 as provided in section 356.415. All other benefit recipients of the former Duluth Teachers  
28.16 Retirement Fund Association must receive postretirement adjustments after December 31,  
28.17 2015, only as provided in section 356.415.

28.18 (c) This consolidation does not impair or diminish benefits for an active, deferred,  
28.19 or retired member or a survivor of an active, deferred, or retired member under the  
28.20 former Duluth Teachers Retirement Fund Association in existence at the time of the  
28.21 consolidation, except that any future postretirement adjustments must be paid after July 1,  
28.22 2015, in accordance with paragraph (b), and all benefits based on service on or after July  
28.23 1, 2015, must be determined only by laws governing the Teachers Retirement Association.

28.24 Sec. 11. Minnesota Statutes 2012, section 354A.011, subdivision 11, is amended to read:

28.25 Subd. 11. **Coordinated member.** "Coordinated member" means any member of the  
28.26 teachers retirement fund association who is covered by any agreement or modification  
28.27 made between the state and the Secretary of Health, Education and Welfare making the  
28.28 provisions of the federal Old Age, Survivors and Disability Insurance Act applicable  
28.29 to certain teachers ~~except in the case of a member of the Duluth Teachers Retirement~~  
28.30 ~~Fund Association, in which it means additionally that the member either first became a~~  
28.31 ~~member prior to July 1, 1981, and elected to be covered by the new law coordinated~~  
28.32 ~~program of the Duluth Teachers Retirement Fund Association or first became a member~~  
28.33 ~~on or subsequent to July 1, 1981.~~

29.1 Sec. 12. Minnesota Statutes 2012, section 354A.011, subdivision 15a, is amended to  
 29.2 read:

29.3 Subd. 15a. **Normal retirement age.** "Normal retirement age" means age 65 for a  
 29.4 person who first became a member of the coordinated program of the St. Paul Teachers  
 29.5 Retirement Fund Association ~~or the new law coordinated program of the Duluth Teachers~~  
 29.6 ~~Retirement Fund Association~~ or a member of a pension fund listed in section 356.30,  
 29.7 subdivision 3, before July 1, 1989. For a person who first became a member of the  
 29.8 coordinated program of the St. Paul Teachers Retirement Fund Association ~~or the new law~~  
 29.9 ~~coordinated program of the Duluth Teachers Retirement Fund Association~~ after June 30,  
 29.10 1989, normal retirement age means the higher of age 65 or retirement age, as defined in  
 29.11 United States Code, title 42, section 416(l), as amended, but not to exceed age 66. For a  
 29.12 person who is a member of the basic program of the St. Paul Teachers Retirement Fund  
 29.13 Association ~~or the old law coordinated program of the Duluth Teachers Retirement Fund~~  
 29.14 ~~Association~~, normal retirement age means the age at which a teacher becomes eligible for  
 29.15 a normal retirement annuity computed upon meeting the age and service requirements  
 29.16 specified in the applicable provisions of the articles of incorporation or bylaws of the  
 29.17 ~~respective~~ teachers retirement fund association.

29.18 Sec. 13. Minnesota Statutes 2012, section 354A.011, subdivision 27, is amended to read:

29.19 Subd. 27. **Teacher.** (a) "Teacher" means any person who renders service for a public  
 29.20 school district, other than a charter school, located in the corporate limits of ~~Duluth or~~  
 29.21 St. Paul, as any of the following:

29.22 (1) a full-time employee in a position for which a valid license from the state  
 29.23 Department of Education is required;

29.24 (2) an employee of the teachers retirement fund association located in the city of ~~the~~  
 29.25 ~~first class~~ St. Paul;

29.26 (3) a part-time employee in a position for which a valid license from the state  
 29.27 Department of Education is required; or

29.28 (4) a part-time employee in a position for which a valid license from the state  
 29.29 Department of Education is required who also renders other nonteaching services for the  
 29.30 school district, unless the board of trustees of the teachers retirement fund association  
 29.31 determines that the combined employment is on the whole so substantially dissimilar to  
 29.32 teaching service that the service may not be covered by the association.

29.33 (b) The term does not mean any person who renders service in the school district  
 29.34 as any of the following:

29.35 (1) an independent contractor or the employee of an independent contractor;

30.1 (2) an employee who is a full-time teacher covered by the Teachers Retirement  
 30.2 Association ~~or by another teachers retirement fund association established pursuant to~~  
 30.3 ~~this chapter or under~~ chapter 354;

30.4 (3) an employee who is exempt from licensure pursuant to section 122A.30;

30.5 (4) an employee who is a teacher in a technical college located in a city of the first  
 30.6 class unless the person elects coverage by the ~~applicable~~ first class city teacher retirement  
 30.7 fund association under section 354B.21, subdivision 2;

30.8 (5) a teacher employed by a charter school, irrespective of the location of the  
 30.9 school; or

30.10 (6) an employee who is a part-time teacher in a technical college in a the city of the  
 30.11 ~~first class~~ St. Paul and who has elected coverage by the ~~applicable~~ first class city teacher  
 30.12 retirement fund association under section 354B.21, subdivision 2, but (i) the teaching  
 30.13 service is incidental to the regular nonteaching occupation of the person; (ii) the applicable  
 30.14 technical college stipulates annually in advance that the part-time teaching service will not  
 30.15 exceed 300 hours in a fiscal year; and (iii) the part-time teaching actually does not exceed  
 30.16 300 hours in the fiscal year to which the certification applies.

30.17 Sec. 14. Minnesota Statutes 2012, section 354A.021, subdivision 1, is amended to read:

30.18 Subdivision 1. **Establishment.** There is established a teachers retirement fund  
 30.19 association in ~~each of the cities~~ city of Duluth and St. Paul. The ~~associations shall be~~  
 30.20 ~~association is~~ known respectively as the "~~Duluth Teachers Retirement Fund Association~~"  
 30.21 ~~and the~~ "St. Paul Teachers Retirement Fund Association." ~~Each~~ The association ~~shall be~~  
 30.22 is a continuation of the teachers retirement fund association with the same corporate  
 30.23 name established ~~pursuant to~~ under the authorization contained in Laws 1909, chapter  
 30.24 343, section 1.

30.25 Sec. 15. **[354A.022] AUTHORIZATION TO CERTIFY FUNDS TO STATE**  
 30.26 **BOARD OF INVESTMENT.**

30.27 Subdivision 1. **Certification of funds to State Board of Investment.** The chief  
 30.28 administrative officer of the Duluth Teachers Retirement Fund Association, from time  
 30.29 to time, may certify to the State Board of Investment those portions of the assets of the  
 30.30 retirement plan that are not needed for administrative expenses or benefit payments.  
 30.31 Assets certified to the State Board of Investment must be invested under sections 11A.14  
 30.32 and 11A.23. The chief administrative officer of the Duluth Teachers Retirement Fund  
 30.33 Association may certify assets for withdrawal from the State Board of Investment only  
 30.34 to make benefit payments or to pay administrative expenses or investment expenses of

31.1 existing direct real estate holdings or assets that are noncompliant with State Board of  
 31.2 Investment objectives or limitations.

31.3 Subd. 2. **Investment of certified funds.** Assets certified to the State Board of  
 31.4 Investment are deemed to be from a covered retirement fund required to be invested by  
 31.5 the State Board of Investment under section 11A.23.

31.6 Sec. 16. Minnesota Statutes 2012, section 354A.092, is amended to read:

31.7 **354A.092 SABBATICAL LEAVE.**

31.8 Any teacher in the coordinated program of the St. Paul Teachers Retirement Fund  
 31.9 Association ~~or any teacher in the new law coordinated program of the Duluth Teachers~~  
 31.10 ~~Retirement Fund Association~~ who is granted a sabbatical leave ~~shall be~~ is entitled to  
 31.11 receive allowable service credit in the ~~applicable~~ association for periods of sabbatical  
 31.12 leave. To obtain the service credit, the teacher on sabbatical leave shall make an employee  
 31.13 contribution to the ~~applicable~~ association. No teacher ~~shall be~~ is entitled to receive more  
 31.14 than three years of allowable service credit ~~pursuant to~~ under this section for a period or  
 31.15 periods of sabbatical leave during any ten consecutive ~~fiscal or calendar~~ years, ~~whichever is~~  
 31.16 ~~the applicable plan year for the teachers retirement fund association~~. If the teacher granted a  
 31.17 sabbatical leave makes the employee contribution for a period of sabbatical leave ~~pursuant~~  
 31.18 ~~to~~ under this section, the employing unit shall make an employer contribution on behalf of  
 31.19 the teacher to the ~~applicable~~ association for that period of sabbatical leave in the manner  
 31.20 described in section 354A.12, subdivision 2a. The employee and employer contributions  
 31.21 ~~shall~~ must be in an amount equal to the employee and employer contribution rates in effect  
 31.22 for other active members of the association covered by the same program applied to a salary  
 31.23 figure equal to the teacher's actual covered salary for the plan year immediately preceding  
 31.24 the sabbatical leave period. Payment of the employee contribution authorized ~~pursuant~~  
 31.25 ~~to~~ under this section ~~shall~~ must be made by the teacher on or before June 30 of year  
 31.26 next following the year in which the sabbatical leave terminated and ~~shall~~ must be made  
 31.27 without interest. For sabbatical leaves taken after June 30, 1986, the required employer  
 31.28 contributions ~~shall~~ must be paid by the employing unit within 30 days after notification by  
 31.29 the association of the amount due. If the employee contributions for the sabbatical leave  
 31.30 period are less than an amount equal to the applicable contribution rate applied to a salary  
 31.31 figure equal to the teacher's actual covered salary for the plan year immediately preceding  
 31.32 the sabbatical leave period, service credit ~~shall~~ must be prorated. The prorated service  
 31.33 credit ~~shall~~ must be determined by the ratio between the amount of the actual payment  
 31.34 which was made and the full contribution amount payable ~~pursuant to~~ under this section.

32.1 Sec. 17. Minnesota Statutes 2012, section 354A.093, subdivision 1, is amended to read:

32.2 Subdivision 1. **Eligibility.** Any teacher in the coordinated program of the St. Paul  
32.3 Teachers Retirement Fund Association ~~or any teacher in the new law coordinated program~~  
32.4 ~~of the Duluth Teachers Retirement Fund Association~~ who is absent from employment by  
32.5 reason of service in the uniformed services as defined in United States Code, title 38,  
32.6 section 4303(13) and who returns to the employer providing active teaching service upon  
32.7 discharge from uniformed service within the time frames required under United States  
32.8 Code, title 38, section 4312(e), may receive allowable service credit in the applicable  
32.9 association for all or a portion of the period of uniformed service, provided that the teacher  
32.10 did not separate from uniformed service with a dishonorable or bad conduct discharge  
32.11 or under other than honorable conditions.

32.12 Sec. 18. Minnesota Statutes 2012, section 354A.096, is amended to read:

32.13 **354A.096 MEDICAL LEAVE.**

32.14 Any teacher in the coordinated program of the St. Paul Teachers Retirement Fund  
32.15 Association ~~or the new law coordinated program of the Duluth Teachers Retirement Fund~~  
32.16 ~~Association~~ who is on an authorized medical leave of absence and subsequently returns to  
32.17 teaching service is entitled to receive allowable service credit, not to exceed one year, for  
32.18 the period of leave, upon making the prescribed payment to the fund. This payment must  
32.19 include the required employee and employer contributions at the rates specified in section  
32.20 354A.12, subdivisions 1 and 2a, as applied to the member's average full-time monthly  
32.21 salary rate on the date the leave of absence commenced plus annual interest at the rate of  
32.22 8.5 percent per year from the end of the fiscal year during which the leave terminates to the  
32.23 end of the month during which payment is made. The member must pay the total amount  
32.24 required unless the employing unit, at its option, pays the employer contributions. The total  
32.25 amount required must be paid by the end of the fiscal year following the fiscal year in which  
32.26 the leave of absence terminated or before the member retires, whichever is earlier. Payment  
32.27 must be accompanied by a copy of the resolution or action of the employing authority  
32.28 granting the leave and the employing authority, upon granting the leave, must certify the  
32.29 leave to the association in a manner specified by the executive director. A member may not  
32.30 receive more than one year of allowable service credit during any fiscal year by making  
32.31 payment under this section. A member may not receive disability benefits under section  
32.32 354A.36 and receive allowable service credit under this section for the same period of time.

32.33 Sec. 19. Minnesota Statutes 2013 Supplement, section 354A.12, subdivision 1, is  
32.34 amended to read:



33.1 Subdivision 1. **Employee contributions.** (a) The contribution required to be paid  
 33.2 by each member of a the St. Paul Teachers Retirement Fund Association is the percentage  
 33.3 of total salary specified below for the applicable association and program:

33.4 Association and Program	Percentage of Total Salary
33.5 <del>Duluth Teachers Retirement Fund Association</del>	
33.6 <del>old law and new law</del>	
33.7 <del>coordinated programs</del>	
33.8 <del>before July 1, 2013</del>	<del>6.5 percent</del>
33.9 <del>effective July 1, 2013</del>	<del>7.0 percent</del>
33.10 <del>effective July 1, 2014</del>	<del>7.5 percent</del>
33.11 St. Paul Teachers Retirement Fund Association	
33.12 <del>basic program after June 30, 2012</del>	<del>8.5 percent</del>
33.13 <del>basic program after June 30, 2013</del>	<del>8.75 percent</del>
33.14 <del>basic program after June 30, 2014</del>	<del>9.0 percent</del>
33.15 <del>basic program after June 30, 2015</del>	<del>9.5 percent</del>
33.16 <del>basic program after June 30, 2016</del>	<del>10.0 percent</del>
33.17 <del>coordinated program after June 30, 2012</del>	<del>6.0 percent</del>
33.18 <del>coordinated program after June 30, 2013</del>	<del>6.25 percent</del>
33.19 <del>coordinated program after June 30, 2014</del>	<del>6.5 percent</del>
33.20 <del>coordinated program after June 30, 2015</del>	<del>7.0 percent</del>
33.21 <del>coordinated program after June 30, 2016</del>	<del>7.5 percent</del>

33.22 (b) Contributions ~~shall~~ must be made by deduction from salary and must be remitted  
 33.23 directly to the respective St. Paul Teachers Retirement Fund Association at least once  
 33.24 each month.

33.25 (c) When an employee contribution rate changes for a fiscal year, the new  
 33.26 contribution rate is effective for the entire salary paid by the employer with the first  
 33.27 payroll cycle reported.

33.28 Sec. 20. Minnesota Statutes 2012, section 354A.12, subdivision 2, is amended to read:

33.29 Subd. 2. **Retirement contribution levy disallowed.** Except as provided in  
 33.30 section 423A.02, subdivision 3, with respect to Independent School District No. 625,  
 33.31 notwithstanding any law to the contrary, levies for the St. Paul Teachers Retirement Fund  
 33.32 ~~associations in the cities of Duluth and St. Paul Association~~, including levies for any  
 33.33 employer Social Security taxes for teachers covered by the ~~Duluth Teachers Retirement~~  
 33.34 ~~Fund Association or the St. Paul Teachers Retirement Fund Association~~, are disallowed.

33.35 Sec. 21. Minnesota Statutes 2013 Supplement, section 354A.12, subdivision 2a,  
 33.36 is amended to read:

34.1 Subd. 2a. **Employer regular and additional contributions.** (a) The employing  
 34.2 units shall make the following employer contributions to the teachers retirement fund  
 34.3 ~~associations~~ association:

34.4 (1) for any coordinated member of ~~one of the following~~ St. Paul Teachers  
 34.5 Retirement Fund associations in a city of the first class Association, the employing unit  
 34.6 shall make a regular employer contribution to the ~~respective~~ retirement fund association in  
 34.7 an amount equal to the designated percentage of the salary of the coordinated member  
 34.8 as provided below:

34.9	<del>Duluth Teachers Retirement Fund Association</del>	
34.10	<del>before July 1, 2013</del>	<del>6.79 percent</del>
34.11	<del>effective July 1, 2013</del>	<del>7.29 percent</del>
34.12	<del>effective July 1, 2014</del>	<del>7.50 percent</del>
34.13	<del>St. Paul Teachers Retirement Fund Association</del>	
34.14	<del>after June 30, 2012</del>	<del>5.0 percent</del>
34.15	<del>after June 30, 2013</del>	<del>5.25 percent</del>
34.16	after June 30, 2014	5.5 percent
34.17	after June 30, 2015	6.0 percent
34.18	after June 30, 2016	6.25 percent
34.19	after June 30, 2017	6.5 percent

34.20 (2) for any basic member of the St. Paul Teachers Retirement Fund Association, the  
 34.21 employing unit shall make a regular employer contribution to the respective retirement  
 34.22 fund in an amount according to the schedule below:

34.23	<del>after June 30, 2012</del>	<del>8.5 percent of salary</del>
34.24	<del>after June 30, 2013</del>	<del>8.75 percent of salary</del>
34.25	after June 30, 2014	9.0 percent of salary
34.26	after June 30, 2015	9.5 percent of salary
34.27	after June 30, 2016	9.75 percent of salary
34.28	after June 30, 2017	10.0 percent of salary

34.29 (3) for a basic member of the St. Paul Teachers Retirement Fund Association, the  
 34.30 employing unit shall make an additional employer contribution to the respective fund in  
 34.31 an amount equal to 3.64 percent of the salary of the basic member;

34.32 (4) for a coordinated member of the St. Paul Teachers Retirement Fund Association,  
 34.33 the employing unit shall make an additional employer contribution to the respective fund  
 34.34 in an amount equal to ~~the applicable percentage~~ 3.84 percent of the coordinated member's  
 34.35 salary, ~~as provided below~~:

34.36	<del>St. Paul Teachers Retirement Fund Association</del>	<del>3.84 percent</del>
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35.1 (b) The regular and additional employer contributions must be remitted directly to  
 35.2 the respective St. Paul Teachers Retirement Fund Association at least once each month.  
 35.3 Delinquent amounts are payable with interest under the procedure in subdivision 1a.

35.4 (c) Payments of regular and additional employer contributions for school district  
 35.5 or technical college employees who are paid from normal operating funds must be made  
 35.6 from the appropriate fund of the district or technical college.

35.7 (d) When an employer contribution rate changes for a fiscal year, the new  
 35.8 contribution rate is effective for the entire salary paid by the employer with the first  
 35.9 payroll cycle reported.

35.10 Sec. 22. Minnesota Statutes 2013 Supplement, section 354A.12, subdivision 3a,  
 35.11 is amended to read:

35.12 Subd. 3a. **Special direct state aid to first class city teachers retirement fund**  
 35.13 **associations.** (a) The state shall pay ~~\$346,000 as special direct state aid to the Duluth~~  
 35.14 ~~Teachers Retirement Fund Association and~~ \$2,827,000 to the St. Paul Teachers Retirement  
 35.15 Fund Association.

35.16 (b) The ~~aids~~ aid under this subdivision are payable October 1 annually. The  
 35.17 commissioner of management and budget shall pay the aids specified in this subdivision.  
 35.18 The amounts required are appropriated annually from the general fund to the commissioner  
 35.19 of management and budget.

35.20 Sec. 23. Minnesota Statutes 2012, section 354A.31, subdivision 1, is amended to read:

35.21 Subdivision 1. **Age and service requirements.** Any coordinated member or former  
 35.22 coordinated member of the ~~Duluth Teachers Retirement Fund Association or of the St.~~  
 35.23 ~~Paul Teachers Retirement Fund Association~~ who has ceased to render teaching service for  
 35.24 ~~the Independent School District in which the teachers retirement fund association exists~~  
 35.25 No. 625, who is vested and who has either attained the age of at least 55 years or received  
 35.26 credit for not less than 30 years of allowable service regardless of age, ~~shall be~~ is entitled  
 35.27 upon written application to a retirement annuity.

35.28 Sec. 24. Minnesota Statutes 2012, section 354A.32, subdivision 1, is amended to read:

35.29 Subdivision 1. **Optional forms generally.** The board of the St. Paul Teachers  
 35.30 Retirement Fund Association shall establish for the coordinated program ~~and the board~~  
 35.31 ~~of the Duluth Teachers Retirement Fund Association shall establish for the new law~~  
 35.32 ~~coordinated program~~ an optional retirement annuity which ~~shall~~ must take the form of  
 35.33 a joint and survivor annuity. ~~Each~~ The board may also, in its discretion, establish an

36.1 optional annuity which ~~shall~~ may take the form of an annuity payable for a period certain  
 36.2 and for life thereafter. ~~Each~~ The board shall also establish an optional retirement annuity  
 36.3 that guarantees payment of the balance of the annuity recipient's accumulated deductions  
 36.4 to a designated beneficiary upon the death of the annuity recipient. Except as provided in  
 36.5 subdivision 1a, the optional annuity forms ~~shall~~ must be the actuarial equivalent of the  
 36.6 normal forms provided in section 354A.31. In establishing these optional annuity forms,  
 36.7 the board shall obtain the written recommendation of the actuary retained under section  
 36.8 356.214. The recommendation ~~shall~~ must be a part of the permanent records of the board.

36.9 Sec. 25. Minnesota Statutes 2012, section 354A.35, subdivision 1, is amended to read:

36.10 Subdivision 1. **Death before retirement; refund.** If a coordinated member or  
 36.11 former coordinated member dies ~~prior to~~ before retirement or ~~prior to~~ before the receipt  
 36.12 of any retirement annuity or other benefit payment which is or may be payable and a  
 36.13 surviving spouse optional annuity is not payable ~~pursuant to~~ under subdivision 2, a  
 36.14 refund ~~shall~~ must be paid to the person's surviving spouse, or if there is none, to the  
 36.15 person's designated beneficiary, or if there is none, to the legal representative of the  
 36.16 person's estate. For a coordinated member or former coordinated member of the St. Paul  
 36.17 Teachers Retirement Fund Association, the refund ~~shall~~ must be in an amount equal to the  
 36.18 person's accumulated employee contributions plus interest at the rate of six percent per  
 36.19 annum compounded annually. ~~For a coordinated member or former coordinated member~~  
 36.20 ~~of the Duluth Teachers Retirement Fund Association, the refund shall be in an amount~~  
 36.21 ~~equal to the person's accumulated employee contributions plus interest at the rate of six~~  
 36.22 ~~percent per annum compounded annually to July 1, 2010, and four percent per annum~~  
 36.23 ~~compounded annually thereafter.~~

36.24 Sec. 26. Minnesota Statutes 2012, section 354A.37, subdivision 3, is amended to read:

36.25 Subd. 3. **Computation of refund amount.** A former coordinated member who  
 36.26 qualifies for a refund under subdivision 1 ~~shall~~ is entitled to receive a refund equal to the  
 36.27 amount of the former coordinated member's accumulated employee contributions with  
 36.28 interest at the rate of six percent per annum compounded annually to ~~July 1, 2010, if the~~  
 36.29 ~~person is a former member of the Duluth Teachers Retirement Fund Association, or to~~  
 36.30 July 1, 2011, if the person is a former member of the St. Paul Teachers Retirement Fund  
 36.31 Association, and four percent per annum compounded annually thereafter.

36.32 Sec. 27. Minnesota Statutes 2012, section 354A.37, subdivision 4, is amended to read:

37.1 Subd. 4. **Certain refunds at normal retirement age.** Any coordinated member  
 37.2 who has attained the normal retirement age with less than ten years of allowable service  
 37.3 credit and has terminated active teaching service ~~shall be~~ is entitled to a refund in lieu of a  
 37.4 proportionate annuity under section 356.32. The refund must be equal to the coordinated  
 37.5 member's accumulated employee contributions plus interest at the rate of six percent  
 37.6 compounded annually to July 1, 2010, ~~if the person is a former member of the Duluth~~  
 37.7 ~~Teachers Retirement Fund Association,~~ or to July 1, 2011, if the person is a former  
 37.8 member of the St. Paul Teachers Retirement Fund Association, and four percent per  
 37.9 annum compounded annually thereafter.

37.10 Sec. 28. Minnesota Statutes 2012, section 354A.39, is amended to read:

37.11 **354A.39 SERVICE IN OTHER PUBLIC RETIREMENT FUNDS; ANNUITY.**

37.12 Any person who has been a member of the Minnesota State Retirement System, the  
 37.13 Public Employees Retirement Association including the Public Employees Retirement  
 37.14 Association Police and Fire Fund, the Teachers Retirement Association, the Minnesota  
 37.15 State Patrol Retirement Association, the legislators retirement plan, the constitutional  
 37.16 officers retirement plan, ~~the Duluth Teachers Retirement Fund Association new law~~  
 37.17 ~~coordinated program,~~ the St. Paul Teachers Retirement Fund Association coordinated  
 37.18 program, or any other public employee retirement system in the state of Minnesota  
 37.19 having a like provision, but excluding all other funds providing retirement benefits for  
 37.20 police officers or firefighters, is entitled, when qualified, to an annuity from each fund if  
 37.21 the person's total allowable service in all of the funds or in any two or more of the funds  
 37.22 totals three or more years, provided that no portion of the allowable service upon which  
 37.23 the retirement annuity from one fund is based is used again in the computation for a  
 37.24 retirement annuity from another fund and provided further that the person has not taken a  
 37.25 refund from any of funds or associations since the person's membership in the fund or  
 37.26 association has terminated. The annuity from each fund or association must be determined  
 37.27 by the appropriate provisions of the law governing each fund or association, except that  
 37.28 the requirement that a person must have at least three years of allowable service in the  
 37.29 respective fund or association does not apply for the purposes of this section, provided  
 37.30 that the aggregate service in two or more of these funds equals three or more years.

37.31 Sec. 29. Minnesota Statutes 2012, section 354A.41, is amended to read:

37.32 **354A.41 ADMINISTRATION OF COORDINATED PROGRAM.**

37.33 Subdivision 1. **Administrative provisions.** The provisions of the articles of  
 37.34 incorporation and bylaws of the St. Paul Teachers Retirement Fund Association relating

38.1 to the administration of the fund shall govern the administration of the coordinated and  
 38.2 basic programs ~~and the provisions of the articles of incorporation and bylaws of the~~  
 38.3 ~~Duluth Teachers Retirement Fund Association relating to the administration of the fund~~  
 38.4 ~~shall govern the administration of the new law coordinated program in instances where the~~  
 38.5 administrative provisions are not inconsistent with the provisions of sections 354A.31 to  
 38.6 354A.41, including but not limited to provisions relating to the composition and function  
 38.7 of the board of trustees, the investment of assets of the St. Paul Teachers Retirement Fund  
 38.8 Association, and the definition of the plan year. The administrative provisions in the  
 38.9 articles of incorporation and the bylaws of the Minneapolis Teachers Retirement Fund  
 38.10 Association pertaining to the granting of pension benefits of the basic and coordinated  
 38.11 programs are no longer in effect after June 30, 2006, and the administrative provisions of  
 38.12 the Duluth Teachers Retirement Fund Association pertaining to retirement benefits of the  
 38.13 old law coordinated program are no longer in effect after June 30, 2015.

38.14 Subd. 2. **Actuarial valuations.** In any actuarial valuation of the St. Paul Teachers  
 38.15 Retirement Fund Association, ~~or the Duluth Teachers Retirement Fund Association~~ under  
 38.16 section 356.215 prepared by the actuary retained under section 356.214 or supplemental  
 38.17 actuarial valuation prepared by an approved actuary retained by the St. Paul Teachers  
 38.18 Retirement Fund Association, there ~~shall~~ must be included a finding of the condition of the  
 38.19 fund showing separately the basic and coordinated programs ~~or the old law coordinated~~  
 38.20 ~~and new law coordinated programs, as appropriate.~~ The finding ~~shall~~ must include the level  
 38.21 normal cost and the applicable employee and employer contribution rates for each program.

38.22 Sec. 30. Minnesota Statutes 2012, section 354B.21, subdivision 3a, is amended to read:

38.23 Subd. 3a. **Plan coverage and election; certain past service technical college**  
 38.24 **faculty.** (a) Notwithstanding subdivision 3, if an employee of the board was employed in  
 38.25 a faculty position in a technical college on June 30, 1997, with coverage by the Teachers  
 38.26 Retirement Association, the employee retains that coverage. If the employee was a  
 38.27 technical college faculty member on June 30, 1995, covered by a first class city teacher  
 38.28 retirement fund established under chapter 354A, the retirement coverage continues with  
 38.29 ~~the Duluth Teachers Retirement Fund Association or the St. Paul Teachers Retirement~~  
 38.30 Fund Association, whichever is applicable. If the person was a technical college faculty  
 38.31 member on June 30, 1995, covered by the former Minneapolis Teachers Retirement Fund  
 38.32 Association or the former Duluth Teachers Retirement Fund Association, the Teachers  
 38.33 Retirement Association shall provide coverage.

38.34 (b) An employee under paragraph (a) who has coverage by a ~~first class city~~  
 38.35 ~~teacher~~ the St. Paul Teachers Retirement Fund Association retains that coverage for the

39.1 duration of the person's employment by the board unless, within one year of a change in  
 39.2 employment within the Minnesota State Colleges and Universities system, the person  
 39.3 elects the individual retirement account plan for all future employment by the board.  
 39.4 The election is irrevocable.

39.5 Sec. 31. Minnesota Statutes 2012, section 355.01, subdivision 2c, is amended to read:

39.6 Subd. 2c. **Duluth teacher.** "Duluth teacher" means a person employed by  
 39.7 Independent School District No. 709, Duluth, who holds a position covered by the Duluth  
 39.8 Teachers Retirement Fund Association established under ~~chapter 354A~~ section 354.73.

39.9 Sec. 32. Minnesota Statutes 2013 Supplement, section 356.20, subdivision 2, is  
 39.10 amended to read:

39.11 Subd. 2. **Covered public pension plans and funds.** This section applies to the  
 39.12 following public pension plans:

39.13 (1) the general state employees retirement plan of the Minnesota State Retirement  
 39.14 System;

39.15 (2) the general employees retirement plan of the Public Employees Retirement  
 39.16 Association;

39.17 (3) the Teachers Retirement Association;

39.18 (4) the State Patrol retirement plan;

39.19 (5) the St. Paul Teachers Retirement Fund Association;

39.20 ~~(6) the Duluth Teachers Retirement Fund Association;~~

39.21 ~~(7) (6)~~ the University of Minnesota faculty retirement plan;

39.22 ~~(8) (7)~~ the University of Minnesota faculty supplemental retirement plan;

39.23 ~~(9) (8)~~ the judges retirement fund;

39.24 ~~(10) (9)~~ the Bloomington Fire Department Relief Association;

39.25 ~~(11) (10)~~ a volunteer firefighter relief association governed by section 424A.091;

39.26 ~~(12) (11)~~ the public employees police and fire plan of the Public Employees  
 39.27 Retirement Association;

39.28 ~~(13) (12)~~ the correctional state employees retirement plan of the Minnesota State  
 39.29 Retirement System;

39.30 ~~(14) (13)~~ the local government correctional service retirement plan of the Public  
 39.31 Employees Retirement Association; and

39.32 ~~(15) (14)~~ the voluntary statewide lump-sum volunteer firefighter retirement plan.

40.1 Sec. 33. Minnesota Statutes 2013 Supplement, section 356.214, subdivision 1, is  
40.2 amended to read:

40.3 Subdivision 1. **Actuary retention.** (a) The governing board or managing or  
40.4 administrative official of each public pension plan and retirement fund or plan enumerated  
40.5 in paragraph (b) shall contract with an established actuarial consulting firm to conduct  
40.6 annual actuarial valuations and related services. The principal from the actuarial  
40.7 consulting firm on the contract must be an approved actuary under section 356.215,  
40.8 subdivision 1, paragraph (c).

40.9 (b) Actuarial services must include the preparation of actuarial valuations and  
40.10 related actuarial work for the following retirement plans:

- 40.11 (1) the teachers retirement plan, Teachers Retirement Association;  
40.12 (2) the general state employees retirement plan, Minnesota State Retirement System;  
40.13 (3) the correctional employees retirement plan, Minnesota State Retirement System;  
40.14 (4) the State Patrol retirement plan, Minnesota State Retirement System;  
40.15 (5) the judges retirement plan, Minnesota State Retirement System;  
40.16 (6) the general employees retirement plan, Public Employees Retirement  
40.17 Association, including the MERF division;  
40.18 (7) the public employees police and fire plan, Public Employees Retirement  
40.19 Association;  
40.20 ~~(8) the Duluth teachers retirement plan, Duluth Teachers Retirement Fund~~  
40.21 ~~Association;~~  
40.22 ~~(9)~~ (8) the St. Paul teachers retirement plan, St. Paul Teachers Retirement Fund  
40.23 Association;  
40.24 ~~(10)~~ (9) the legislators retirement plan, Minnesota State Retirement System; and  
40.25 ~~(11)~~ (10) the local government correctional service retirement plan, Public  
40.26 Employees Retirement Association.

40.27 (c) The actuarial valuation for the legislators retirement plan must include a separate  
40.28 calculation of total plan actuarial accrued liabilities due to constitutional officer coverage  
40.29 under section 3A.17.

40.30 (d) The contracts must require completion of the annual actuarial valuation  
40.31 calculations on a fiscal year basis, with the contents of the actuarial valuation calculations  
40.32 as specified in section 356.215, and in conformity with the standards for actuarial work  
40.33 adopted by the Legislative Commission on Pensions and Retirement.

40.34 The contracts must require completion of annual experience data collection and  
40.35 processing and a quadrennial published experience study for the plans listed in paragraph  
40.36 (b), clauses (1), (2), and (6), as provided for in the standards for actuarial work adopted by



41.1 the commission. The experience data collection, processing, and analysis must evaluate  
41.2 the following:

- 41.3 (1) individual salary progression;
- 41.4 (2) the rate of return on investments based on the current asset value;
- 41.5 (3) payroll growth;
- 41.6 (4) mortality;
- 41.7 (5) retirement age;
- 41.8 (6) withdrawal; and
- 41.9 (7) disablement.

41.10 (e) The actuary shall annually prepare a report to the governing or managing board  
41.11 or administrative official and the legislature, summarizing the results of the actuarial  
41.12 valuation calculations. The actuary shall include with the report any recommendations  
41.13 concerning the appropriateness of the support rates to achieve proper funding of  
41.14 the retirement plans by the required funding dates. The actuary shall, as part of the  
41.15 quadrennial experience study, include recommendations on the appropriateness of the  
41.16 actuarial valuation assumptions required for evaluation in the study.

41.17 (f) If the actuarial gain and loss analysis in the actuarial valuation calculations  
41.18 indicates a persistent pattern of sizable gains or losses, the governing or managing board  
41.19 or administrative official shall direct the actuary to prepare a special experience study for a  
41.20 plan listed in paragraph (b), clause (3), (4), (5), (7), (8), (9), or (10), ~~or (11)~~, in the manner  
41.21 provided for in the standards for actuarial work adopted by the commission.

41.22 Sec. 34. Minnesota Statutes 2013 Supplement, section 356.215, subdivision 8, is  
41.23 amended to read:

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

41.27 (1) select and ultimate interest rate assumption

41.28	ultimate	ultimate
41.29	preretirement	postretirement
41.30	interest rate	interest rate
41.31	assumption	assumption
plan		
41.32 general state employees retirement plan	8.5%	6.0%
41.33 correctional state employees retirement plan	8.5	6.0
41.34 State Patrol retirement plan	8.5	6.0
41.35 legislators retirement plan, and for the	0.0	0.0
41.36 constitutional officers calculation of total plan		
41.37 liabilities		
41.38 judges retirement plan	8.5	6.0

42.1	general public employees retirement plan	8.5	6.0
42.2	public employees police and fire retirement plan	8.5	6.0
42.3	local government correctional service	8.5	6.0
42.4	retirement plan		
42.5	teachers retirement plan	8.5	6.0
42.6	<del>Duluth teachers retirement plan</del>	8.5	8.5
42.7	St. Paul teachers retirement plan	8.5	8.5

42.8 Except for the legislators retirement plan and the constitutional officers calculation  
 42.9 of total plan liabilities, the select preretirement interest rate assumption for the period  
 42.10 after June 30, 2012, through June 30, 2017, is 8.0 percent. Except for the legislators  
 42.11 retirement plan and the constitutional officers calculation of total plan liabilities, the select  
 42.12 postretirement interest rate assumption for the period after June 30, 2012, through June  
 42.13 30, 2017, is 5.5 percent, except for the ~~Duluth teachers retirement plan~~ and the St. Paul  
 42.14 teachers retirement plan, each with a select postretirement interest rate assumption for the  
 42.15 period after June 30, 2012, through June 30, 2017, of 8.0 percent.

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

42.17	plan	interest rate
42.18		assumption
42.19	Bloomington Fire Department Relief Association	6.0
42.20	local monthly benefit volunteer firefighters relief	5.0
42.21	associations	

42.22 (b) The actuarial valuation must use the applicable following single rate future salary  
 42.23 increase assumption, the applicable following modified single rate future salary increase  
 42.24 assumption, or the applicable following graded rate future salary increase assumption:

42.25 (1) single rate future salary increase assumption

42.26	plan	future salary increase assumption
42.27	legislators retirement plan	5.0%
42.28	judges retirement plan	3.0
42.29	Bloomington Fire Department Relief	4.0
42.30	Association	

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

42.33	plan	future salary increase assumption
42.34	local government correctional service retirement plan	assumption <del>C</del> <u>B</u>
42.35	<del>Duluth teachers retirement plan</del>	assumption <del>A</del>
42.36	St. Paul teachers retirement plan	assumption <del>B</del> <u>A</u>

42.37 For plans other than the ~~Duluth~~ St. Paul  
 42.38 teachers retirement plan and the local

43.1 government correctional service retirement  
 43.2 plan, the select calculation is: during the  
 43.3 designated select period, a designated  
 43.4 percentage rate is multiplied by the result of  
 43.5 the designated integer minus T, where T is the  
 43.6 number of completed years of service, and is  
 43.7 added to the applicable future salary increase  
 43.8 assumption. The designated select period is  
 43.9 ten years and the designated integer is ten  
 43.10 ~~for the Duluth Teachers Retirement Fund~~  
 43.11 ~~Association and for the local government~~  
 43.12 ~~correctional service retirement plan and 15~~  
 43.13 ~~for the St. Paul Teachers Retirement Fund~~  
 43.14 ~~Association. The designated percentage~~  
 43.15 ~~rate is 0.2 percent for the St. Paul Teachers~~  
 43.16 ~~Retirement Fund Association. The select~~  
 43.17 ~~calculation for the Duluth Teachers~~  
 43.18 ~~Retirement Fund Association is 8.00 percent~~  
 43.19 ~~per year for service years one through seven,~~  
 43.20 ~~7.25 percent per year for service years seven~~  
 43.21 ~~and eight, and 6.50 percent per year for~~  
 43.22 ~~service years eight and nine.~~

43.23 The ultimate future salary increase assumption is:

43.24 age	A	<del>B</del> A	€ B
43.25 16	<del>6.00%</del>	5.90%	9.00%
43.26 17	<del>6.00</del>	5.90	9.00
43.27 18	<del>6.00</del>	5.90	9.00
43.28 19	<del>6.00</del>	5.90	9.00
43.29 20	<del>6.00</del>	5.90	9.00
43.30 21	<del>6.00</del>	5.90	8.75
43.31 22	<del>6.00</del>	5.90	8.50
43.32 23	<del>6.00</del>	5.85	8.25
43.33 24	<del>6.00</del>	5.80	8.00
43.34 25	<del>6.00</del>	5.75	7.75
43.35 26	<del>6.00</del>	5.70	7.50
43.36 27	<del>6.00</del>	5.65	7.25
43.37 28	<del>6.00</del>	5.60	7.00
43.38 29	<del>6.00</del>	5.55	6.75
43.39 30	<del>6.00</del>	5.50	6.75

44.1	31	<del>6.00</del>	5.45	6.50
44.2	32	<del>6.00</del>	5.40	6.50
44.3	33	<del>6.00</del>	5.35	6.50
44.4	34	<del>6.00</del>	5.30	6.25
44.5	35	<del>6.00</del>	5.25	6.25
44.6	36	<del>5.86</del>	5.20	6.00
44.7	37	<del>5.73</del>	5.15	6.00
44.8	38	<del>5.59</del>	5.10	6.00
44.9	39	<del>5.45</del>	5.05	5.75
44.10	40	<del>5.31</del>	5.00	5.75
44.11	41	<del>5.18</del>	4.95	5.75
44.12	42	<del>5.04</del>	4.90	5.50
44.13	43	<del>4.90</del>	4.85	5.25
44.14	44	<del>4.76</del>	4.80	5.25
44.15	45	<del>4.63</del>	4.75	5.00
44.16	46	<del>4.49</del>	4.70	5.00
44.17	47	<del>4.35</del>	4.65	5.00
44.18	48	<del>4.21</del>	4.60	5.00
44.19	49	<del>4.08</del>	4.55	5.00
44.20	50	<del>3.94</del>	4.50	5.00
44.21	51	<del>3.80</del>	4.45	5.00
44.22	52	<del>3.66</del>	4.40	5.00
44.23	53	<del>3.53</del>	4.35	5.00
44.24	54	<del>3.39</del>	4.30	5.00
44.25	55	<del>3.25</del>	4.25	4.75
44.26	56	<del>3.25</del>	4.20	4.75
44.27	57	<del>3.25</del>	4.15	4.50
44.28	58	<del>3.25</del>	4.10	4.25
44.29	59	<del>3.25</del>	4.05	4.25
44.30	60	<del>3.25</del>	4.00	4.25
44.31	61	<del>3.25</del>	4.00	4.25
44.32	62	<del>3.25</del>	4.00	4.25
44.33	63	<del>3.25</del>	4.00	4.25
44.34	64	<del>3.25</del>	4.00	4.25
44.35	65	<del>3.25</del>	4.00	4.00
44.36	66	<del>3.25</del>	4.00	4.00
44.37	67	<del>3.25</del>	4.00	4.00
44.38	68	<del>3.25</del>	4.00	4.00
44.39	69	<del>3.25</del>	4.00	4.00
44.40	70	<del>3.25</del>	4.00	4.00

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

45.1	general state employees retirement plan of the					assumption A	
45.2	Minnesota State Retirement System						
45.3	general employees retirement plan of the Public					assumption B	
45.4	Employees Retirement Association						
45.5	Teachers Retirement Association					assumption C	
45.6	public employees police and fire retirement plan					assumption D	
45.7	State Patrol retirement plan					assumption E	
45.8	correctional state employees retirement plan of the					assumption F	
45.9	Minnesota State Retirement System						
45.10	service						
45.11	length	A	B	C	D	E	F
45.12	1	10.50%	12.03%	12.00%	13.00%	8.00%	6.00%
45.13	2	8.10	8.90	9.00	11.00	7.50	5.85
45.14	3	6.90	7.46	8.00	9.00	7.00	5.70
45.15	4	6.20	6.58	7.50	8.00	6.75	5.55
45.16	5	5.70	5.97	7.25	6.50	6.50	5.40
45.17	6	5.30	5.52	7.00	6.10	6.25	5.25
45.18	7	5.00	5.16	6.85	5.80	6.00	5.10
45.19	8	4.70	4.87	6.70	5.60	5.85	4.95
45.20	9	4.50	4.63	6.55	5.40	5.70	4.80
45.21	10	4.40	4.42	6.40	5.30	5.55	4.65
45.22	11	4.20	4.24	6.25	5.20	5.40	4.55
45.23	12	4.10	4.08	6.00	5.10	5.25	4.45
45.24	13	4.00	3.94	5.75	5.00	5.10	4.35
45.25	14	3.80	3.82	5.50	4.90	4.95	4.25
45.26	15	3.70	3.70	5.25	4.80	4.80	4.15
45.27	16	3.60	3.60	5.00	4.80	4.65	4.05
45.28	17	3.50	3.51	4.75	4.80	4.50	3.95
45.29	18	3.50	3.50	4.50	4.80	4.35	3.85
45.30	19	3.50	3.50	4.25	4.80	4.20	3.75
45.31	20	3.50	3.50	4.00	4.80	4.05	3.75
45.32	21	3.50	3.50	3.90	4.70	4.00	3.75
45.33	22	3.50	3.50	3.80	4.60	4.00	3.75
45.34	23	3.50	3.50	3.70	4.50	4.00	3.75
45.35	24	3.50	3.50	3.60	4.50	4.00	3.75
45.36	25	3.50	3.50	3.50	4.50	4.00	3.75
45.37	26	3.50	3.50	3.50	4.50	4.00	3.75
45.38	27	3.50	3.50	3.50	4.50	4.00	3.75
45.39	28	3.50	3.50	3.50	4.50	4.00	3.75
45.40	29	3.50	3.50	3.50	4.50	4.00	3.75
45.41	30 or more	3.50	3.50	3.50	4.50	4.00	3.75
45.42	(c) The actuarial valuation must use the applicable following payroll growth						
45.43	assumption for calculating the amortization requirement for the unfunded actuarial						

46.1 accrued liability where the amortization retirement is calculated as a level percentage  
46.2 of an increasing payroll:

46.3	plan	payroll growth assumption
46.4	general state employees retirement plan of the	3.75%
46.5	Minnesota State Retirement System	
46.6	correctional state employees retirement plan	3.75
46.7	State Patrol retirement plan	3.75
46.8	judges retirement plan	3.00
46.9	general employees retirement plan of the Public	3.75
46.10	Employees Retirement Association	
46.11	public employees police and fire retirement plan	3.75
46.12	local government correctional service retirement plan	3.75
46.13	teachers retirement plan	3.75
46.14	<del>Duluth teachers retirement plan</del>	<del>3.50</del>
46.15	St. Paul teachers retirement plan	4.00

46.16 (d) The assumptions set forth in paragraphs (b) and (c) continue to apply, unless a  
46.17 different salary assumption or a different payroll increase assumption:

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

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

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

46.23 Sec. 35. Minnesota Statutes 2013 Supplement, section 356.219, subdivision 8, is  
46.24 amended to read:

46.25 Subd. 8. **Timing of reports.** (a) For the Bloomington Fire Department Relief  
46.26 Association and the volunteer firefighter relief associations, the information required  
46.27 under this section must be submitted by the due date for reports required under section  
46.28 69.051, subdivision 1 or 1a, as applicable. If a relief association satisfies the definition of  
46.29 a fully invested plan under subdivision 1, paragraph (b), for the calendar year covered  
46.30 by the report required under section 69.051, subdivision 1 or 1a, as applicable, the chief  
46.31 administrative officer of the covered pension plan shall certify that compliance on a form  
46.32 prescribed by the state auditor. The state auditor shall transmit annually to the State Board  
46.33 of Investment a list or lists of covered pension plans which submitted certifications in  
46.34 order to facilitate reporting by the State Board of Investment under paragraph (c).

46.35 (b) For the St. Paul Teachers Retirement Fund Association, ~~the Duluth Teachers~~  
46.36 ~~Retirement Fund Association~~, and the University of Minnesota faculty supplemental

47.1 retirement plan, the information required under this section must be submitted to the state  
47.2 auditor by June 1 of each year.

47.3 (c) The State Board of Investment, on behalf of pension funds specified in  
47.4 subdivision 1, paragraph (c), ~~must~~ shall report information required under this section by  
47.5 September 1 of each year.

47.6 Sec. 36. Minnesota Statutes 2013 Supplement, section 356.30, subdivision 3, is  
47.7 amended to read:

47.8 Subd. 3. **Covered plans.** This section applies to the following retirement plans:

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

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

47.13 (3) the unclassified employees retirement program, established under chapter 352D;

47.14 (4) the State Patrol retirement plan, established under chapter 352B;

47.15 (5) the legislators retirement plan, established under chapter 3A, including  
47.16 constitutional officers as specified in that chapter;

47.17 (6) the general employees retirement plan of the Public Employees Retirement  
47.18 Association, established under chapter 353, including the MERF division of the Public  
47.19 Employees Retirement Association;

47.20 (7) the public employees police and fire retirement plan of the Public Employees  
47.21 Retirement Association, established under chapter 353;

47.22 (8) the local government correctional service retirement plan of the Public  
47.23 Employees Retirement Association, established under chapter 353E;

47.24 (9) the Teachers Retirement Association, established under chapter 354;

47.25 (10) the St. Paul Teachers Retirement Fund Association, established under chapter  
47.26 354A; and

47.27 ~~(11) the Duluth Teachers Retirement Fund Association, established under chapter~~  
47.28 ~~354A; and~~

47.29 ~~(12)~~ (11) the judges retirement fund, established by chapter 490.

47.30 Sec. 37. Minnesota Statutes 2012, section 356.302, subdivision 7, is amended to read:

47.31 Subd. 7. **Covered retirement plans.** This section applies to the following  
47.32 retirement plans:

47.33 (1) the general state employees retirement plan of the Minnesota State Retirement  
47.34 System, established by chapter 352;

- 48.1 (2) the unclassified state employees retirement program of the Minnesota State  
 48.2 Retirement System, established by chapter 352D;
- 48.3 (3) the general employees retirement plan of the Public Employees Retirement  
 48.4 Association, established by chapter 353, including the MERF division of the Public  
 48.5 Employees Retirement Association;
- 48.6 (4) the Teachers Retirement Association, established by chapter 354;
- 48.7 ~~(5) the Duluth Teachers Retirement Fund Association, established by chapter 354A;~~
- 48.8 ~~(6)~~ (5) the St. Paul Teachers Retirement Fund Association, established by chapter  
 48.9 354A;
- 48.10 ~~(7)~~ (6) the state correctional employees retirement plan of the Minnesota State  
 48.11 Retirement System, established by chapter 352;
- 48.12 ~~(8)~~ (7) the State Patrol retirement plan, established by chapter 352B;
- 48.13 ~~(9)~~ (8) the public employees police and fire plan of the Public Employees Retirement  
 48.14 Association, established by chapter 353;
- 48.15 ~~(10)~~ (9) the local government correctional service retirement plan of the Public  
 48.16 Employees Retirement Association, established by chapter 353E; and
- 48.17 ~~(11)~~ (10) the judges retirement plan, established by chapter 490.

48.18 Sec. 38. Minnesota Statutes 2012, section 356.303, subdivision 4, is amended to read:

48.19 Subd. 4. **Covered retirement plans.** This section applies to the following  
 48.20 retirement plans:

- 48.21 (1) the legislators retirement plan, established by chapter 3A;
- 48.22 (2) the general state employees retirement plan of the Minnesota State Retirement  
 48.23 System, established by chapter 352;
- 48.24 (3) the correctional state employees retirement plan of the Minnesota State  
 48.25 Retirement System, established by chapter 352;
- 48.26 (4) the State Patrol retirement plan, established by chapter 352B;
- 48.27 (5) the elective state officers retirement plan, established by chapter 352C;
- 48.28 (6) the unclassified state employees retirement program, established by chapter 352D;
- 48.29 (7) the general employees retirement plan of the Public Employees Retirement  
 48.30 Association, established by chapter 353, including the MERF division of the Public  
 48.31 Employees Retirement Association;
- 48.32 (8) the public employees police and fire plan of the Public Employees Retirement  
 48.33 Association, established by chapter 353;
- 48.34 (9) the local government correctional service retirement plan of the Public  
 48.35 Employees Retirement Association, established by chapter 353E;



49.1 (10) the Teachers Retirement Association, established by chapter 354;  
49.2 ~~(11) the Duluth Teachers Retirement Fund Association, established by chapter 354A;~~  
49.3 ~~(12)~~ (11) the St. Paul Teachers Retirement Fund Association, established by chapter  
49.4 354A; and  
49.5 ~~(13)~~ (12) the judges retirement fund, established by chapter 490.

49.6 Sec. 39. Minnesota Statutes 2012, section 356.32, subdivision 2, is amended to read:

49.7 Subd. 2. **Covered retirement plans.** The provisions of this section apply to the  
49.8 following retirement plans:

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

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

49.13 (3) the State Patrol retirement plan, established under chapter 352B;

49.14 (4) the general employees retirement plan of the Public Employees Retirement  
49.15 Association, established under chapter 353, including the MERF division of the Public  
49.16 Employees Retirement Association;

49.17 (5) the public employees police and fire plan of the Public Employees Retirement  
49.18 Association, established under chapter 353;

49.19 (6) the Teachers Retirement Association, established under chapter 354; and

49.20 ~~(7) the Duluth Teachers Retirement Fund Association, established under chapter~~  
49.21 ~~354A; and~~

49.22 ~~(8)~~ (7) the St. Paul Teachers Retirement Fund Association, established under chapter  
49.23 354A.

49.24 Sec. 40. Minnesota Statutes 2013 Supplement, section 356.401, subdivision 3, is  
49.25 amended to read:

49.26 Subd. 3. **Covered retirement plans.** The provisions of this section apply to the  
49.27 following retirement plans:

49.28 (1) the legislators retirement plan, established by chapter 3A, including constitutional  
49.29 officers as specified in that chapter;

49.30 (2) the general state employees retirement plan of the Minnesota State Retirement  
49.31 System, established by chapter 352;

49.32 (3) the correctional state employees retirement plan of the Minnesota State  
49.33 Retirement System, established by chapter 352;

49.34 (4) the State Patrol retirement plan, established by chapter 352B;

- 50.1 (5) the unclassified state employees retirement program, established by chapter 352D;
- 50.2 (6) the general employees retirement plan of the Public Employees Retirement
- 50.3 Association, established by chapter 353, including the MERF division of the Public
- 50.4 Employees Retirement Association;
- 50.5 (7) the public employees police and fire plan of the Public Employees Retirement
- 50.6 Association, established by chapter 353;
- 50.7 (8) the public employees defined contribution plan, established by chapter 353D;
- 50.8 (9) the local government correctional service retirement plan of the Public
- 50.9 Employees Retirement Association, established by chapter 353E;
- 50.10 (10) the voluntary statewide lump-sum volunteer firefighter retirement plan,
- 50.11 established by chapter 353G;
- 50.12 (11) the Teachers Retirement Association, established by chapter 354;
- 50.13 ~~(12) the Duluth Teachers Retirement Fund Association, established by chapter 354A;~~
- 50.14 ~~(13)~~ (12) the St. Paul Teachers Retirement Fund Association, established by chapter
- 50.15 354A;
- 50.16 ~~(14)~~ (13) the individual retirement account plan, established by chapter 354B;
- 50.17 ~~(15)~~ (14) the higher education supplemental retirement plan, established by chapter
- 50.18 354C; and
- 50.19 ~~(16)~~ (15) the judges retirement fund, established by chapter 490.

50.20 Sec. 41. Minnesota Statutes 2012, section 356.42, subdivision 3, is amended to read:

50.21 Subd. 3. **Covered retirement plans.** The postretirement adjustment provided in

50.22 this section applies to the following retirement funds:

- 50.23 (1) the general employees retirement plans of the Public Employees Retirement
- 50.24 Association;
- 50.25 (2) the public employees police and fire plan of the Public Employees Retirement
- 50.26 Association;
- 50.27 (3) the teachers retirement association;
- 50.28 (4) the State Patrol retirement plan;
- 50.29 (5) the state employees retirement plan of the Minnesota State Retirement System;
- 50.30 and
- 50.31 (6) the St. Paul Teachers Retirement Fund Association established under chapter
- 50.32 354A; and
- 50.33 ~~(7) the Duluth Teachers Retirement Fund Association established under chapter~~
- 50.34 ~~354A.~~

51.1 Sec. 42. Minnesota Statutes 2012, section 356.465, subdivision 3, is amended to read:

51.2 Subd. 3. **Covered retirement plans.** The provisions of this section apply to the  
51.3 following retirement plans:

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

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

51.8 (3) the State Patrol retirement plan established under chapter 352B;

51.9 (4) the legislators retirement plan established under chapter 3A;

51.10 (5) the judges retirement plan established under chapter 490;

51.11 (6) the general employees retirement plan of the Public Employees Retirement  
51.12 Association established under chapter 353, including the MERF division of the Public  
51.13 Employees Retirement Association;

51.14 (7) the public employees police and fire plan of the Public Employees Retirement  
51.15 Association established under chapter 353;

51.16 (8) the teachers retirement plan established under chapter 354;

51.17 ~~(9) the Duluth Teachers Retirement Fund Association established under chapter~~  
51.18 ~~354A;~~

51.19 ~~(10)~~ (9) the St. Paul Teachers Retirement Fund Association established under  
51.20 chapter 354A; and

51.21 ~~(11)~~ (10) the local government correctional service retirement plan of the Public  
51.22 Employees Retirement Association established under chapter 353E.

51.23 Sec. 43. Minnesota Statutes 2012, section 356.47, subdivision 3, is amended to read:

51.24 Subd. 3. **Payment.** (a) Beginning one year after the reemployment withholding  
51.25 period ends relating to the reemployment that gave rise to the limitation, and the filing of a  
51.26 written application, the retired member is entitled to the payment, in a lump sum, of the  
51.27 value of the person's amount under subdivision 2, plus annual compound interest. For the  
51.28 general state employees retirement plan, the correctional state employees retirement plan,  
51.29 the general employees retirement plan of the Public Employees Retirement Association,  
51.30 the public employees police and fire retirement plan, the local government correctional  
51.31 employees retirement plan, and the teachers retirement plan, the annual interest rate is  
51.32 six percent from the date on which the amount was deducted from the retirement annuity  
51.33 to the date of payment or until January 1, 2011, whichever is earlier, and no interest  
51.34 after January 1, 2011. ~~For the Duluth Teachers Retirement Fund Association, the annual~~  
51.35 ~~interest is six percent from the date on which the amount was deducted from the retirement~~

52.1 ~~annuity to the date of payment or until June 30, 2010, whichever is earlier, and with~~  
52.2 ~~no interest accrual after June 30, 2010.~~ For the St. Paul Teachers Retirement Fund  
52.3 Association, the annual interest is the rate of six percent from the date that the amount was  
52.4 deducted from the retirement annuity to the date of payment or June 30, 2011, whichever  
52.5 is earlier, and with no interest accrual after June 30, 2011.

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

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

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

52.21 Sec. 44. Minnesota Statutes 2012, section 356.99, subdivision 1, is amended to read:

52.22 Subdivision 1. **Definitions.** (a) For purposes of this section, the terms in paragraphs  
52.23 (b) to (e) have the meanings given them.

52.24 (b) "Chief administrative officer" means the person selected or elected by the  
52.25 governing board of a covered pension plan with primary responsibility to administer the  
52.26 covered pension plan, or that person's designee or representative.

52.27 (c) "Covered pension plan" means a plan enumerated in section 356.30, subdivision  
52.28 3, except clauses (3), (5), and (6).

52.29 (d) "Governing board" means the governing board of the Minnesota State Retirement  
52.30 System, the Public Employees Retirement Association, the Teachers Retirement  
52.31 Association, ~~the Duluth Teachers Retirement Fund Association,~~ or the St. Paul Teachers  
52.32 Retirement Fund Association.

52.33 (e) "Member" means an active plan member in a covered pension plan.

53.1 Sec. 45. Minnesota Statutes 2013 Supplement, section 423A.02, subdivision 3, is  
53.2 amended to read:

53.3 Subd. 3. **Reallocation of amortization state aid.** (a) Seventy percent of the  
53.4 difference between \$5,720,000 and the current year amortization aid distributed under  
53.5 subdivision 1 that is not distributed for any reason to a municipality must be distributed  
53.6 by the commissioner of revenue according to this paragraph. The commissioner shall  
53.7 distribute ~~50~~ 60 percent of the amounts derived under this paragraph to the Teachers  
53.8 Retirement Association, ~~ten percent to the Duluth Teachers Retirement Fund Association,~~  
53.9 and 40 percent to the St. Paul Teachers Retirement Fund Association to fund the unfunded  
53.10 actuarial accrued liabilities of the respective funds. These payments must be made on July  
53.11 15 each fiscal year. If the St. Paul Teachers Retirement Fund Association or the Duluth  
53.12 Teachers Retirement Fund Association becomes fully funded, the association's eligibility  
53.13 for its portion of this aid ceases. Amounts remaining in the undistributed balance account  
53.14 at the end of the biennium if aid eligibility ceases cancel to the general fund.

53.15 (b) In order to receive amortization aid under paragraph (a), before June 30 annually  
53.16 Independent School District No. 625, St. Paul, must make an additional contribution of  
53.17 \$800,000 each year to the St. Paul Teachers Retirement Fund Association.

53.18 (c) Thirty percent of the difference between \$5,720,000 and the current year  
53.19 amortization aid under subdivision 1a that is not distributed for any reason to a  
53.20 municipality must be distributed under section 69.021, subdivision 7, paragraph (d), as  
53.21 additional funding to support a minimum fire state aid amount for volunteer firefighter  
53.22 relief associations.

53.23 Sec. 46. **CONSOLIDATION OF THE DULUTH TEACHERS RETIREMENT**  
53.24 **FUND ASSOCIATION.**

53.25 Subdivision 1. **Membership transfer.** All active, inactive, and retired members  
53.26 of the Duluth Teachers Retirement Fund Association are transferred to the Teachers  
53.27 Retirement Association and are no longer members of the Duluth Teachers Retirement  
53.28 Fund Association as of July 1, 2015.

53.29 Subd. 2. **Teachers Retirement Association membership.** A person first hired as a  
53.30 teacher by Independent School District No. 709, Duluth, after June 30, 2015, and who is a  
53.31 teacher as defined in Minnesota Statutes, section 354.05, subdivision 2, is a member of the  
53.32 Teachers Retirement Association for the person's subsequent teaching service.

53.33 Subd. 3. **Service credit and liability transfer.** All allowable service and salary  
53.34 credit of the members and other individuals transferred under subdivision 1 as specified

54.1 in the records of the Duluth Teachers Retirement Fund Association as of June 30, 2015,  
54.2 is allowable service credit under Minnesota Statutes, section 354.05, subdivision 13,  
54.3 formula service credit under Minnesota Statutes, section 354.05, subdivision 25, and  
54.4 salary credit under Minnesota Statutes, section 354.05, subdivision 35, for the Teachers  
54.5 Retirement Association.

54.6 Subd. 4. **Transfer of records.** On or before June 30, 2015, the chief administrative  
54.7 officer of the Duluth Teachers Retirement Fund Association shall transfer all records and  
54.8 documents relating to the funds and the benefit plans of the association to the executive  
54.9 director of the Teachers Retirement Association. To the extent possible, original copies of  
54.10 all records and documents must be transferred.

54.11 Subd. 5. **Transfer of assets.** (a) On or before December 31, 2014, the chief  
54.12 administrative officer of the Duluth Teachers Retirement Fund Association shall transfer  
54.13 to the State Board of Investment for investment under section 11A.14, the entire assets of  
54.14 the special retirement fund, except for direct real estate holdings, of the Duluth Teachers  
54.15 Retirement Fund Association.

54.16 (b) By August 1, 2014, the chief administrative officer of the Duluth Teachers  
54.17 Retirement Fund Association must provide to the State Board of Investment a list of  
54.18 assets that are intended to be transferred.

54.19 (c) The executive director of the State Board of Investment shall review the assets  
54.20 and determine which assets are not in compliance with the requirements and limitations  
54.21 set forth in 11A.09, 11A.14, 11A.23 and 11A.24 or are not appropriate for retention  
54.22 under the established investment objectives of the State Board of Investment. Within 30  
54.23 days of the date on which the asset transfer occurred, the executive director of the State  
54.24 Board of Investment shall provide the chief administrative officer of the Duluth Teachers  
54.25 Retirement Fund Association with a list of assets that are acceptable for transfer and a list  
54.26 of assets that are noncompliant or inappropriate. Acceptable assets, including cash, must  
54.27 be transferred at market value, and transfers may begin upon the transfer of legal title and  
54.28 notification by the chief administrative officer of the Duluth Teachers Retirement Fund  
54.29 Association to the State Board of Investment.

54.30 (d) Assets deemed to be noncompliant or inappropriate must be retained by the  
54.31 Duluth Teachers Retirement Fund Association. Within 30 days of receipt of the list of  
54.32 noncompliant or inappropriate assets, the chief administrative officer of the Duluth  
54.33 Teachers Retirement Fund Association must provide the executive director of the State  
54.34 Board of Investment with evidence that the chief administrative officer of the Duluth

55.1 Teachers Retirement Fund Association is taking action to convert noncompliant or  
55.2 inappropriate assets to acceptable assets.

55.3 (e) Beginning January 1, 2015, the executive director of the State Board of  
55.4 Investment is authorized to direct the process of transferring legal title of assets for which  
55.5 such change is deemed necessary.

55.6 (f) On June 30, 2015, the remaining assets of the special retirement fund of the Duluth  
55.7 Teachers Retirement Fund Association are transferred to the State Board of Investment  
55.8 at market values determined by the executive director of the State Board of Investment.  
55.9 Legal title to transferred assets vests with the State Board of Investment on behalf of  
55.10 the Teachers Retirement Association. The transfer of the assets of the Duluth Teachers  
55.11 Retirement Fund Association special retirement fund must include any investment related  
55.12 accounts receivable that are determined by the executive director of the State Board of  
55.13 Investment as reasonably capable of being collected and any non-investment related  
55.14 accounts receivable that are determined by the executive director of Teachers Retirement  
55.15 Association as reasonably capable of being collected. Legal title to accounts receivable  
55.16 that are determined as not reasonably capable of being collected transfers to Independent  
55.17 School District No. 709, Duluth, as of the date of the determination of the executive  
55.18 director of the State Board of Investment and the executive director of Teachers Retirement  
55.19 Association. If the accounts receivable transferred to Independent School District No.  
55.20 709, Duluth, are subsequently recovered by the school district, the superintendent of  
55.21 Independent School District No. 709, Duluth, shall transfer the recovered amount to the  
55.22 executive director of Teachers Retirement Association, in cash, for deposit in the teachers  
55.23 retirement fund, less the reasonable expenses of the school district related to the recovery.  
55.24 If the board of trustees of the Duluth Teachers Retirement Fund Association establishes a  
55.25 liquidating trust and deposits any of the retirement fund association assets in that trust  
55.26 or if the legislative auditor determines that the transferred assets were in an amount less  
55.27 than the full assets of the retirement fund association other than assets in the tax sheltered  
55.28 annuity program on the date of transfer as specified in paragraph (g), the amount of any  
55.29 untransferred assets are a claim against the state aid otherwise payable to Independent  
55.30 School District No. 709, Duluth, payable by the commissioner of management and budget  
55.31 upon request by the executive director of the Teachers Retirement Association.

55.32 (g) As of June 30, 2015, assets of the special retirement fund, except for direct real  
55.33 estate holdings, of the Duluth Teachers Retirement Fund Association are assets of the  
55.34 Teachers Retirement Association to be invested by the State Board of Investment under  
55.35 Minnesota Statutes, section 354.07, subdivision 4.

56.1            **Subd. 6. Termination of Duluth Teachers Retirement Fund Association special**  
56.2 **retirement fund.** (a) As of June 30, 2015, the Duluth Teachers Retirement Fund  
56.3 Association as a public retirement plan and its special retirement fund ceases to exist.  
56.4            (b) Contracts, records, and obligations of the Duluth Teachers Retirement Fund  
56.5 Association special retirement fund existing at the time of consolidation with the Teachers  
56.6 Retirement Association are transferred to the Teachers Retirement Association under  
56.7 Minnesota Statutes, section 15.039, subdivisions 5 and 5a, except that contracts, records,  
56.8 and obligations of the Duluth Teachers Retirement Fund Association special retirement  
56.9 fund related to investment and safekeeping of assets are transferred to the State Board of  
56.10 Investment pursuant to the provisions of Minnesota Statutes, section 15.039, subdivisions  
56.11 5 and 5a. The State Board of Investment has the authority to pay the investment-related  
56.12 liabilities and obligations from the assets transferred from the Duluth Teachers Retirement  
56.13 Fund Association incurred by the Teachers Retirement Association. The legislative  
56.14 auditor shall audit the Duluth Teachers Retirement Fund Association for the fiscal year  
56.15 ending June 30, 2015, as part of the Teachers Retirement Association board's annual  
56.16 financial reporting requirements under Minnesota Statutes, section 356.20. The board of  
56.17 trustees of the Teachers Retirement Association may authorize and contract with either the  
56.18 legislative auditor or the state auditor to perform other audit services. Between April 1,  
56.19 2015, and June 30, 2015, the Duluth Teachers Retirement Fund Association cannot incur a  
56.20 new or additional enforceable contractual liability or obligation without approval of the  
56.21 executive director of the Teachers Retirement Association.

56.22            **Sec. 47. DULUTH TEACHERS RETIREMENT FUND ASSOCIATION**  
56.23 **EMPLOYEES.**

56.24            Effective June 30, 2015, the employees of the Duluth Teachers Retirement Fund  
56.25 Association have their employment with the Duluth Teachers Retirement Fund Association  
56.26 terminated and, effective July 1, 2015, unless the former employee elects otherwise,  
56.27 the Duluth Teachers Retirement Fund Association employees, excluding the Executive  
56.28 Director, become employees of the Teachers Retirement Association. The commissioner  
56.29 of Minnesota management and budget shall place employees from the former Duluth  
56.30 Teachers Retirement Fund Association into state service in their proper classifications,  
56.31 except that employees are appointed without examination and must be compensated at no  
56.32 less than their current hourly salary rate. Employees must have their accumulated, but  
56.33 unused, vacation leave balance as of June 30, 2015, posted to their credit by the Teachers  
56.34 Retirement Association, but if the employee has vacation time in excess of the applicable  
56.35 maximum, no additional vacation may accrue until the employee's balance falls below



57.1 the maximum permitted by the state for the employee's position. The employees must  
57.2 receive length of service credit for vacation leave accrual for time served at the Duluth  
57.3 Teachers Retirement Fund Association. Duluth Teachers Retirement Fund Association  
57.4 employees who become employees of the Teachers Retirement Association effective on  
57.5 July 1, 2015, must be considered to have completed six months of continuous service  
57.6 for vacation use purposes. Employees of the former Duluth Teachers Retirement Fund  
57.7 Association appointed to the classified service are subject to a probationary period under  
57.8 the collective bargaining agreement or compensation plan applicable to the employee's  
57.9 position at the Teachers Retirement Association. Effective July 1, 2015, all transferred  
57.10 employees must be enrolled in the state employees' group insurance program as provided  
57.11 in Minnesota Statutes, sections 43A.22 to 43A.31, and the commissioner of Minnesota  
57.12 management and budget shall provide open enrollment in all state employee health and  
57.13 dental insurance plans with no limitation on preexisting conditions except as specified  
57.14 in existing state employee certificates of coverage. The commissioner of Minnesota  
57.15 management and budget shall provide these transferred employees with the opportunity to  
57.16 purchase optional life and disability insurance as provided by the state group insurance  
57.17 program in accordance with the policies of Minnesota management and budget.

57.18 Sec. 48. **REPEALER.**

57.19 (a) Minnesota Statutes 2012, sections 354A.021, subdivision 5; 354A.108; 354A.24;  
57.20 and 354A.27, subdivision 5, are repealed.

57.21 (b) Minnesota Statutes 2013 Supplement, sections 354A.27, subdivisions 6a and 7;  
57.22 and 354A.31, subdivision 4a, are repealed.

57.23 Sec. 49. **EFFECTIVE DATE.**

57.24 (a) Section 46, subdivision 5, is effective October 1, 2014. Sections 1 to 14, 16 to  
57.25 45, 46, subdivisions 1 to 4 and 6, 47, and 48 are effective June 30, 2015, if the following  
57.26 approve the consolidation provisions before October 1, 2014:

- 57.27 (1) the board of trustees of the Duluth Teachers Retirement Fund Association;  
57.28 (2) the membership of the Duluth Teachers Retirement Fund Association; and  
57.29 (3) the board of trustees of the Teachers Retirement Association.

57.30 (b) An approval under paragraph (a) must be provided in a timely manner in  
57.31 compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3, to the secretary  
57.32 of state, the state auditor, the legislative auditor, and the revisor of statutes by the chief  
57.33 administrative officer of the Duluth Teachers Retirement Fund Association for an approval  
57.34 under paragraph (a) by the board of trustees of the Duluth Teachers Retirement Fund

58.1 Association or by the membership of the Duluth Teachers Retirement Fund Association and  
 58.2 by the chief administrative officer of the Teachers Retirement Association for an approval  
 58.3 under paragraph (a) by the board of trustees of the Teachers Retirement Association.

58.4 **ARTICLE 5**

58.5 **FIRST CLASS CITY TEACHER RETIREMENT FUND**  
 58.6 **ASSOCIATION CHANGES**

58.7 Section 1. Minnesota Statutes 2013 Supplement, section 354A.12, subdivision 3a,  
 58.8 is amended to read:

58.9 Subd. 3a. **Special Direct state aid to first class city teachers retirement fund**  
 58.10 **associations.** (a) The state shall pay \$346,000 as special direct state aid to the Duluth  
 58.11 Teachers Retirement Fund Association and \$2,827,000 to the St. Paul Teachers Retirement  
 58.12 Fund Association.

58.13 (b) In addition to other amounts specified in this subdivision, the state shall pay  
 58.14 \$7,000,000 as state aid to the St. Paul Teachers Retirement Fund Association.

58.15 ~~(b)~~ (c) The aids under this subdivision are payable October 1 annually. The  
 58.16 commissioner of management and budget shall pay the aids specified in this subdivision.  
 58.17 The amounts required are appropriated annually from the general fund to the commissioner  
 58.18 of management and budget.

58.19 **EFFECTIVE DATE.** This section is effective September 30, 2015.

58.20 Sec. 2. Minnesota Statutes 2013 Supplement, section 354A.12, subdivision 3c, is  
 58.21 amended to read:

58.22 Subd. 3c. **Termination of supplemental contributions and direct matching**  
 58.23 **and state aid.** (a) The supplemental contributions payable to the St. Paul Teachers  
 58.24 Retirement Fund Association by Independent School District No. 625 under section  
 58.25 423A.02, subdivision 3, and all forms of state aid under subdivision 3a to the St. Paul  
 58.26 Teachers Retirement Fund Association must continue until the current assets of the fund  
 58.27 equal or exceed the actuarial accrued liability of the fund as determined in the most recent  
 58.28 actuarial report for the fund by the actuary retained under section 356.214 or until ~~June~~  
 58.29 ~~30, 2037~~ the established date for full funding under section 356.215, subdivision 11,  
 58.30 whichever occurs earlier.

58.31 (b) The aid to the Duluth Teachers Retirement Fund Association under section  
 58.32 423A.02, subdivision 3, and all forms of state aid under subdivision 3a to the Duluth  
 58.33 Teachers Retirement Fund Association must continue until the current assets of the fund  
 58.34 equal or exceed the actuarial accrued liability of the fund as determined in the most

59.1 recent actuarial report for the fund by the actuary retained under section 356.214 or until  
59.2 the established date for full funding under section 356.215, subdivision 11, whichever  
59.3 occurs earlier.

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

59.5 Sec. 3. Minnesota Statutes 2012, section 356.215, subdivision 11, is amended to read:

59.6 Subd. 11. **Amortization contributions.** (a) In addition to the exhibit indicating  
59.7 the level normal cost, the actuarial valuation of the retirement plan must contain an  
59.8 exhibit for financial reporting purposes indicating the additional annual contribution  
59.9 sufficient to amortize the unfunded actuarial accrued liability and must contain an exhibit  
59.10 for contribution determination purposes indicating the additional contribution sufficient  
59.11 to amortize the unfunded actuarial accrued liability. For the retirement plans listed in  
59.12 subdivision 8, paragraph (c), but excluding the MERF division of the Public Employees  
59.13 Retirement Association and the legislators retirement plan, the additional contribution  
59.14 must be calculated on a level percentage of covered payroll basis by the established  
59.15 date for full funding in effect when the valuation is prepared, assuming annual payroll  
59.16 growth at the applicable percentage rate set forth in subdivision 8, paragraph (c). For all  
59.17 other retirement plans and for the MERF division of the Public Employees Retirement  
59.18 Association and the legislators retirement plan, the additional annual contribution must be  
59.19 calculated on a level annual dollar amount basis.

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

59.30 (c) For any retirement plan other than the general employees retirement plan of the  
59.31 Public Employees Retirement Association, if there has been a change in any or all of the  
59.32 actuarial assumptions used for calculating the actuarial accrued liability of the fund, a  
59.33 change in the benefit plan governing annuities and benefits payable from the fund, a  
59.34 change in the actuarial cost method used in calculating the actuarial accrued liability of all  
59.35 or a portion of the fund, or a combination of the three, and the change or changes, by itself

60.1 or by themselves and without inclusion of any other items of increase or decrease, produce  
60.2 a net increase in the unfunded actuarial accrued liability in the fund, the established date  
60.3 for full funding must be determined using the following procedure:

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

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

60.11 (iii) the unfunded actuarial accrued liability of the fund must be determined in  
60.12 accordance with any new plan provisions governing annuities and benefits payable from  
60.13 the fund and any new actuarial assumptions and the remaining plan provisions governing  
60.14 annuities and benefits payable from the fund and actuarial assumptions in effect before  
60.15 the change;

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

60.22 (v) the level annual dollar or level percentage amortization contribution under item  
60.23 (iv) must be added to the level annual dollar amortization contribution or level percentage  
60.24 calculated under item (ii);

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

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

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

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

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

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

61.9 (h) For the judges retirement plan, the established date for full funding is June  
61.10 30, 2038.

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

61.13 (j) For the St. Paul Teachers Retirement Fund Association, the established date for  
61.14 full funding is June 30 ~~of the 25th year from the valuation date,~~ 2042. In addition to  
61.15 other requirements of this chapter, the annual actuarial valuation must contain an exhibit  
61.16 indicating the funded ratio and the deficiency or sufficiency in annual contributions when  
61.17 comparing liabilities to the market value of the assets of the fund as of the close of the  
61.18 most recent fiscal year.

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

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

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

## 61.28 **ARTICLE 6**

### 61.29 **MNSCU-RELATED PROVISIONS**

61.30 Section 1. Minnesota Statutes 2012, section 136F.481, is amended to read:

#### 61.31 **136F.481 EARLY SEPARATION INCENTIVE PROGRAM.**

61.32 (a) Notwithstanding any provision of law to the contrary, the Board of Trustees  
61.33 of the Minnesota State Colleges and Universities may offer a targeted early separation  
61.34 incentive program for its employees.

61.35 (b) The early separation incentive program may include one or both of the following:

62.1 (1) cash incentives, not to exceed one year of base salary; or  
 62.2 (2) employer contributions to the postretirement healthcare savings plan established  
 62.3 under section 352.98.

62.4 (c) To be eligible to receive an incentive, an employee must be at least age 55  
 62.5 and must have at least five years of employment by the Minnesota State Colleges and  
 62.6 Universities System. The board of trustees shall establish and periodically revise the  
 62.7 eligibility requirements for system employees to receive an incentive. The board of  
 62.8 trustees shall file a copy of its proposed revised eligibility requirements with the chairs  
 62.9 and ranking members of the senate committee ~~on~~ with higher education within its  
 62.10 jurisdiction and the Higher Education budget and Policy senate finance division of the  
 62.11 ~~senate Committee on Finance~~ with higher education within its jurisdiction and with the  
 62.12 chair and ranking members of the ~~Higher Education and Workforce Development Finance~~  
 62.13 ~~and Policy Division of the Finance~~ committee ~~of~~ in the house of representatives with  
 62.14 higher education within its jurisdiction and of the house of representatives Committee  
 62.15 on Ways and Means, at least 30 days before ~~their~~ the final adoption of the proposed  
 62.16 revised eligibility requirements by the board of trustees, shall post the same document  
 62.17 on the system Web site at the same time, and shall hold a public hearing on the proposed  
 62.18 eligibility requirements. The type and any additional amount of the incentive to be offered  
 62.19 may vary by employee classification, as specified by the board.

62.20 (d) The president of a college or university, consistent with paragraphs (b) and  
 62.21 (c), may designate:

62.22 (1) specific departments or programs at the college or university whose employees  
 62.23 are eligible to be offered the incentive program; or

62.24 (2) positions at the college or university eligible to be offered the incentive program.

62.25 (e) The chancellor, consistent with paragraphs (b) and (c), may designate:

62.26 (1) system office divisions whose employees are eligible to be offered the incentive  
 62.27 program; or

62.28 (2) positions at the system office eligible to be offered the incentive program.

62.29 (f) Acceptance of the offered incentive must be voluntary on the part of the employee  
 62.30 and must be in writing. The incentive may only be offered at the sole discretion of the  
 62.31 president of the applicable college or university.

62.32 (g) A decision by the president of a college or university or by the chancellor not to  
 62.33 offer an incentive may not be challenged.

62.34 (h) The cost of the incentive is payable by the college or university on whose behalf  
 62.35 the president offered the incentive or from the system office budget if the chancellor offered  
 62.36 the incentive. If a college or university is merged, the remaining cost of any early separation

63.1 incentive must be borne by the successor institution. If a college or university is closed,  
63.2 the remaining cost of any early separation incentive must be borne by the board of trustees.

63.3 (i) Annually, the chancellor and the president of each college or university must  
63.4 report on the number and types of early separation incentives which were offered and  
63.5 utilized under this section. The report must be filed annually with the board of trustees and  
63.6 with the Legislative Reference Library on or before September 1.

63.7 (j) The early retirement incentive authority under this section expires on June 30,  
63.8 2019.

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

63.10 Sec. 2. Minnesota Statutes 2012, section 352.1155, subdivision 1, is amended to read:

63.11 Subdivision 1. **Eligibility.** Except as indicated in subdivision 4, the annuity  
63.12 reduction provisions of section 352.115, subdivision 10, do not apply to a person who:

63.13 (1) retires from the Minnesota State Colleges and Universities system with at least  
63.14 ten years of combined service credit in a system under the jurisdiction of the Board of  
63.15 Trustees of the Minnesota State Colleges and Universities;

63.16 (2) was employed on a full-time basis immediately preceding retirement as a faculty  
63.17 member or as an unclassified administrator in that system;

63.18 (3) was not a recipient of an early retirement incentive under section 136F.481;

63.19 ~~(3)~~ (4) begins drawing an annuity from the general state employees retirement plan  
63.20 of the Minnesota State Retirement System; and

63.21 ~~(4)~~ (5) returns to work on not less than a one-third time basis and not more than a  
63.22 two-thirds time basis in the system from which the person retired under an agreement in  
63.23 which the person may not earn a salary of more than ~~\$46,000~~ \$62,000 in a calendar year  
63.24 ~~from~~ through employment after retirement in the system from which the person retired.

63.25 **EFFECTIVE DATE.** This section is effective July 1, 2014.

63.26 Sec. 3. Minnesota Statutes 2012, section 352.1155, subdivision 4, is amended to read:

63.27 Subd. 4. **Exemption limit.** For a person eligible under this section who earns more  
63.28 than ~~\$46,000~~ \$62,000 in a calendar year ~~from~~ through reemployment in the Minnesota  
63.29 State Colleges and Universities system following retirement, the annuity reduction  
63.30 provisions of section 352.115, subdivision 10, apply only to income over ~~\$46,000~~ \$62,000.

63.31 **EFFECTIVE DATE.** This section is effective July 1, 2014.

63.32 Sec. 4. Minnesota Statutes 2012, section 354.445, is amended to read:

64.1 **354.445 NO ANNUITY REDUCTION.**

64.2 (a) The annuity reduction provisions of section 354.44, subdivision 5, do not apply  
64.3 to a person who:

64.4 (1) retires from the Minnesota State Colleges and Universities system with at least  
64.5 ten years of combined service credit in a system under the jurisdiction of the Board of  
64.6 Trustees of the Minnesota State Colleges and Universities;

64.7 (2) was employed on a full-time basis immediately preceding retirement as a faculty  
64.8 member or as an unclassified administrator in that system;

64.9 (3) was not a recipient of an early retirement incentive under section 136F.481;

64.10 ~~(3)~~ (4) begins drawing an annuity from the teachers retirement association; and

64.11 ~~(4)~~ (5) returns to work on not less than a one-third time basis and not more than a  
64.12 two-thirds time basis in the system from which the person retired under an agreement in  
64.13 which the person may not earn a salary of more than ~~\$46,000~~ \$62,000 in a calendar year  
64.14 ~~from~~ through employment after retirement in the system from which the person retired.

64.15 (b) Initial participation, the amount of time worked, and the duration of participation  
64.16 under this section must be mutually agreed upon by the president of the institution where  
64.17 the person returns to work and the employee. The president may require up to one-year  
64.18 notice of intent to participate in the program as a condition of participation under this  
64.19 section. The president shall determine the time of year the employee shall work. The  
64.20 employer or the president may not require a person to waive any rights under a collective  
64.21 bargaining agreement as a condition of participation under this section.

64.22 (c) Notwithstanding any law to the contrary, a person eligible under paragraphs (a)  
64.23 and (b) may not, based on employment to which the waiver in this section applies, earn  
64.24 further service credit in a Minnesota public defined benefit plan and is not eligible to  
64.25 participate in a Minnesota public defined contribution plan, other than a volunteer fire plan  
64.26 governed by chapter 424A. No employer or employee contribution to any of these plans  
64.27 may be made on behalf of such a person.

64.28 (d) For a person eligible under paragraphs (a) and (b) who earns more than ~~\$46,000~~  
64.29 \$62,000 in a calendar year ~~from~~ employment after retirement due to employment by the  
64.30 Minnesota state colleges and universities system, the annuity reduction provisions of  
64.31 section 354.44, subdivision 5, apply only to income over ~~\$46,000~~ \$62,000.

64.32 (e) A person who returns to work under this section is a member of the appropriate  
64.33 bargaining unit and is covered by the appropriate collective bargaining contract. Except  
64.34 as provided in this section, the person's coverage is subject to any part of the contract  
64.35 limiting rights of part-time employees.

64.36 **EFFECTIVE DATE.** This section is effective July 1, 2014.



65.1 Sec. 5. Minnesota Statutes 2012, section 354A.31, subdivision 3a, is amended to read:

65.2 Subd. 3a. **No annuity reduction.** (a) The annuity reduction provisions of  
65.3 subdivision 3 do not apply to a person who:

65.4 (1) retires from the technical college system with at least ten years of service credit  
65.5 in the system from which the person retires;

65.6 (2) was employed on a full-time basis immediately preceding retirement as a  
65.7 technical college faculty member;

65.8 (3) was not a recipient of an early retirement incentive under section 136F.481;

65.9 ~~(3)~~ (4) begins drawing an annuity from a first class city teachers retirement  
65.10 association; and

65.11 ~~(4)~~ (5) returns to work on not less than a one-third time basis and not more than a  
65.12 two-thirds time basis in the technical college system under an agreement in which the  
65.13 person may not earn a salary of more than ~~\$46,000~~ \$62,000 in a calendar year ~~from~~  
65.14 through the technical college system.

65.15 (b) Initial participation, the amount of time worked, and the duration of participation  
65.16 under this section must be mutually agreed upon by the employer and the employee. The  
65.17 employer may require up to a one-year notice of intent to participate in the program as a  
65.18 condition of participation under this section. The employer shall determine the time  
65.19 of year the employee shall work.

65.20 (c) Notwithstanding any law to the contrary, a person eligible under paragraphs  
65.21 (a) and (b) may not earn further service credit in a first class city teachers retirement  
65.22 association and is not eligible to participate in the individual retirement account plan or  
65.23 the supplemental retirement plan established in chapter 354B as a result of service under  
65.24 this section. No employer or employee contribution to any of these plans may be made on  
65.25 behalf of such a person.

65.26 **EFFECTIVE DATE.** This section is effective July 1, 2014.

65.27 Sec. 6. Minnesota Statutes 2012, section 354B.21, subdivision 2, is amended to read:

65.28 Subd. 2. **Coverage; election.** (a) An eligible person employed by the board has  
65.29 the default coverage specified in subdivision 3, or other subdivisions of this section,  
65.30 whichever is applicable, and retains that coverage for the period of covered employment  
65.31 unless a timely election to change that coverage is made as specified in this section.

65.32 (b) An eligible person under subdivision 3, paragraph (b) or (c), is authorized to elect  
65.33 prospective Teachers Retirement Association plan coverage.

65.34 (c) An eligible person under subdivision 3, paragraph (d), is authorized to elect  
65.35 prospective coverage by the plan established by this chapter.

66.1 (d) The election under paragraph (a) must be made within one year of commencing  
66.2 eligible Minnesota State Colleges and Universities system employment. If an election  
66.3 is not made within the specified election period due to a termination of Minnesota State  
66.4 Colleges and Universities system employment, an election may be made within 90 days  
66.5 of returning to eligible Minnesota State Colleges and Universities system employment.  
66.6 Except as specified in paragraph (f), all elections are irrevocable.

66.7 (e) Except as provided in paragraph (f), a purchase of service credit in the Teachers  
66.8 Retirement Association plan for any period or periods of Minnesota State Colleges  
66.9 and Universities system employment occurring before the election under this section  
66.10 is prohibited.

66.11 (f) Notwithstanding other paragraphs in this subdivision, a faculty member who  
66.12 is a member of the individual retirement account plan may elect to transfer retirement  
66.13 coverage to the teachers retirement plan within one year of the faculty member first  
66.14 achieving tenure or its equivalent at a Minnesota state college or university. The faculty  
66.15 member electing Teachers Retirement Association coverage under this paragraph must  
66.16 purchase service credit in the Teachers Retirement Association for the entire period of  
66.17 time covered under the individual retirement account plan and the purchase payment  
66.18 amount must be determined under section 356.551. The Teachers Retirement Association  
66.19 may charge a faculty member transferring coverage a reasonable fee to cover the costs  
66.20 associated with computing the actuarial cost of purchasing service credit and making the  
66.21 transfer. A faculty member transferring from the individual retirement account plan to the  
66.22 Teachers Retirement Association may use any balances to the credit of the faculty member  
66.23 in the individual retirement account plan, any balances to the credit of the faculty member  
66.24 in the higher education supplemental retirement plan established under chapter 354C, or  
66.25 any source specified in section 356.441, subdivision 1, to purchase the service credit in the  
66.26 Teachers Retirement Association. If the total amount of payments under this paragraph are  
66.27 less than the total purchase payment amount under section 356.551, the payment amounts  
66.28 must be refunded to the applicable source. ~~The retirement coverage transfer and service  
66.29 credit purchase authority under this paragraph expires with respect to any Minnesota State  
66.30 Colleges and Universities System faculty initially hired after June 30, 2014.~~

66.31 **EFFECTIVE DATE.** This section is effective July 1, 2014.

66.32 Sec. 7. Laws 2009, chapter 169, article 6, section 1, the effective date, is amended to  
66.33 read:

67.1 **EFFECTIVE DATE; SUNSET.** This section is effective the day following final  
 67.2 enactment ~~and expires June 30, 2014.~~

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

67.4 **ARTICLE 7**

67.5 **POLICE AND FIREFIGHTER PENSION CHANGES**

67.6 Section 1. Minnesota Statutes 2012, section 353.6511, subdivision 7, is amended to read:

67.7 Subd. 7. **Postretirement adjustments.** Effective January 1, 2012, service pensions  
 67.8 and survivor benefits in force are entitled to be recomputed with the number of units  
 67.9 specified in subdivision 2, subdivision 4, and subdivision 6. Optional annuities under  
 67.10 Minnesota Statutes 2010, section 423C.05, subdivision 8, also are entitled to be recomputed  
 67.11 as the actuarial equivalent of the service pensions and survivor benefits with the number of  
 67.12 units specified in subdivision 2, subdivision 4, and subdivision 6. Retirement annuities,  
 67.13 service pensions, disability benefits, and survivor benefits after December 31, 2015, are  
 67.14 eligible for postretirement adjustments under section 356.415, subdivision 1c. The unit  
 67.15 value for the calculation of a retirement annuity first payable after December 31, 2015, is  
 67.16 the calendar year 2015 unit value, plus any annual postretirement adjustment percentage  
 67.17 amount payable after December 31, 2015, under section 356.415, subdivision 1c, ~~payable~~  
 67.18 ~~after December 31, 2015, and before the date of retirement~~ paragraph (a), clause (1), or,  
 67.19 when applicable, under section 356.415, subdivision 1c, paragraph (b), clause (1).

67.20 Sec. 2. Minnesota Statutes 2012, section 353.6512, subdivision 7, is amended to read:

67.21 Subd. 7. **Postretirement adjustments.** Retirement annuities, service pensions,  
 67.22 disability benefits, and survivor benefits after December 31, 2015, are eligible for  
 67.23 postretirement adjustments under section 356.415, subdivision 1c. The unit value for the  
 67.24 calculation of a retirement annuity first payable after December 31, 2015, is the calendar  
 67.25 year 2015 unit value, plus any annual postretirement adjustment percentage amount  
 67.26 payable after December 31, 2015, under section 356.415, subdivision 1c, ~~payable after~~  
 67.27 ~~December 31, 2015, and before the date of retirement~~ paragraph (a), clause (1), or, when  
 67.28 applicable, under section 356.415, subdivision 1c, paragraph (b), clause (1).

67.29 Sec. 3. Minnesota Statutes 2013 Supplement, section 423A.02, subdivision 3, is  
 67.30 amended to read:

67.31 Subd. 3. **Reallocation of amortization state aid.** (a) Seventy percent of the  
 67.32 difference between \$5,720,000 and the current year amortization aid distributed under  
 67.33 subdivision 1 that is not distributed for any reason to a municipality must be distributed

68.1 by the commissioner of revenue according to this paragraph. The commissioner shall  
68.2 distribute 50 percent of the amounts derived under this paragraph to the Teachers  
68.3 Retirement Association, ten percent to the Duluth Teachers Retirement Fund Association,  
68.4 and 40 percent to the St. Paul Teachers Retirement Fund Association to fund the unfunded  
68.5 actuarial accrued liabilities of the respective funds. These payments must be made on July  
68.6 15 each fiscal year. If the St. Paul Teachers Retirement Fund Association or the Duluth  
68.7 Teachers Retirement Fund Association becomes fully funded, the association's eligibility  
68.8 for its portion of this aid ceases. Amounts remaining in the undistributed balance account  
68.9 at the end of the biennium if aid eligibility ceases cancel to the general fund.

68.10 (b) In order to receive amortization aid under paragraph (a), before June 30 annually  
68.11 Independent School District No. 625, St. Paul, must make an additional contribution of  
68.12 \$800,000 each year to the St. Paul Teachers Retirement Fund Association.

68.13 (c) Thirty percent of the difference between \$5,720,000 and the current year  
68.14 amortization aid under subdivision ~~1a~~ 1 that is not distributed for any reason to a  
68.15 municipality must be distributed under section 69.021, subdivision 7, paragraph (d), as  
68.16 additional funding to support a minimum fire state aid amount for volunteer firefighter  
68.17 relief associations.

68.18 **EFFECTIVE DATE.** This section is effective retroactively from July 1, 2013.

68.19 Sec. 4. Minnesota Statutes 2013 Supplement, section 423A.022, subdivision 2, is  
68.20 amended to read:

68.21 Subd. 2. **Allocation.** (a) Of the total amount appropriated as supplemental state aid:

68.22 (1) ~~58.065~~ 58.064 percent must be paid to the executive director of the Public  
68.23 Employees Retirement Association for deposit in the public employees police and fire  
68.24 retirement fund established by section 353.65, subdivision 1;

68.25 (2) 35.484 percent must be paid to municipalities other than municipalities solely  
68.26 employing firefighters with retirement coverage provided by the public employees police  
68.27 and fire retirement plan which qualified to receive fire state aid in that calendar year,  
68.28 allocated in proportion to the most recent amount of fire state aid paid under section  
68.29 69.021, subdivision 7, for the municipality bears to the most recent total fire state aid  
68.30 for all municipalities other than the municipalities solely employing firefighters with  
68.31 retirement coverage provided by the public employees police and fire retirement plan  
68.32 paid under section 69.021, subdivision 7, with the allocated amount for fire departments  
68.33 participating in the voluntary statewide lump-sum volunteer firefighter retirement plan  
68.34 paid to the executive director of the Public Employees Retirement Association for deposit  
68.35 in the fund established by section 353G.02, subdivision 3, and credited to the respective

69.1 account and with the balance paid to the treasurer of each municipality for transmittal  
 69.2 within 30 days of receipt to the treasurer of the applicable volunteer firefighter relief  
 69.3 association for deposit in its special fund; and

69.4 (3) 6.452 percent must be paid to the executive director of the Minnesota State  
 69.5 Retirement System for deposit in the state patrol retirement fund.

69.6 (b) For purposes of this section, the term "municipalities" includes independent  
 69.7 nonprofit firefighting corporations with subsidiary volunteer firefighter relief associations  
 69.8 operating under chapter 424A.

69.9 **EFFECTIVE DATE.** This section is effective retroactively from July 1, 2013.

69.10 Sec. 5. Minnesota Statutes 2013 Supplement, section 423A.022, subdivision 3, is  
 69.11 amended to read:

69.12 Subd. 3. **Reporting; definitions.** (a) On or before September 1, annually, the  
 69.13 executive director of the Public Employees Retirement Association shall report to the  
 69.14 commissioner of revenue the following:

69.15 (1) the municipalities which employ firefighters with retirement coverage by the  
 69.16 public employees police and fire retirement plan;

69.17 (2) the number of firefighters with public employees police and fire retirement plan  
 69.18 coverage employed by each municipality;

69.19 (3) the fire departments covered by the voluntary statewide lump-sum volunteer  
 69.20 firefighter retirement plan; and

69.21 (4) any other information requested by the commissioner to administer the police  
 69.22 and firefighter retirement supplemental state aid program.

69.23 (b) ~~For this subdivision, (i) the number of firefighters employed by a municipality~~  
 69.24 ~~who have public employees police and fire retirement plan coverage means the number~~  
 69.25 ~~of firefighters with public employees police and fire retirement plan coverage that were~~  
 69.26 ~~employed by the municipality for not less than 30 hours per week for a minimum of six~~  
 69.27 ~~months prior to December 31 preceding the date of the payment under this section and, if~~  
 69.28 ~~the person was employed for less than the full year, prorated to the number of full months~~  
 69.29 ~~employed; and (ii) the number of active police officers certified for police state aid receipt~~  
 69.30 ~~under section 69.011, subdivisions 2 and 2b, means, for each municipality, the number of~~  
 69.31 ~~police officers meeting the definition of peace officer in section 69.011, subdivision 1,~~  
 69.32 ~~counted as provided and limited by section 69.011, subdivisions 2 and 2b.~~

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

70.1 Sec. 6. **ADDITIONAL SUPPLEMENTAL AID REVISION FOR OMITTED 2013**  
70.2 **INDEPENDENT NONPROFIT FIREFIGHTING CORPORATIONS.**

70.3 (a) Notwithstanding any provision of Minnesota Statutes, Chapter 423A, to the  
70.4 contrary, this section modifies the allocation of the police and fire supplemental retirement  
70.5 state aid under Minnesota Statutes 2013 Supplement, section 423A.022, for October  
70.6 1, 2014.

70.7 (b) Before the allocation of the police and fire supplemental retirement state aid is  
70.8 made for October 1, 2014, the commissioner of revenue shall:

70.9 (1) determine those fire departments that qualified for fire state aid under Minnesota  
70.10 Statutes 2012, section 69.021, subdivision 7, on October 1, 2013, did not receive a 2013  
70.11 allocation of police and fire supplemental retirement state aid, and were an independent  
70.12 nonprofit firefighting corporation;

70.13 (2) determine the amount of police and fire supplemental retirement state aid  
70.14 under Minnesota Statutes 2013 Supplement, section 423A.022, that the fire departments  
70.15 described in clause (2) would have received on October 1, 2013, if the fire departments  
70.16 had been included in that allocation.

70.17 (c) The total amount determined in paragraph (b), clause (3), must be deducted from  
70.18 the amount available for allocation under Minnesota Statutes 2013 Supplement, section  
70.19 423A.022, subdivision 2, clause (2), and the commissioner of revenue shall pay to the fire  
70.20 departments determined in paragraph (b), clause (3) their respective portion of the total as  
70.21 an additional payment on October 1, 2014.

70.22 (d) The remaining amount after the deduction of the total amount under paragraph  
70.23 (c) must be allocated as provided in section 4.

70.24 **ARTICLE 8**

70.25 **VOLUNTEER FIREFIGHTER RELIEF ASSOCIATION CHANGES**

70.26 Section 1. Minnesota Statutes 2013 Supplement, section 69.051, subdivision 1a,  
70.27 is amended to read:

70.28 Subd. 1a. **Financial statement.** (a) The board of each volunteer firefighters relief  
70.29 association, as defined in section 424A.001, subdivision 4, that is not required to file a  
70.30 financial report and audit under subdivision 1 must prepare a detailed statement of the  
70.31 financial affairs for the preceding fiscal year of the relief association's special and general  
70.32 funds in the style and form prescribed by the state auditor. The detailed statement must  
70.33 show:

70.34 (1) the sources and amounts of all money received;

70.35 (2) all disbursements, accounts payable and accounts receivable;

71.1 (3) the amount of money remaining in the treasury;  
 71.2 (4) total assets, including a listing of all investments;  
 71.3 (5) the accrued liabilities; and  
 71.4 (6) all other items necessary to show accurately the revenues and expenditures and  
 71.5 financial position of the relief association.

71.6 (b) The detailed financial statement required under paragraph (a) must be certified  
 71.7 by ~~an independent~~ a certified public accountant or by the state auditor ~~or by the auditor or~~  
 71.8 ~~accountant who regularly examines or audits the financial transactions of the municipality.~~  
 71.9 In addition to certifying the financial condition of the special and general funds of the relief  
 71.10 association, the accountant or auditor conducting the examination shall give an opinion  
 71.11 as to the condition of the special and general funds of the relief association, and shall  
 71.12 comment upon any exceptions to the report. The ~~independent~~ accountant ~~or auditor~~ must  
 71.13 have at least five years of public accounting, auditing, or similar experience, and must not  
 71.14 be an active, inactive, or retired member of the relief association or the fire department.

71.15 (c) The detailed statement required under paragraph (a) must be countersigned by:

71.16 (1) the municipal clerk or clerk-treasurer of the municipality; or

71.17 (2) where applicable, by the municipal clerk or clerk-treasurer of the largest  
 71.18 municipality in population which contracts with the independent nonprofit firefighting  
 71.19 corporation if the relief association is a subsidiary of an independent nonprofit firefighting  
 71.20 corporation and by the secretary of the independent nonprofit firefighting corporation; or

71.21 (3) by the chief financial official of the county in which the volunteer firefighter  
 71.22 relief association is located or primarily located if the relief association is associated with  
 71.23 a fire department that is not located in or associated with an organized municipality.

71.24 (d) The volunteer firefighters' relief association board must file the detailed statement  
 71.25 required under paragraph (a) in the relief association office for public inspection and  
 71.26 present it to the governing body of the municipality within 45 days after the close of the  
 71.27 fiscal year, and must submit a copy of the detailed statement to the state auditor within 90  
 71.28 days of the close of the fiscal year.

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

71.30 Sec. 2. Minnesota Statutes 2013 Supplement, section 69.051, subdivision 3, is  
 71.31 amended to read:

71.32 Subd. 3. **Report by certain municipalities; exceptions.** (a) The chief  
 71.33 administrative officer of each municipality which has an organized fire department but  
 71.34 which does not have a firefighters' relief association governed by section 69.77 or sections  
 71.35 424A.091 to 424A.095 and which is not exempted under paragraph (b) or (c) shall annually

72.1 prepare a detailed financial report of the receipts and disbursements by the municipality  
72.2 for fire protection service during the preceding calendar year on a form prescribed by the  
72.3 state auditor. The financial report must contain any information which the state auditor  
72.4 deems necessary to disclose the sources of receipts and the purpose of disbursements for  
72.5 fire protection service. The financial report must be signed by the municipal clerk or  
72.6 clerk-treasurer of the municipality. The financial report must be filed by the municipal clerk  
72.7 or clerk-treasurer with the state auditor on or before July 1 annually. The municipality does  
72.8 not qualify initially to receive, and is not entitled subsequently to retain, state aid under  
72.9 this chapter if the financial reporting requirement or the applicable requirements of this  
72.10 chapter or any other statute or special law have not been complied with or are not fulfilled.

72.11 (b) Each municipality that has an organized fire department and provides retirement  
72.12 coverage to its firefighters through the voluntary statewide lump-sum volunteer firefighter  
72.13 retirement plan under chapter 353G qualifies to have fire state aid transmitted to and  
72.14 retained in the statewide lump-sum volunteer firefighter retirement fund without filing  
72.15 a detailed financial report if the executive director of the Public Employees Retirement  
72.16 Association certifies compliance by the municipality with the requirements of sections  
72.17 353G.04 and 353G.08, paragraph (e), and certifies conformity by the applicable fire chief  
72.18 with the requirements of section 353G.07.

72.19 (c) Each municipality qualifies to receive fire state aid under this chapter without  
72.20 filing a financial report under paragraph (a) if the municipality:

72.21 (1) has an organized fire department;

72.22 (2) does not have a volunteer firefighters relief association directly associated with  
72.23 its fire department;

72.24 (3) does not participate in the statewide lump-sum volunteer firefighter retirement  
72.25 plan under chapter 353G;

72.26 (4) provides retirement coverage to its firefighters through the public employees  
72.27 police and fire retirement plan under sections 353.63 to 353.68; and

72.28 (5) is certified by the executive director of the Public Employees Retirement  
72.29 Association to the state auditor to have had an employer contribution under section  
72.30 353.65, subdivision 3, for its firefighters for the immediately prior calendar year equal to  
72.31 or greater than its fire state aid for the immediately prior calendar year.

72.32 **EFFECTIVE DATE.** This section is effective the day following final enactment  
72.33 and applies to fire state aid payable on October 1, 2014.

72.34 Sec. 3. Minnesota Statutes 2012, section 356A.06, subdivision 7, is amended to read:



73.1 Subd. 7. **Expanded list of authorized investment securities.** (a) **Authority.** A  
73.2 covered pension plan not described by subdivision 6, paragraph (a), is an expanded list  
73.3 plan and shall invest its assets as specified in this subdivision. The governing board of an  
73.4 expanded list plan may select and appoint investment agencies to act for or on its behalf.

73.5 (b) **Securities generally; investment forms.** An expanded list plan is authorized  
73.6 to purchase, sell, lend, and exchange the investment securities authorized under this  
73.7 subdivision, including puts and call options and future contracts traded on a contract  
73.8 market regulated by a governmental agency or by a financial institution regulated by  
73.9 a governmental agency. These securities may be owned directly or through shares  
73.10 in exchange-traded or mutual funds, or as units in commingled trusts, subject to any  
73.11 limitations specified in this subdivision.

73.12 (c) **Government obligations.** An expanded list plan is authorized to invest funds in  
73.13 governmental bonds, notes, bills, mortgages, and other evidences of indebtedness if the  
73.14 issue is backed by the full faith and credit of the issuer or the issue is rated among the top  
73.15 four quality rating categories by a nationally recognized rating agency. The obligations in  
73.16 which funds may be invested under this paragraph are guaranteed or insured issues of:

73.17 (1) the United States, one of its agencies, one of its instrumentalities, or an  
73.18 organization created and regulated by an act of Congress;

73.19 (2) the Dominion of Canada or one of its provinces if the principal and interest are  
73.20 payable in United States dollars;

73.21 (3) a state or one of its municipalities, political subdivisions, agencies, or  
73.22 instrumentalities; and

73.23 (4) a United States government-sponsored organization of which the United States is  
73.24 a member if the principal and interest are payable in United States dollars.

73.25 (d) **Investment-grade corporate obligations.** An expanded list plan is authorized  
73.26 to invest funds in bonds, notes, debentures, transportation equipment obligations, or  
73.27 any other longer term evidences of indebtedness issued or guaranteed by a corporation  
73.28 organized under the laws of the United States or any of its states, or the Dominion of  
73.29 Canada or any of its provinces if:

73.30 (1) the principal and interest are payable in United States dollars; and

73.31 (2) the obligations are rated among the top four quality categories by a nationally  
73.32 recognized rating agency.

73.33 (e) **Below-investment-grade corporate obligations.** An expanded list plan is  
73.34 authorized to invest in unrated corporate obligations or in corporate obligations that are  
73.35 not rated among the top four quality categories by a nationally recognized rating agency if:

74.1 (1) the aggregate value of these obligations does not exceed five percent of the  
74.2 covered pension plan's market value;

74.3 (2) the covered pension plan's participation is limited to 50 percent of a single  
74.4 offering subject to this paragraph; and

74.5 (3) the covered pension plan's participation is limited to 25 percent of an issuer's  
74.6 obligations subject to this paragraph.

74.7 (f) **Other obligations.** (1) An expanded list plan is authorized to invest funds in:

74.8 (i) bankers acceptances and deposit notes if issued by a United States bank that is  
74.9 rated in the highest four quality categories by a nationally recognized rating agency;

74.10 (ii) certificates of deposit if issued by a United States bank or savings institution  
74.11 rated in the highest four quality categories by a nationally recognized rating agency or  
74.12 whose certificates of deposit are fully insured by federal agencies, or if issued by a credit  
74.13 union in an amount within the limit of the insurance coverage provided by the National  
74.14 Credit Union Administration;

74.15 (iii) commercial paper if issued by a United States corporation or its Canadian  
74.16 subsidiary and if rated in the highest two quality categories by a nationally recognized  
74.17 rating agency;

74.18 (iv) mortgage securities and asset-backed securities if rated in the top four quality  
74.19 categories by a nationally recognized rating agency;

74.20 (v) repurchase agreements and reverse repurchase agreements if collateralized with  
74.21 letters of credit or securities authorized in this section;

74.22 (vi) guaranteed investment contracts if issued by an insurance company or a bank  
74.23 that is rated in the top four quality categories by a nationally recognized rating agency  
74.24 or alternative guaranteed investment contracts if the underlying assets comply with the  
74.25 requirements of this subdivision;

74.26 (vii) savings accounts if fully insured by a federal agency; and

74.27 (viii) guaranty fund certificates, surplus notes, or debentures if issued by a domestic  
74.28 mutual insurance company.

74.29 (2) Sections 16A.58, 16C.03, subdivision 4, and 16C.05 do not apply to certificates  
74.30 of deposit and collateralization agreements executed by the covered pension plan under  
74.31 clause (1), item (ii).

74.32 (3) In addition to investments authorized by clause (1), item (iv), an expanded list  
74.33 plan is authorized to purchase from the Minnesota Housing Finance Agency all or any part  
74.34 of a pool of residential mortgages, not in default, that has previously been financed by the  
74.35 issuance of bonds or notes of the agency. The covered pension plan may also enter into  
74.36 a commitment with the agency, at the time of any issue of bonds or notes, to purchase

75.1 at a specified future date, not exceeding 12 years from the date of the issue, the amount  
75.2 of mortgage loans then outstanding and not in default that have been made or purchased  
75.3 from the proceeds of the bonds or notes. The covered pension plan may charge reasonable  
75.4 fees for any such commitment and may agree to purchase the mortgage loans at a price  
75.5 sufficient to produce a yield to the covered pension plan comparable, in its judgment,  
75.6 to the yield available on similar mortgage loans at the date of the bonds or notes. The  
75.7 covered pension plan may also enter into agreements with the agency for the investment  
75.8 of any portion of the funds of the agency. The agreement must cover the period of the  
75.9 investment, withdrawal privileges, and any guaranteed rate of return.

75.10 (g) **Corporate stocks.** An expanded list plan is authorized to invest in stocks or  
75.11 convertible issues of any corporation organized under the laws of the United States or any  
75.12 of its states, any corporation organized under the laws of the Dominion of Canada or any  
75.13 of its provinces, or any corporation listed on an exchange that is regulated by an agency of  
75.14 the United States or of the Canadian national government.

75.15 An investment in any corporation must not exceed five percent of the total  
75.16 outstanding shares of that corporation, except that an expanded list plan may hold up  
75.17 to 20 percent of the shares of a real estate investment trust and up to 20 percent of the  
75.18 shares of a closed mutual fund.

75.19 (h) **Other investments.** (1) In addition to the investments authorized in paragraphs  
75.20 (b) to (g), and subject to the provisions in clause (2), an expanded list plan is authorized  
75.21 to invest funds in:

75.22 (i) equity and debt investment businesses through participation in limited  
75.23 partnerships, trusts, private placements, limited liability corporations, limited liability  
75.24 companies, limited liability partnerships, and corporations;

75.25 (ii) real estate ownership interests or loans secured by mortgages or deeds of trust  
75.26 or shares of real estate investment trusts, through investment in limited partnerships,  
75.27 bank-sponsored collective funds, trusts, mortgage participation agreements, and insurance  
75.28 company commingled accounts, including separate accounts;

75.29 (iii) resource investments through limited partnerships, trusts, private placements,  
75.30 limited liability corporations, limited liability companies, limited liability partnerships,  
75.31 and corporations; and

75.32 (iv) international securities.

75.33 (2) The investments authorized in clause (1) must conform to the following  
75.34 provisions:

76.1 (i) the aggregate value of all investments made under clause (1), items (i), (ii), and  
76.2 (iii), may not exceed 35 percent of the market value of the fund for which the expanded  
76.3 list plan is investing;

76.4 (ii) there must be at least four unrelated owners of the investment other than the  
76.5 expanded list plan for investments made under clause (1), item (i), (ii), or (iii);

76.6 (iii) the expanded list plan's participation in an investment vehicle is limited to 20  
76.7 percent thereof for investments made under clause (1), item (i), (ii), or (iii);

76.8 (iv) the expanded list plan's participation in a limited partnership does not include a  
76.9 general partnership interest or other interest involving general liability. The expanded list  
76.10 plan may not engage in any activity as a limited partner which creates general liability; and

76.11 (v) the aggregate value of all unrated obligations and obligations that are not rated  
76.12 among the top four quality categories by a nationally recognized rating agency authorized  
76.13 by paragraph (f) and clause (1), item (iv), must not exceed five percent of the covered  
76.14 plan's market value; and

76.15 (vi) for volunteer firefighter relief associations, emerging market equity and  
76.16 international debt investments authorized under clause (1), item (iv), must not exceed 15  
76.17 percent of the association's special fund market value.

76.18 (i) **Supplemental plan investments.** The governing body of an expanded list plan  
76.19 may certify assets to the State Board of Investment for investment under section 11A.17.

76.20 (j) **Asset mix limitations.** The aggregate value of an expanded list plan's  
76.21 investments under paragraphs (g) and (h) and equity investments under paragraph (i),  
76.22 regardless of the form in which these investments are held, must not exceed 85 percent of  
76.23 the covered plan's market value.

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

76.25 Sec. 4. Minnesota Statutes 2012, section 356A.06, subdivision 7a, is amended to read:

76.26 Subd. 7a. **Restrictions.** Any agreement to lend securities must be concurrently  
76.27 collateralized with cash or securities with a market value of not less than 100 percent of the  
76.28 market value of the loaned securities at the time of the agreement. For a covered pension  
76.29 authorized to purchase put and call options and futures contracts under subdivision 7, any  
76.30 agreement for put and call options and futures contracts may only be entered into with a  
76.31 fully offsetting amount of cash or securities. Only securities authorized by this section,  
76.32 excluding those under subdivision 7, paragraph ~~(g)~~ (h), clause (1), items (i) to (iv), may be  
76.33 accepted as collateral or offsetting securities.

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

77.1 Sec. 5. Minnesota Statutes 2012, section 424A.015, is amended by adding a  
77.2 subdivision to read:

77.3 Subd. 6. **Governing benefit plan provisions.** A service pension or ancillary benefit  
77.4 payable under this chapter is governed by and must be calculated under the general statute,  
77.5 special law, relief association articles of incorporation, and relief association bylaw  
77.6 provisions applicable on the date on which the member separated from active service with  
77.7 the fire department and active membership in the relief association.

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

77.9 Sec. 6. Minnesota Statutes 2012, section 424A.016, subdivision 4, is amended to read:

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

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

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

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

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

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

77.22 (ii) any retired member who retired before obtaining a full nonforfeitable interest in  
77.23 the amounts credited to the individual member account under subdivision 2, paragraph  
77.24 (b), and any applicable provision of the bylaws of the relief association. In addition, any  
77.25 investment return on the assets of the special fund must be credited in proportion to the  
77.26 share of the assets of the special fund to the credit of each individual active member  
77.27 account. Administrative expenses of the relief association payable from the special  
77.28 fund may be deducted from individual accounts in a manner specified in the bylaws of  
77.29 the relief association.

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

77.32 (d) Amounts to be credited to individual accounts must be allocated uniformly  
77.33 for all years of active service and allocations must be made for all years of service,  
77.34 except for caps on service credit if so provided in the bylaws of the relief association.

77.35 Amounts forfeited under paragraph (b), clause (3), before a resumption of active service

78.1 and membership under section 424A.01, subdivision 6, remain forfeited and may not be  
78.2 reinstated upon the resumption of active service and membership. The allocation method  
78.3 may utilize monthly proration for fractional years of service, as the bylaws or articles of  
78.4 incorporation of the relief association so provide. The bylaws or articles of incorporation  
78.5 may define a "month," but the definition must require a calendar month to have at least 16  
78.6 days of active service. If the bylaws or articles of incorporation do not define a "month," a  
78.7 "month" is a completed calendar month of active service measured from the member's  
78.8 date of entry to the same date in the subsequent month.

78.9 (e) At the time of retirement under subdivision 2 and any applicable provision of the  
78.10 bylaws of the relief association, a retiring member is entitled to that portion of the assets  
78.11 of the special fund to the credit of the member in the individual member account which is  
78.12 nonforfeitable under subdivision 3 and any applicable provision of the bylaws of the relief  
78.13 association based on the number of years of service to the credit of the retiring member.

78.14 (f) Annually, the secretary of the relief association shall certify the individual  
78.15 account allocations to the state auditor at the same time that the annual financial statement  
78.16 or financial report and audit of the relief association, whichever applies, is due under  
78.17 section 69.051.

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

78.19 Sec. 7. Minnesota Statutes 2013 Supplement, section 424A.016, subdivision 6, is  
78.20 amended to read:

78.21 Subd. 6. **Deferred service pensions.** (a) A member of a relief association is entitled  
78.22 to a deferred service pension if the member separates from active service and membership  
78.23 and has completed the minimum service and membership requirements in subdivision 2.  
78.24 The requirement that a member separate from active service and membership is waived  
78.25 for persons who have discontinued their volunteer firefighter duties and who are employed  
78.26 on a full-time basis under section 424A.015, subdivision 1.

78.27 (b) The deferred service pension is payable when the former member reaches at  
78.28 least age 50, or at least the minimum age specified in the bylaws governing the relief  
78.29 association if that age is greater than age 50, and when the former member makes a valid  
78.30 written application.

78.31 (c) A defined contribution relief association may, if its governing bylaws so provide,  
78.32 credit interest or additional investment performance on the deferred lump-sum service  
78.33 pension during the period of deferral. If provided for in the bylaws, the interest must be  
78.34 paid:

79.1 (1) at the investment performance rate actually earned on that portion of the assets  
79.2 if the deferred benefit amount is invested by the relief association in a separate account  
79.3 established and maintained by the relief association;

79.4 (2) at the investment performance rate actually earned on that portion of the assets  
79.5 if the deferred benefit amount is invested in a separate investment vehicle held by the  
79.6 relief association; or

79.7 (3) at the investment return on the assets of the special fund of the defined contribution  
79.8 volunteer firefighter relief association in proportion to the share of the assets of the special  
79.9 fund to the credit of each individual deferred member account through the accounting date  
79.10 on which the investment return is recognized by and credited to the special fund.

79.11 (d) Unless the bylaws of a relief association that has elected to pay interest or  
79.12 additional investment performance on deferred lump-sum service pensions under  
79.13 paragraph (c) specifies a different interest or additional investment performance method,  
79.14 including the interest or additional investment performance period starting date and ending  
79.15 date, the interest or additional investment performance on a deferred service pension  
79.16 is creditable as follows:

79.17 (1) for a relief association that has elected to pay interest or additional investment  
79.18 performance under paragraph (c), clause (1) or (3), beginning on the date that the  
79.19 member separates from active service and membership and ending on the accounting  
79.20 date immediately before the deferred member commences receipt of the deferred service  
79.21 pension; or

79.22 (2) for a relief association that has elected to pay interest or additional investment  
79.23 performance under paragraph (c), clause (2), beginning on the date that the member  
79.24 separates from active service and membership and ending on the date that the separate  
79.25 investment vehicle is valued immediately before the date on which the deferred member  
79.26 commences receipt of the deferred service pension.

79.27 ~~(e) The deferred service pension is governed by and must be calculated under~~  
79.28 ~~the general statute, special law, relief association articles of incorporation, and relief~~  
79.29 ~~association bylaw provisions applicable on the date on which the member separated from~~  
79.30 ~~active service with the fire department and active membership in the relief association.~~

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

79.32 Sec. 8. Minnesota Statutes 2012, section 424A.016, subdivision 7, is amended to read:

79.33 Subd. 7. **Limitation on ancillary benefits.** (a) A defined contribution relief  
79.34 association may only pay an ancillary benefit which would constitute an authorized

80.1 disbursement as specified in section 424A.05. The ancillary benefit for active members  
80.2 must equal the vested and nonvested amount of the individual account of the member.

80.3 (b) For deferred members, the ancillary benefit must equal the vested amount of  
80.4 the individual account of the member. For the recipient of installment payments of a  
80.5 service pension, the ancillary benefit must equal the remaining balance in the individual  
80.6 account of the recipient.

80.7 (c) If the bylaws permit and as defined by the bylaws, the relief association may pay  
80.8 an ancillary benefit to, or on behalf of, a member who is not active or deferred.

80.9 (d)(1) If a survivor or death benefit is payable under the articles of incorporation or  
80.10 bylaws, the benefit must be paid:

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

80.12 (ii) as a survivor benefit to the surviving children of the deceased firefighter if no  
80.13 surviving spouse;

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

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

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

80.20 ~~(d)~~ (e) For purposes of this section, for a defined contribution volunteer fire relief  
80.21 association, a trust created under chapter 501B may be a designated beneficiary. If a trust  
80.22 payable to the surviving children organized under chapter 501B has been established as  
80.23 authorized by this section and there is no surviving spouse, the survivor benefit may be  
80.24 paid to the trust, notwithstanding the requirements of this section.

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

80.26 Sec. 9. Minnesota Statutes 2013 Supplement, section 424A.02, subdivision 3, is  
80.27 amended to read:

80.28 Subd. 3. **Flexible service pension maximums.** (a) Annually on or before August  
80.29 1 as part of the certification of the financial requirements and minimum municipal  
80.30 obligation determined under section 424A.092, subdivision 4, or 424A.093, subdivision  
80.31 5, as applicable, the secretary or some other official of the relief association designated  
80.32 in the bylaws of each defined benefit relief association shall calculate and certify to the  
80.33 governing body of the applicable ~~qualified~~ municipality the average amount of available  
80.34 financing per active covered firefighter for the most recent three-year period. The amount  
80.35 of available financing includes any amounts of fire state aid received or receivable by the



81.1 relief association, any amounts of municipal contributions to the relief association raised  
 81.2 from levies on real estate or from other available revenue sources exclusive of fire state  
 81.3 aid, and one-tenth of the amount of assets in excess of the accrued liabilities of the relief  
 81.4 association calculated under section 424A.092, subdivision 2; 424A.093, subdivisions 2  
 81.5 and 4; or 424A.094, subdivision 2, if any.

81.6 (b) The maximum service pension which the defined benefit relief association has  
 81.7 authority to provide for in its bylaws for payment to a member retiring after the calculation  
 81.8 date when the minimum age and service requirements specified in subdivision 1 are met  
 81.9 must be determined using the table in paragraph (c) or (d), whichever applies.

81.10 (c) For a defined benefit relief association where the governing bylaws provide for  
 81.11 a monthly service pension to a retiring member, the maximum monthly service pension  
 81.12 amount per month for each year of service credited that may be provided for in the bylaws  
 81.13 is the greater of the service pension amount provided for in the bylaws on the date of the  
 81.14 calculation of the average amount of the available financing per active covered firefighter  
 81.15 or the maximum service pension figure corresponding to the average amount of available  
 81.16 financing per active covered firefighter:

81.17	Minimum Average Amount of Available	Maximum Service Pension Amount
81.18	Financing per Firefighter	Payable per Month for Each
81.19		Year of Service
81.20	\$ ...	\$ .25
81.21	41	.50
81.22	81	1.00
81.23	122	1.50
81.24	162	2.00
81.25	203	2.50
81.26	243	3.00
81.27	284	3.50
81.28	324	4.00
81.29	365	4.50
81.30	405	5.00
81.31	486	6.00
81.32	567	7.00
81.33	648	8.00
81.34	729	9.00
81.35	810	10.00
81.36	891	11.00
81.37	972	12.00
81.38	1053	13.00
81.39	1134	14.00
81.40	1215	15.00
81.41	1296	16.00

82.1	1377	17.00
82.2	1458	18.00
82.3	1539	19.00
82.4	1620	20.00
82.5	1701	21.00
82.6	1782	22.00
82.7	1823	22.50
82.8	1863	23.00
82.9	1944	24.00
82.10	2025	25.00
82.11	2106	26.00
82.12	2187	27.00
82.13	2268	28.00
82.14	2349	29.00
82.15	2430	30.00
82.16	2511	31.00
82.17	2592	32.00
82.18	2673	33.00
82.19	2754	34.00
82.20	2834	35.00
82.21	2916	36.00
82.22	2997	37.00
82.23	3078	38.00
82.24	3159	39.00
82.25	3240	40.00
82.26	3321	41.00
82.27	3402	42.00
82.28	3483	43.00
82.29	3564	44.00
82.30	3645	45.00
82.31	3726	46.00
82.32	3807	47.00
82.33	3888	48.00
82.34	3969	49.00
82.35	4050	50.00
82.36	4131	51.00
82.37	4212	52.00
82.38	4293	53.00
82.39	4374	54.00
82.40	4455	55.00
82.41	4536	56.00
82.42	<del>Effective beginning December 31, 2008</del>	
82.43	4617	57.00

83.1	4698	58.00
83.2	4779	59.00
83.3	4860	60.00
83.4	4941	61.00
83.5	5022	62.00
83.6	5103	63.00
83.7	5184	64.00
83.8	5265	65.00
83.9	<del>Effective beginning December 31, 2009</del>	
83.10	5346	66.00
83.11	5427	67.00
83.12	5508	68.00
83.13	5589	69.00
83.14	5670	70.00
83.15	5751	71.00
83.16	5832	72.00
83.17	5913	73.00
83.18	5994	74.00
83.19	<del>Effective beginning December 31, 2010</del>	
83.20	6075	75.00
83.21	6156	76.00
83.22	6237	77.00
83.23	6318	78.00
83.24	6399	79.00
83.25	6480	80.00
83.26	6561	81.00
83.27	6642	82.00
83.28	6723	83.00
83.29	<del>Effective beginning December 31, 2011</del>	
83.30	6804	84.00
83.31	6885	85.00
83.32	6966	86.00
83.33	7047	87.00
83.34	7128	88.00
83.35	7209	89.00
83.36	7290	90.00
83.37	7371	91.00
83.38	7452	92.00
83.39	<del>Effective beginning December 31, 2012</del>	
83.40	7533	93.00
83.41	7614	94.00
83.42	7695	95.00
83.43	7776	96.00

84.1	7857	97.00
84.2	7938	98.00
84.3	8019	99.00
84.4	8100	100.00
84.5	any amount in excess of	
84.6	8100	100.00

84.7 (d) For a defined benefit relief association in which the governing bylaws provide  
 84.8 for a lump-sum service pension to a retiring member, the maximum lump-sum service  
 84.9 pension amount for each year of service credited that may be provided for in the bylaws is  
 84.10 the greater of the service pension amount provided for in the bylaws on the date of the  
 84.11 calculation of the average amount of the available financing per active covered firefighter  
 84.12 or the maximum service pension figure corresponding to the average amount of available  
 84.13 financing per active covered firefighter for the applicable specified period:

84.14	Minimum Average Amount of Available	Maximum Lump-Sum Service
84.15	Financing per Firefighter	Pension Amount Payable for
84.16		Each Year of Service
84.17	\$ ...	\$ 10
84.18	11	20
84.19	16	30
84.20	23	40
84.21	27	50
84.22	32	60
84.23	43	80
84.24	54	100
84.25	65	120
84.26	77	140
84.27	86	160
84.28	97	180
84.29	108	200
84.30	131	240
84.31	151	280
84.32	173	320
84.33	194	360
84.34	216	400
84.35	239	440
84.36	259	480
84.37	281	520
84.38	302	560
84.39	324	600
84.40	347	640
84.41	367	680
84.42	389	720

85.1	410	760
85.2	432	800
85.3	486	900
85.4	540	1000
85.5	594	1100
85.6	648	1200
85.7	702	1300
85.8	756	1400
85.9	810	1500
85.10	864	1600
85.11	918	1700
85.12	972	1800
85.13	1026	1900
85.14	1080	2000
85.15	1134	2100
85.16	1188	2200
85.17	1242	2300
85.18	1296	2400
85.19	1350	2500
85.20	1404	2600
85.21	1458	2700
85.22	1512	2800
85.23	1566	2900
85.24	1620	3000
85.25	1672	3100
85.26	1726	3200
85.27	1753	3250
85.28	1780	3300
85.29	1820	3375
85.30	1834	3400
85.31	1888	3500
85.32	1942	3600
85.33	1996	3700
85.34	2023	3750
85.35	2050	3800
85.36	2104	3900
85.37	2158	4000
85.38	2212	4100
85.39	2265	4200
85.40	2319	4300
85.41	2373	4400
85.42	2427	4500
85.43	2481	4600

86.1	2535	4700
86.2	2589	4800
86.3	2643	4900
86.4	2697	5000
86.5	2751	5100
86.6	2805	5200
86.7	2859	5300
86.8	2913	5400
86.9	2967	5500
86.10	3021	5600
86.11	3075	5700
86.12	3129	5800
86.13	3183	5900
86.14	3237	6000
86.15	3291	6100
86.16	3345	6200
86.17	3399	6300
86.18	3453	6400
86.19	3507	6500
86.20	3561	6600
86.21	3615	6700
86.22	3669	6800
86.23	3723	6900
86.24	3777	7000
86.25	3831	7100
86.26	3885	7200
86.27	3939	7300
86.28	3993	7400
86.29	4047	7500
86.30	<del>Effective beginning December 31, 2008</del>	
86.31	4101	7600
86.32	4155	7700
86.33	4209	7800
86.34	4263	7900
86.35	4317	8000
86.36	4371	8100
86.37	4425	8200
86.38	4479	8300
86.39	<del>Effective beginning December 31, 2009</del>	
86.40	4533	8400
86.41	4587	8500
86.42	4641	8600
86.43	4695	8700

87.1	4749	8800
87.2	4803	8900
87.3	4857	9000
87.4	4911	9100
87.5	<del>Effective beginning December 31, 2010</del>	
87.6	4965	9200
87.7	5019	9300
87.8	5073	9400
87.9	5127	9500
87.10	5181	9600
87.11	5235	9700
87.12	5289	9800
87.13	5343	9900
87.14	5397	10,000
87.15	any amount in excess of	
87.16	5397	10,000

87.17 (e) For a defined benefit relief association in which the governing bylaws provide  
 87.18 for a monthly benefit service pension as an alternative form of service pension payment  
 87.19 to a lump-sum service pension, the maximum service pension amount for each pension  
 87.20 payment type must be determined using the applicable table contained in this subdivision.

87.21 (f) If a defined benefit relief association establishes a service pension in compliance  
 87.22 with the applicable maximum contained in paragraph (c) or (d) and the minimum average  
 87.23 amount of available financing per active covered firefighter is subsequently reduced  
 87.24 because of a reduction in fire state aid or because of an increase in the number of active  
 87.25 firefighters, the relief association may continue to provide the prior service pension  
 87.26 amount specified in its bylaws, but may not increase the service pension amount until  
 87.27 the minimum average amount of available financing per firefighter under the table in  
 87.28 paragraph (c) or (d), whichever applies, permits.

87.29 (g) No defined benefit relief association is authorized to provide a service pension in  
 87.30 an amount greater than the largest applicable flexible service pension maximum amount  
 87.31 even if the amount of available financing per firefighter is greater than the financing  
 87.32 amount associated with the largest applicable flexible service pension maximum.

87.33 (h) The method of calculating service pensions must be applied uniformly for all  
 87.34 years of active service. Credit must be given for all years of active service except for caps  
 87.35 on service credit if so provided in the bylaws of the relief association.

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

88.1 Sec. 10. Minnesota Statutes 2013 Supplement, section 424A.02, subdivision 7, is  
88.2 amended to read:

88.3 Subd. 7. **Deferred service pensions.** (a) A member of a defined benefit relief  
88.4 association is entitled to a deferred service pension if the member separates from active  
88.5 service and membership and has completed the minimum service and membership  
88.6 requirements in subdivision 1. The requirement that a member separate from active service  
88.7 and membership is waived for persons who have discontinued their volunteer firefighter  
88.8 duties and who are employed on a full-time basis under section 424A.015, subdivision 1.

88.9 (b) The deferred service pension is payable when the former member reaches at  
88.10 least age 50, or at least the minimum age specified in the bylaws governing the relief  
88.11 association if that age is greater than age 50, and when the former member makes a valid  
88.12 written application.

88.13 (c) A defined benefit relief association that provides a lump-sum service pension  
88.14 governed by subdivision 3 may, when its governing bylaws so provide, pay interest on the  
88.15 deferred lump-sum service pension during the period of deferral. If provided for in the  
88.16 bylaws, interest must be paid in one of the following manners:

88.17 (1) at the investment performance rate actually earned on that portion of the assets  
88.18 if the deferred benefit amount is invested by the relief association in a separate account  
88.19 established and maintained by the relief association;

88.20 (2) at the investment performance rate actually earned on that portion of the assets  
88.21 if the deferred benefit amount is invested in a separate investment vehicle held by the  
88.22 relief association; or

88.23 (3) at an interest rate of up to five percent, compounded annually, as set by the  
88.24 board of trustees.

88.25 (d) Any change in the interest rate set by the board of ~~directors~~ trustees under  
88.26 paragraph (c), clause (3), must be ratified by the governing body of the municipality  
88.27 served by the fire department to which the relief association is directly associated, or by  
88.28 the independent nonprofit firefighting corporation, as applicable.

88.29 (e) Interest under paragraph (c), clause (3), is payable beginning on the January 1  
88.30 next following the date on which the deferred service pension interest rate as set by the  
88.31 board of trustees was ratified by the governing body of the municipality served by the fire  
88.32 department to which the relief association is directly associated, or by the independent  
88.33 nonprofit firefighting corporation, as applicable.

88.34 (f) Unless the bylaws of a relief association that has elected to pay interest or  
88.35 additional investment performance on deferred lump-sum service pensions under  
88.36 paragraph (c) specifies a different interest or additional investment performance method,



89.1 including the interest or additional investment performance period starting date and ending  
 89.2 date, the interest or additional investment performance on a deferred service pension  
 89.3 is creditable as follows:

89.4 (1) for a relief association that has elected to pay interest or additional investment  
 89.5 performance under paragraph (c), clause (1) or (3), beginning on the first day of the  
 89.6 month next following the date on which the member separates from active service and  
 89.7 membership and ending on the last day of the month immediately before the month in  
 89.8 which the deferred member commences receipt of the deferred service pension; or

89.9 (2) for a relief association that has elected to pay interest or additional investment  
 89.10 performance under paragraph (c), clause (2), beginning on the date that the member  
 89.11 separates from active service and membership and ending on the date that the separate  
 89.12 investment vehicle is valued immediately before the date on which the deferred member  
 89.13 commences receipt of the deferred service pension.

89.14 (g) For a deferred service pension that is transferred to a separate account established  
 89.15 and maintained by the relief association or separate investment vehicle held by the relief  
 89.16 association, the deferred member bears the full investment risk subsequent to transfer and  
 89.17 in calculating the accrued liability of the volunteer firefighters relief association that pays  
 89.18 a lump-sum service pension, the accrued liability for deferred service pensions is equal  
 89.19 to the separate relief association account balance or the fair market value of the separate  
 89.20 investment vehicle held by the relief association.

89.21 ~~(h) The deferred service pension is governed by and must be calculated under~~  
 89.22 ~~the general statute, special law, relief association articles of incorporation, and relief~~  
 89.23 ~~association bylaw provisions applicable on the date on which the member separated from~~  
 89.24 ~~active service with the fire department and active membership in the relief association.~~

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

89.26 Sec. 11. Minnesota Statutes 2012, section 424A.08, is amended to read:

89.27 **424A.08 MUNICIPALITY WITHOUT RELIEF ASSOCIATION;**  
 89.28 **AUTHORIZED DISBURSEMENTS.**

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

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

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

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

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

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

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

90.21 Sec. 12. Minnesota Statutes 2013 Supplement, section 424A.092, subdivision 6,  
 90.22 is amended to read:

90.23 Subd. 6. **Municipal ratification for plan amendments.** If the special fund of  
 90.24 the relief association does not have a surplus over full funding under subdivision 3,  
 90.25 paragraph (c), clause (5), and if the municipality is required to provide financial support  
 90.26 to the special fund of the relief association under this section, the adoption of or any  
 90.27 amendment to the articles of incorporation or bylaws of a relief association which  
 90.28 increases or otherwise affects the retirement coverage provided by or the service pensions  
 90.29 or retirement benefits payable from the special fund of any relief association to which this  
 90.30 section applies is not effective until it is ratified by the governing body of the municipality  
 90.31 in which the relief association is located served by the fire department to which the  
 90.32 relief association is directly associated or by the independent nonprofit firefighting  
 90.33 corporation, as applicable, and the officers of a relief association shall not seek municipal  
 90.34 ratification prior to preparing and certifying an estimate of the expected increase in the  
 90.35 accrued liability and annual accruing liability of the relief association attributable to the

91.1 amendment. If the special fund of the relief association has a surplus over full funding  
 91.2 under subdivision 3, paragraph (c), clause (5), and if the municipality is not required to  
 91.3 provide financial support to the special fund of the relief association under this section,  
 91.4 the relief association may adopt or amend its articles of incorporation or bylaws which  
 91.5 increase or otherwise affect the retirement coverage provided by or the service pensions  
 91.6 or retirement benefits payable from the special fund of the relief association which are  
 91.7 effective without municipal ratification so long as this does not cause the amount of the  
 91.8 resulting increase in the accrued liability of the special fund of the relief association to  
 91.9 exceed 90 percent of the amount of the surplus over full funding reported in the prior year  
 91.10 and this does not result in the financial requirements of the special fund of the relief  
 91.11 association exceeding the expected amount of the future fire state aid to be received by  
 91.12 the relief association as determined by the board of trustees following the preparation  
 91.13 of an estimate of the expected increase in the accrued liability and annual accruing  
 91.14 liability of the relief association attributable to the change. If a relief association adopts or  
 91.15 amends its articles of incorporation or bylaws without municipal ratification under this  
 91.16 subdivision, and, subsequent to the amendment or adoption, the financial requirements  
 91.17 of the special fund of the relief association under this section are such so as to require  
 91.18 financial support from the municipality, the provision which was implemented without  
 91.19 municipal ratification is no longer effective without municipal ratification and any service  
 91.20 pensions or retirement benefits payable after that date may be paid only in accordance with  
 91.21 the articles of incorporation or bylaws as amended or adopted with municipal ratification.

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

91.23 Sec. 13. Minnesota Statutes 2013 Supplement, section 424A.093, subdivision 2,  
 91.24 is amended to read:

91.25 Subd. 2. **Determination of actuarial condition and funding costs.** A relief  
 91.26 association to which this section applies shall obtain an actuarial valuation showing the  
 91.27 condition of the special fund of the relief association as of December 31, 1978, and at  
 91.28 least as of December 31 every four years thereafter. The valuation shall be prepared in  
 91.29 accordance with the provisions of sections 356.215, subdivision 8, and 356.216 and any  
 91.30 applicable standards for actuarial work established by the Legislative Commission on  
 91.31 Pensions and Retirement, except that the figure for normal cost shall be expressed as a  
 91.32 level dollar amount, and the amortization contribution shall be the level dollar amount  
 91.33 calculated to amortize any current unfunded accrued liability by at least the date of full  
 91.34 funding specified in subdivision 4, clause (b). Each valuation shall be filed with the  
 91.35 governing body of the municipality ~~in which the relief association is located~~ served by the

92.1 fire department to which the relief association is directly associated or by the independent  
 92.2 nonprofit firefighting corporation, as applicable, and with the state auditor, not later than  
 92.3 July 1 of the year next following the date as of which the actuarial valuation is prepared.  
 92.4 Any relief association which is operating under a special law which requires that actuarial  
 92.5 valuations be obtained at least every four years and be prepared in accordance with  
 92.6 applicable actuarial standards set forth in statute may continue to have actuarial valuations  
 92.7 made according to the time schedule set forth in the special legislation subject to the  
 92.8 provisions of subdivision 3.

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

92.10 Sec. 14. Minnesota Statutes 2013 Supplement, section 424A.093, subdivision 6,  
 92.11 is amended to read:

92.12 Subd. 6. **Municipal ratification for plan amendments.** If the special fund of the  
 92.13 relief association does not have a surplus over full funding under subdivision 4, and  
 92.14 if the municipality is required to provide financial support to the special fund of the  
 92.15 relief association under this section, the adoption of or any amendment to the articles of  
 92.16 incorporation or bylaws of a relief association which increases or otherwise affects the  
 92.17 retirement coverage provided by or the service pensions or retirement benefits payable  
 92.18 from the special fund of any relief association to which this section applies is not effective  
 92.19 until it is ratified by the governing body of the municipality ~~in which the relief association~~  
 92.20 ~~is located~~ served by the fire department to which the relief association is directly associated  
 92.21 or by the independent nonprofit firefighting corporation, as applicable. If the special  
 92.22 fund of the relief association has a surplus over full funding under subdivision 4, and if  
 92.23 the municipality is not required to provide financial support to the special fund of the  
 92.24 relief association under this section, the relief association may adopt or amend its articles  
 92.25 of incorporation or bylaws which increase or otherwise affect the retirement coverage  
 92.26 provided by or the service pensions or retirement benefits payable from the special fund  
 92.27 of the relief association which are effective without municipal ratification so long as this  
 92.28 does not cause the amount of the resulting increase in the accrued liability of the special  
 92.29 fund of the relief association to exceed 90 percent of the amount of the surplus over full  
 92.30 funding reported in the prior year and this does not result in the financial requirements of  
 92.31 the special fund of the relief association exceeding the expected amount of the future fire  
 92.32 state aid to be received by the relief association as determined by the board of trustees  
 92.33 following the preparation of an updated actuarial valuation including the proposed change  
 92.34 or an estimate of the expected actuarial impact of the proposed change prepared by the  
 92.35 actuary of the relief association. If a relief association adopts or amends its articles of

93.1 incorporation or bylaws without municipal ratification pursuant to this subdivision, and,  
93.2 subsequent to the amendment or adoption, the financial requirements of the special fund  
93.3 of the relief association under this section are such so as to require financial support from  
93.4 the municipality, the provision which was implemented without municipal ratification is  
93.5 no longer effective without municipal ratification and any service pensions or retirement  
93.6 benefits payable after that date may be paid only in accordance with the articles of  
93.7 incorporation or bylaws as amended or adopted with municipal ratification.

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

93.9 Sec. 15. Minnesota Statutes 2013 Supplement, section 424A.094, subdivision 2,  
93.10 is amended to read:

93.11 Subd. 2. **Determination of actuarial condition and funding costs.** Each  
93.12 independent nonprofit firefighting corporation to which this section applies shall determine  
93.13 the actuarial condition and the funding costs of the subsidiary relief association using  
93.14 the following procedure:

93.15 (1) An independent nonprofit firefighting corporation which has a subsidiary relief  
93.16 association which pays a monthly benefit service pension shall procure an actuarial  
93.17 valuation of the special fund of the subsidiary relief association at the same times and  
93.18 in the same manner as specified in section 424A.093, subdivisions 2 and 3, and an  
93.19 independent nonprofit firefighting corporation which has a subsidiary relief association  
93.20 which pays a lump-sum service pension shall determine the accrued liability of the special  
93.21 fund of the relief association in accordance with section 424A.092, subdivision 2.

93.22 (2) The financial requirements of the special fund of the subsidiary relief association  
93.23 which pays a monthly benefit service pension shall be determined in the same manner  
93.24 as specified in section 424A.093, subdivision 4, and the financial requirements of the  
93.25 special fund of the subsidiary relief association shall be determined in the same manner as  
93.26 specified in section 424A.092, subdivision 3.

93.27 (3) The minimum obligation of the independent nonprofit firefighting corporation on  
93.28 behalf of the special fund of the subsidiary relief association shall be determined in the  
93.29 same manner as specified in section 424A.092, subdivision 4, or 424A.093, subdivision 5,  
93.30 as applicable.

93.31 (4) The independent nonprofit firefighting corporation shall appropriate annually  
93.32 from the income of the corporation an amount at least equal to the minimum obligation  
93.33 of the independent nonprofit firefighting corporation on behalf of the special fund of  
93.34 the subsidiary relief association.

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

94.2 Sec. 16. Minnesota Statutes 2013 Supplement, section 424A.10, subdivision 2, is  
94.3 amended to read:

94.4 Subd. 2. **Payment of supplemental benefit.** (a) Upon the payment by a volunteer  
94.5 firefighters' relief association or by the voluntary statewide lump-sum volunteer firefighter  
94.6 retirement plan of a lump-sum distribution to a qualified recipient, the association must  
94.7 pay a supplemental benefit to the qualified recipient. Notwithstanding any law to the  
94.8 contrary, the relief association must pay the supplemental benefit out of its special fund  
94.9 and the voluntary statewide lump-sum volunteer firefighter retirement plan must pay  
94.10 the supplemental benefit out of the voluntary statewide lump-sum volunteer firefighter  
94.11 retirement plan. This benefit is an amount equal to ten percent of the regular lump-sum  
94.12 distribution that is paid on the basis of the recipient's service as a volunteer firefighter.  
94.13 In no case may the amount of the supplemental benefit exceed \$1,000. A supplemental  
94.14 benefit under this paragraph may not be paid to a survivor of a deceased active or deferred  
94.15 volunteer firefighter in that capacity.

94.16 (b) Upon the payment by a relief association or the retirement plan of a lump-sum  
94.17 survivor benefit to a survivor of a deceased active volunteer firefighter or of a deceased  
94.18 deferred volunteer firefighter, the association must pay a supplemental survivor benefit to  
94.19 the survivor of the deceased active or deferred volunteer firefighter from the special fund  
94.20 of the relief association and the retirement plan must pay a supplemental survivor benefit  
94.21 to the survivor of the deceased active or deferred volunteer firefighter from the retirement  
94.22 fund if chapter 353G so provides. The amount of the supplemental survivor benefit is 20  
94.23 percent of the survivor benefit, but not to exceed \$2,000.

94.24 (c) For purposes of this section, the term "regular lump-sum distribution" means the  
94.25 pretax lump-sum distribution excluding any interest that may have been credited during a  
94.26 volunteer firefighter's period of deferral.

94.27 (d) An individual may receive a supplemental benefit under paragraph (a) or under  
94.28 paragraph (b), but not under both paragraphs with respect to one lump-sum volunteer  
94.29 firefighter benefit.

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

94.31 Sec. 17. Minnesota Statutes 2012, section 424B.12, is amended to read:

94.32 **424B.12 MIXED CONSOLIDATING RELIEF ASSOCIATIONS; BENEFIT**  
94.33 **PLAN; FUNDING.**

95.1 Subdivision 1. **Applicability.** This section applies where one or more of the  
 95.2 volunteer firefighters' relief associations involved in the consolidation are defined benefit  
 95.3 relief associations as defined in section 424A.001, subdivision 1b, and one or more of  
 95.4 the volunteer firefighters' relief associations involved in the consolidation are defined  
 95.5 contribution relief associations as defined in section 424A.001, subdivision 1c.

95.6 Subd. 2. **Benefit plan.** The articles of incorporation or bylaws of the successor  
 95.7 relief association must specify whether the relief association is a defined benefit relief  
 95.8 association or whether the relief association is a defined contribution relief association. If  
 95.9 the successor relief association is a defined benefit relief association, the relief association  
 95.10 benefits must comply with sections 424A.02 and ~~424B.11~~, subdivision 1a 424B.10. If  
 95.11 the successor relief association is a defined contribution relief association, the relief  
 95.12 association must comply with sections 424A.016 and ~~424B.12~~ 424B.11, subdivision 2.

95.13 Subd. 3. **Funding.** If the successor relief association is a defined benefit relief  
 95.14 association, the relief association funding is governed by section ~~424B.11~~ 424B.10,  
 95.15 subdivision 2. If the successor relief association is a defined contribution relief association,  
 95.16 the relief association funding is governed by section ~~424B.12~~ 424B.11, subdivision 3.

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

## 95.18 ARTICLE 9

### 95.19 MISCELLANEOUS RETIREMENT PROVISIONS

95.20 Section 1. Minnesota Statutes 2012, section 11A.17, subdivision 1, is amended to read:

95.21 Subdivision 1. **Purpose; accounts; continuation.** (a) The purpose of the  
 95.22 supplemental investment fund is to provide an investment vehicle for the assets of various  
 95.23 public retirement plans and funds.

95.24 (b) ~~The fund consists of eight investment accounts: an income share account, a~~  
 95.25 ~~growth share account, an international share account, a money market account, a fixed~~  
 95.26 ~~interest account, a bond market account, a common stock index account, and a volunteer~~  
 95.27 ~~firefighter account.~~ The state board shall determine and make available investment  
 95.28 accounts within the supplemental investment fund. These accounts shall include an  
 95.29 appropriate array of diversified investment options for participants of the public retirement  
 95.30 plans under subdivision 5.

95.31 (c) ~~The assets of the supplemental investment fund is a continuation of the~~  
 95.32 ~~supplemental retirement fund in existence on January 1, 1980~~ must be invested by the  
 95.33 state board in types of investments permitted under section 11A.24.

95.34 (d) The state board shall make available a volunteer firefighter account for the  
 95.35 voluntary statewide lump-sum volunteer firefighter retirement plan under section 353G.02.

96.1 **EFFECTIVE DATE.** This section is effective July 1, 2014.

96.2 Sec. 2. Minnesota Statutes 2012, section 11A.17, subdivision 9, is amended to read:

96.3 Subd. 9. **Valuation of investment shares.** (a) The value of investment shares in  
96.4 the income share account, the growth share account, the international share account,  
96.5 the bond market account, and the common stock index for each investment account,  
96.6 excluding a money market account, must be determined by dividing the total market  
96.7 value of the securities constituting the respective account by the total number of shares  
96.8 then outstanding in the investment account.

96.9 (b) The value of investment shares in the a money market account and the fixed  
96.10 interest account is must be valued at \$1 a share. Terms as to withdrawal schedules will be  
96.11 agreed upon by the public retirement fund and the state board.

96.12 **EFFECTIVE DATE.** This section is effective July 1, 2014.

96.13 Sec. 3. Minnesota Statutes 2012, section 352.965, subdivision 4, is amended to read:

96.14 Subd. 4. **Plan investments.** (a) Available investments under the plan may include:  
96.15 are those investments chosen by the State Board of Investment under section 356.645 for  
96.16 the plan.

96.17 (1) ~~shares in the Minnesota supplemental investment fund established in section~~  
96.18 ~~11A.17 that are selected to be offered under the plan by the State Board of Investment;~~

96.19 (2) ~~saving accounts in federally insured financial institutions;~~

96.20 (3) ~~life insurance contracts, fixed annuity, and variable annuity contracts from~~  
96.21 ~~companies that are subject to regulation by the commissioner of commerce;~~

96.22 (4) ~~investment options from open-end investment companies registered under the~~  
96.23 ~~federal Investment Company Act of 1940, United States Code, title 15, sections 80a-1~~  
96.24 ~~to 80a-64;~~

96.25 (5) ~~investment options from a firm that is a registered investment advisor under the~~  
96.26 ~~Investment Advisers Act of 1940, United States Code, title 15, sections 80b-1 to 80b-21;~~

96.27 (6) ~~investment options of a bank as defined in United States Code, title 15, section~~  
96.28 ~~80b-2, subsection (a), paragraph (2), or a bank holding company as defined in the Bank~~  
96.29 ~~Holding Company Act of 1956, United States Code, title 12, section 1841, subsection~~  
96.30 ~~(a), paragraph (1); or~~

96.31 (7) ~~a combination of clause (1), (2), (3), (4), (5), or (6), as provided by the plan as~~  
96.32 ~~specified by the participant.~~

96.33 (b) ~~All amounts contributed to the deferred compensation plan and all earnings~~  
96.34 ~~on those amounts must be held for the exclusive benefit of the plan participants and~~



97.1 beneficiaries. These amounts must be held in trust, in custodial accounts, or in qualifying  
97.2 annuity contracts as required by federal law in accordance with section 356A.06,  
97.3 subdivision 1. This subdivision does not authorize an employer contribution, except as  
97.4 authorized in section 356.24, subdivision 1, paragraph (a), clause (5). The state, political  
97.5 subdivision, or other employing unit is not responsible for any loss that may result from  
97.6 investment of the deferred compensation.

97.7 **EFFECTIVE DATE.** This section is effective July 1, 2014.

97.8 Sec. 4. Minnesota Statutes 2012, section 352.965, is amended by adding a subdivision  
97.9 to read:

97.10 **Subd. 4a. Exclusive benefit.** All amounts contributed to the deferred compensation  
97.11 plan and all earnings on those amounts must be held for the exclusive benefit of the plan  
97.12 participants and beneficiaries. These amounts must be held in trust, in custodial accounts,  
97.13 or in qualifying annuity contracts as required by federal law in accordance with section  
97.14 356A.06, subdivision 1.

97.15 **EFFECTIVE DATE.** This section is effective July 1, 2014.

97.16 Sec. 5. Minnesota Statutes 2012, section 352.965, is amended by adding a subdivision  
97.17 to read:

97.18 **Subd. 4b. Employer contribution prohibition.** Except as authorized in section  
97.19 356.24, subdivision 1, clause (5), employer contributions are prohibited.

97.20 **EFFECTIVE DATE.** This section is effective July 1, 2014.

97.21 Sec. 6. Minnesota Statutes 2012, section 352.98, subdivision 2, is amended to read:

97.22 **Subd. 2. Contracting authorized.** (a) The executive director shall administer  
97.23 the plan and contract with public and private entities to provide investment services,  
97.24 record keeping, benefit payments, and other functions necessary for the administration of  
97.25 the plan. If allowed by

97.26 (b) As specified in section 356.645, the Minnesota State Board of Investment, the  
97.27 Minnesota State Board of Investment supplemental investment funds may be offered as  
97.28 shall determine an appropriate selection of investment options under that shall be offered  
97.29 by the health care savings plan or plans.

97.30 **EFFECTIVE DATE.** This section is effective July 1, 2014.

98.1 Sec. 7. Minnesota Statutes 2012, section 352D.04, is amended by adding a subdivision  
98.2 to read:

98.3 Subd. 1a. **State Board of Investment selection of investment products.** As  
98.4 specified in section 356.645, the State Board of Investment shall select investment  
98.5 products to be available to participants in the retirement program provided by this chapter.

98.6 **EFFECTIVE DATE.** This section is effective July 1, 2014.

98.7 Sec. 8. Minnesota Statutes 2012, section 352D.04, is amended by adding a subdivision  
98.8 to read:

98.9 Subd. 1b. **Participant selection of investments.** (a) A program participant may  
98.10 elect to participate in one or more of the investment products made available under the  
98.11 program by specifying the percentage of the participant's contributions under subdivision  
98.12 2 to be used to purchase shares in the applicable products.

98.13 (b) Before making an allocation election, or if the participant fails to specify an  
98.14 allocation, the executive director shall, on behalf of that participant, purchase shares  
98.15 in a default investment alternative. The investment alternative must be specified by  
98.16 the Minnesota State Retirement System Board from the available investment options  
98.17 authorized under subdivision 1a.

98.18 (c) A participant may revise the investment allocation for subsequent purchase of  
98.19 shares, and a participant or former participant may also change the investment options  
98.20 selected for all or a portion of shares previously purchased.

98.21 (d) Any investment allocation selection authorized under this subdivision, whether  
98.22 relating to subsequent purchases of new shares or reallocating the existing portfolio,  
98.23 must be conducted at times and under procedures prescribed by the executive director.  
98.24 Any allocation or allocation revisions are effective at the end of the most recent United  
98.25 States investment market day, unless subject to trading restrictions imposed on certain  
98.26 investment options.

98.27 **EFFECTIVE DATE.** This section is effective July 1, 2014.

98.28 Sec. 9. Minnesota Statutes 2012, section 353.27, subdivision 4, is amended to read:

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

98.30 (a) A representative authorized by the head of each department shall deduct employee  
98.31 contributions from the salary of each public employee who qualifies for membership in  
98.32 the general employees retirement plan of the Public Employees Retirement Association  
98.33 or in the public employees police and fire retirement plan under this chapter or chapter

99.1 353D or 353E at the rate under section 353.27, 353.65, 353D.03, or 353E.03, whichever is  
99.2 applicable, that is in effect on the date the salary is paid. The employer representative must  
99.3 also remit payment in a manner prescribed by the executive director for the aggregate  
99.4 amount of the employee contributions and the required employer contributions to be  
99.5 received by the association within 14 calendar days after each pay date. If the payment is  
99.6 less than the amount required, the employer must pay the shortage amount to the association  
99.7 and collect reimbursement of any employee contribution shortage paid on behalf of a  
99.8 member through subsequent payroll withholdings from the wages of the employee.  
99.9 Payment of shortages in employee contributions and associated employer contributions, if  
99.10 applicable, must include interest at the rate specified in section 353.28, subdivision 5, if not  
99.11 received within 30 days following the date the amount was initially due under this section.

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

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

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

99.20 (3) the amount of salary defined in section 353.01, subdivision 10, earned in the pay  
99.21 period from which each deduction was made, including a breakdown of the portion of the  
99.22 salary that represents overtime pay that the employee was paid for additional hours worked  
99.23 beyond the regularly scheduled hours, pay for unused compensatory time, and the salary  
99.24 amount earned by a reemployed annuitant under section 353.37, subdivision 1, or 353.371,  
99.25 subdivision 1, or by a disabled member under section 353.33, subdivision 7 or 7a;

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

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

99.30 (c) Employers must furnish the data required for enrollment for each new or  
99.31 reinstated employee who qualifies for membership in the general employees retirement  
99.32 plan of the Public Employees Retirement Association or in the public employees police  
99.33 and fire retirement plan in the format prescribed by the executive director. The required  
99.34 enrollment data on new members must be submitted to the association prior to or  
99.35 concurrent with the submission of the initial employee salary deduction. Also, the  
99.36 employer shall report to the association all member employment status changes, such as

100.1 leaves of absence, terminations, and death, and shall report the effective dates of those  
100.2 changes, on an ongoing basis for the payroll cycle in which they occur. If an employer  
100.3 fails to comply with the reporting requirements under this paragraph, the executive  
100.4 director may assess a fine of \$25 for each failure if the association staff has notified the  
100.5 employer of the noncompliance and attempted to obtain the missing data or form from the  
100.6 employer for a period of more than three months.

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

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

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

100.23 **EFFECTIVE DATE.** This section is effective January 1, 2015.

100.24 Sec. 10. Minnesota Statutes 2012, section 353.371, is amended by adding a subdivision  
100.25 to read:

100.26 **Subd. 8. Program expiration.** (a) Initial postretirement option employment  
100.27 agreements must not be entered into after June 30, 2019.

100.28 (b) This section expires on June 30, 2024.

100.29 **EFFECTIVE DATE.** This section is effective July 1, 2014.

100.30 Sec. 11. Minnesota Statutes 2013 Supplement, section 353.651, subdivision 4, is  
100.31 amended to read:

100.32 **Subd. 4. Early retirement.** (a) A person who becomes a public employees police  
100.33 and fire retirement plan member after June 30, 2007, or a former member who is reinstated

101.1 as a member of the plan after that date, who is at least 50 years of age and is at least  
101.2 partially vested under section 353.01, subdivision 47, upon the termination of public  
101.3 ~~service~~ employees police and fire retirement plan membership before July 1, 2014, ~~if the~~  
101.4 ~~person is other than a county sheriff or after January 4, 2015, if the person is a county~~  
101.5 ~~sheriff~~ is entitled upon application to a retirement annuity equal to the normal annuity  
101.6 calculated under subdivision 3, reduced by two-tenths of one percent for each month that  
101.7 the member is under age 55 at the time of retirement.

101.8 (b) Upon the termination of public ~~service~~ employees police and fire retirement  
101.9 plan membership before July 1, 2014, ~~if the person is other than a county sheriff or~~  
101.10 ~~upon the termination of public service before January 5, 2015, if the person is a county~~  
101.11 ~~sheriff~~, any public employees police and fire retirement plan member who first became  
101.12 a member of the plan before July 1, 2007, and who is not specified in paragraph (a),  
101.13 upon attaining at least 50 years of age with at least three years of allowable service is  
101.14 entitled upon application to a retirement annuity equal to the normal annuity calculated  
101.15 under subdivision 3, reduced by one-tenth of one percent for each month that the member  
101.16 is under age 55 at the time of retirement.

101.17 (c) A person ~~other than a county sheriff~~ who is a member of the public employees  
101.18 police and fire retirement plan on or after July 1, 2014, ~~or a county sheriff who is a~~  
101.19 ~~member of the public employees police and fire retirement plan on or after January 5,~~  
101.20 ~~2015,~~ and who is at least 50 years old and is at least partially vested under section 353.01,  
101.21 subdivision 47, and whose benefit effective date is after July 1, 2014, ~~if other than a~~  
101.22 ~~county sheriff or after January 4, 2015, if a county sheriff~~ and on or before July 1, 2019, is  
101.23 entitled upon application to a retirement annuity equal to the normal annuity calculated  
101.24 under subdivision 3, reduced for each month the member is under age 55 at the time of  
101.25 retirement by applying a blended monthly rate that is equivalent to the sum of:

101.26 (1) one-sixtieth of the annual rate of five percent, prorated for each month the  
101.27 person's benefit effective date is after July 1, 2014, ~~or after December 31, 2014, whichever~~  
101.28 ~~applies~~; and

101.29 (2) one-sixtieth of the annual rate provided under paragraph (a) or (b), whichever  
101.30 applies, for each month the person's benefit effective date is before July 1, 2019.

101.31 (d) A person ~~other than a county sheriff~~ who is a member of the public employees  
101.32 police and fire retirement plan on or after July 1, 2014, ~~or a county sheriff who is a member~~  
101.33 ~~of the public employees police and fire retirement plan on or after January 5, 2015,~~ and  
101.34 who is at least 50 years old and is at least partially vested under section 353.01, subdivision  
101.35 47, whose benefit effective date is after July 1, 2019, is entitled, upon application, to a

102.1 retirement annuity equal to the normal annuity calculated under subdivision 3, reduced by  
102.2 five percent annually, prorated for each month that the member is under age 55.

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

102.4 Sec. 12. Minnesota Statutes 2012, section 353D.05, subdivision 1, is amended to read:

102.5 Subdivision 1. **Investment.** As further specified under this section, employing unit  
102.6 contributions, after the deduction of an amount for administrative expenses, and individual  
102.7 participant contributions must be ~~remitted to~~ invested in the participant's account or  
102.8 accounts in investment products authorized by the association that are made available  
102.9 for this purpose by the State Board of Investment for investment in the Minnesota  
102.10 supplemental investment fund established by under section ~~11A.17~~ 356.645.

102.11 **EFFECTIVE DATE.** This section is effective July 1, 2014.

102.12 Sec. 13. Minnesota Statutes 2012, section 353D.05, is amended by adding a  
102.13 subdivision to read:

102.14 Subd. 1a. **Participant selection of investments.** (a) A plan participant may elect  
102.15 to allocate contributions, made by and on behalf of the participant, in one or more of the  
102.16 investment products authorized by the association to be made available under the plan,  
102.17 by specifying the percentage of the participant's contributions to be used to purchase  
102.18 shares in the authorized products.

102.19 (b) If contributions are received before the participant has made an allocation  
102.20 election, or if the participant fails to specify an allocation, the executive director shall,  
102.21 on behalf of that participant, purchase shares in a default investment alternative. The  
102.22 investment option must be specified by the Public Employees Retirement Association board  
102.23 of trustees from the designated available investment options authorized under this section.

102.24 (c) A participant may revise the investment allocation for subsequent purchase of  
102.25 shares, and a participant or former participant may also change the investment options  
102.26 selected for all or a portion of shares previously purchased.

102.27 (d) Any investment allocation selection authorized under this subdivision, whether  
102.28 relating to subsequent purchases of new shares or reallocating the existing portfolio, must  
102.29 be conducted at times and under procedures prescribed by the executive director.

102.30 **EFFECTIVE DATE.** This section is effective July 1, 2014.

102.31 Sec. 14. **[356.645] INVESTMENT OF VARIOUS DEFINED CONTRIBUTION**  
102.32 **PLAN ASSETS.**

103.1 The State Board of Investment shall determine the investments to be made available  
103.2 to plan participants in plans defined in sections 352.965, 352.98, and chapters 352D  
103.3 and 353D. Investments made available to plan participants must include at least one or  
103.4 all of the following:

103.5 (1) shares in the Minnesota supplemental investment fund established in section  
103.6 11A.17;

103.7 (2) saving accounts in federally insured financial institutions;

103.8 (3) life insurance contracts, fixed annuity contracts, and variable annuity contracts  
103.9 from companies that are subject to regulation by the commissioner of commerce;

103.10 (4) investment options from open-end investment companies registered under the  
103.11 federal Investment Company Act of 1940, United States Code, title 15, sections 80a-1  
103.12 to 80a-64;

103.13 (5) investment options from a firm that is a registered investment adviser under  
103.14 the Investment Advisers Act of 1940, United States Code, title 15, sections 80b-1 to  
103.15 80b-21; and

103.16 (6) investment options of a bank as defined in United States Code, title 15, section  
103.17 80b-2, subsection (a), paragraph (2), or a bank holding company as defined in the Bank  
103.18 Holding Company Act of 1956, United States Code, title 12, section 1841, subsection  
103.19 (a), paragraph (1).

103.20 **EFFECTIVE DATE.** This section is effective July 1, 2014.

103.21 **Sec. 15. [356.646] PLAN PARTICIPANT INVESTMENT RESPONSIBILITY.**

103.22 **Subdivision 1. Member investment responsibility.** The state, the State Board of  
103.23 Investment and its executive director and staff, the plan administrators and their staff, and  
103.24 participating public employers are not liable and are not responsible for any investment  
103.25 losses due to choices made by participants or due to qualified default investment  
103.26 alternatives.

103.27 **Subd. 2. Application.** This section applies to the:

103.28 (1) Minnesota state deferred compensation plan, established under section 352.965;

103.29 (2) health care savings plan, established under section 352.98;

103.30 (3) unclassified employees retirement program, established under chapter 352D;

103.31 (4) public employees defined contribution plan, established under chapter 353D;

103.32 (5) individual retirement account plan, established under chapter 354B;

103.33 (6) higher education supplemental retirement plan, established under chapter 354C;

103.34 and

104.1 (7) Arts Board and Humanities Commission individual retirement account plan,  
104.2 established under chapter 354D.

104.3 **EFFECTIVE DATE.** This section is effective July 1, 2014.

104.4 Sec. 16. Laws 2009, chapter 169, article 5, section 2, the effective date, as amended by  
104.5 Laws 2010, chapter 359, article 5, section 27, is amended to read:

104.6 **EFFECTIVE DATE.** This section is effective the day following final enactment  
104.7 and expires on June 30, 2014. Individuals must not be appointed to a postretirement  
104.8 option position after that date.

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

104.10 Sec. 17. **COUNTY SHERIFF TEMPORARY EARLY RETIREMENT**  
104.11 **PROVISION.**

104.12 Subdivision 1. **Application.** (a) This section applies to a county sheriff who:

104.13 (1) terminates membership in the public employees police and fire retirement plan  
104.14 after June 30, 2014, and by the final day in office in January 2015 as reported by the county;

104.15 (2) is at least age 50 but less than age 55 on the date of termination;

104.16 (3) is at least partially vested under Minnesota Statutes, section 353.01, subdivision  
104.17 47, and meets all applicable requirements for receipt of an early retirement annuity from  
104.18 the plan; and

104.19 (4) has as the benefit effective date the day following termination of public  
104.20 employees police and fire retirement plan membership.

104.21 (b) Notwithstanding any provision of Minnesota Statutes, section 353.651,  
104.22 subdivision 4, to the contrary, the early retirement annuity applicable to an eligible person  
104.23 under paragraph (a) is the applicable benefit specified in subdivision 2.

104.24 Subd. 2. **Early retirement annuity.** (a) If an eligible person became a public  
104.25 employees police and fire retirement plan member after June 30, 2007, or was a former  
104.26 member who was reinstated as a member after that date, the person is entitled, upon  
104.27 application, to the normal annuity calculated under Minnesota Statutes, section 353.651,  
104.28 subdivision 3, reduced by two-tenths of one percent for each month that the member  
104.29 is under age 55 at the time of retirement.

104.30 (b) If an eligible person became a public employees police and fire retirement plan  
104.31 member before July 1, 2007, and is covered under paragraph (a), the person is entitled,  
104.32 upon application, to the normal annuity calculated under Minnesota Statutes, section



105.1 353.651, subdivision 3, reduced by one-tenth of one percent for each month that the  
105.2 member is under age 55 at the time of retirement.

105.3 (c) If an eligible person is not fully vested, the annuity computed under this section  
105.4 must be reduced accordingly.

105.5 Subd. 3. **Expiration.** This section expires on January 1, 2016.

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

105.7 Sec. 18. **REPEALER.**

105.8 Minnesota Statutes 2012, sections 11A.17, subdivision 4; 352.965, subdivision 5;  
105.9 352D.04, subdivision 1; and 353D.05, subdivision 2, are repealed.

105.10 **EFFECTIVE DATE.** This section is effective July 1, 2014.

## 105.11 **ARTICLE 10**

### 105.12 **ONE PERSON AND SMALL GROUP RETIREMENT PROVISIONS**

105.13 Section 1. **PERA-POLICE AND FIRE; DISABILITY BENEFIT APPLICATION**  
105.14 **DEADLINE EXTENSION FOR CERTAIN WADENA COUNTY SHERIFF'S**  
105.15 **DEPUTIES.**

105.16 (a) Notwithstanding any provision of Minnesota Statutes, section 353.031 or  
105.17 353.656 to the contrary, an eligible person described in paragraph (b) is authorized to file  
105.18 an application for a disability benefit from the public employees police and fire retirement  
105.19 plan retroactively from the date of a shooting event in which the person was involved  
105.20 on March 11, 2006.

105.21 (b) An eligible person is a person who:

105.22 (1) was born on August 11, 1971;

105.23 (2) was initially employed as a deputy sheriff by Wadena County on March 9, 2006;

105.24 (3) was, by virtue of law enforcement employment, a member of the public  
105.25 employees police and fire retirement plan;

105.26 (4) was involved in the nonfatal shooting incident of a gun-wielding suspect near  
105.27 Sebelia, Minnesota, on March 11, 2006, without being physically injured;

105.28 (5) resigned from the Wadena County sheriff's department in October 2010 after  
105.29 being treated for mental health issues for the prior six months; and

105.30 (6) failed to apply for a mental health-related disability benefit by the November 11,  
105.31 2007, deadline for applying for a disability benefit from the public employees police and  
105.32 fire retirement plan based on the March 11, 2006, shooting incident.

106.1 (c) If the eligible person files a disability benefit application under paragraph (a)  
 106.2 on or before the expiration date specified in paragraph (d), and if the eligible person is  
 106.3 determined by the Public Employees Retirement Association as being disabled while in  
 106.4 the line of duty as a result of the March 11, 2006, shooting incident, the eligible person  
 106.5 is entitled to receive a duty disability benefit from the public employees police and fire  
 106.6 retirement plan under Minnesota Statutes, section 353.656, subdivision 1 or 1a, including  
 106.7 retroactive benefit payments from April 1, 2006.

106.8 (d) The authority for the eligible person to file a disability benefit application under  
 106.9 paragraph (a) expires on July 1, 2015.

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

106.11 Delete the title and insert:

106.12 "A bill for an act  
 106.13 relating to retirement; various Minnesota public employee retirement plans;  
 106.14 allowing MSRS-General deferred members to vote in board elections;  
 106.15 continuing Stevens County Housing and Redevelopment Authority employees  
 106.16 in PERA-General; excluding fixed-route bus drivers employed by the St.  
 106.17 Cloud Metropolitan Transit Commission from PERA-General coverage;  
 106.18 increasing member and employer contribution rates for certain retirement  
 106.19 plans; providing for the consolidation of the Duluth Teachers Retirement Fund  
 106.20 Association retirement plan and fund into the statewide Teachers Retirement  
 106.21 Association; revising an amortization target date, creating new state aid  
 106.22 programs; appropriating money; extending a MnSCU early retirement incentive  
 106.23 program; increasing the limit for certain reemployed MnSCU retirees; extending  
 106.24 the applicability of a second chance at tenure retirement coverage election  
 106.25 opportunity for MnSCU faculty members; revising investment authority for  
 106.26 various defined contribution plans or programs; authorizing the State Board of  
 106.27 Investment to revise, remove, or create investment options for the Minnesota  
 106.28 supplemental investment fund; expanding permissible investments under the  
 106.29 unclassified state employees retirement program, the public employees defined  
 106.30 contribution plan, the deferred compensation program, and the health care savings  
 106.31 plan; revising salary reporting requirements; clarifying retirement provision  
 106.32 applications to sheriffs; revising local government postretirement option program  
 106.33 requirements and extending expiration date; clarifying future postretirement  
 106.34 adjustment rates for former members of the former Minneapolis Firefighters  
 106.35 Relief Association and the former Minneapolis Police Relief Association; making  
 106.36 technical changes to amortization state aid and supplemental state aid; clarifying  
 106.37 the eligibility of independent nonprofit firefighting corporations to receive police  
 106.38 and fire supplemental retirement state aid; implementing the recommendations  
 106.39 of the 2013-2014 state auditor volunteer fire working group; modifying the  
 106.40 disability benefit application deadline for certain former Wadena County sheriff's  
 106.41 deputies; amending Minnesota Statutes 2012, sections 11A.17, subdivisions 1, 9;  
 106.42 13.632, subdivision 1; 122A.18, subdivision 7a; 136F.481; 352.03, subdivisions  
 106.43 1, 1a; 352.04, subdivisions 2, 3; 352.1155, subdivisions 1, 4; 352.92, subdivisions  
 106.44 1, 2; 352.965, subdivision 4, by adding subdivisions; 352.98, subdivision 2;  
 106.45 352D.04, by adding subdivisions; 353.27, subdivisions 2, 3, 3b, 4; 353.371,  
 106.46 by adding a subdivision; 353.6511, subdivision 7; 353.6512, subdivision 7;  
 106.47 353D.05, subdivision 1, by adding a subdivision; 354.05, subdivisions 2,  
 106.48 13; 354.42, subdivisions 2, 3; 354.445; 354A.011, subdivisions 11, 15a, 27;  
 106.49 354A.021, subdivision 1; 354A.092; 354A.093, subdivision 1; 354A.096;  
 106.50 354A.12, subdivision 2; 354A.31, subdivisions 1, 3a; 354A.32, subdivision

107.1 1; 354A.35, subdivision 1; 354A.37, subdivisions 3, 4; 354A.39; 354A.41;  
107.2 354B.21, subdivisions 2, 3a; 355.01, subdivision 2c; 356.215, subdivision 11;  
107.3 356.24, subdivision 1; 356.302, subdivision 7; 356.303, subdivision 4; 356.32,  
107.4 subdivision 2; 356.42, subdivision 3; 356.465, subdivision 3; 356.47, subdivision  
107.5 3; 356.99, subdivision 1; 356A.06, subdivisions 7, 7a; 424A.015, by adding a  
107.6 subdivision; 424A.016, subdivisions 4, 7; 424A.08; 424B.12; Minnesota Statutes  
107.7 2013 Supplement, sections 69.051, subdivisions 1a, 3; 353.01, subdivisions  
107.8 2a, 2b; 353.651, subdivision 4; 354.436; 354.44, subdivision 6; 354A.12,  
107.9 subdivisions 1, 2a, 3a, 3c; 356.20, subdivision 2; 356.214, subdivision 1;  
107.10 356.215, subdivision 8; 356.219, subdivision 8; 356.30, subdivision 3; 356.401,  
107.11 subdivision 3; 423A.02, subdivision 3; 423A.022, subdivisions 2, 3; 424A.016,  
107.12 subdivision 6; 424A.02, subdivisions 3, 7; 424A.092, subdivision 6; 424A.093,  
107.13 subdivisions 2, 6; 424A.094, subdivision 2; 424A.10, subdivision 2; Laws 2009,  
107.14 chapter 169, article 5, section 2, as amended; article 6, section 1; proposing  
107.15 coding for new law in Minnesota Statutes, chapters 354; 354A; 356; repealing  
107.16 Minnesota Statutes 2012, sections 11A.17, subdivision 4; 352.965, subdivision  
107.17 5; 352D.04, subdivision 1; 353D.05, subdivision 2; 354A.021, subdivision  
107.18 5; 354A.108; 354A.24; 354A.27, subdivision 5; Minnesota Statutes 2013  
107.19 Supplement, sections 354A.27, subdivisions 6a, 7; 354A.31, subdivision 4a."