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State of Minnesota  
**HOUSE OF REPRESENTATIVES**

**EIGHTY-FIFTH  
SESSION**

**HOUSE FILE No. 2363**

March 26, 2007

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The bill was read for the first time and referred to the Committee on Governmental Operations, Reform, Technology and Elections

1.1 A bill for an act  
1.2 relating to retirement; correctional state employees retirement plan of the  
1.3 Minnesota State Retirement System; authorizing certain Department of Human  
1.4 Services employees transferred to plan coverage in 2006 to make back equivalent  
1.5 member contributions and transfer pension service credit.

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

1.7 Section 1. **TRANSFER OF PRIOR MSRS-GENERAL SERVICE CREDIT FOR**  
1.8 **CERTAIN EMPLOYEES WITH TRANSFERRED RETIREMENT COVERAGE.**

1.9 Subdivision 1. Election to transfer prior MSRS-general service credit. (a) An  
1.10 eligible employee described in paragraph (b) may elect to transfer service credit in the  
1.11 general state employees retirement plan of the Minnesota State Retirement System to the  
1.12 correctional state employees retirement plan for eligible prior correctional employment.

1.13 (b) An eligible employee is a person who:

1.14 (1) became an employee of the state of Minnesota in October 2002;

1.15 (2) is employed as a psychologist 1 by the Department of Human Services in the  
1.16 Minnesota sex offender program at the Moose Lake facility; and

1.17 (3) became eligible for retirement coverage by the correctional state employees  
1.18 retirement plan of the Minnesota State Retirement System under Laws 2006, chapter  
1.19 271, article 2, section 7.

1.20 (c) Eligible prior correctional employment is employment with the Department  
1.21 of Human Services in the Minnesota sex offender program that preceded the effective  
1.22 date of the retirement coverage transfer under Laws 2006, chapter 271, article 2, section  
1.23 7, is continuous service, and is certified by the commissioner of human services and  
1.24 the commissioner of employee relations to the executive director of the Minnesota  
1.25 State Retirement System as service that would qualify for correctional state employees

2.1 retirement plan coverage under Minnesota Statutes, section 352.91, if the service was  
2.2 rendered after July 1, 2006.

2.3 (d) The election to transfer past service credit under this section must be made  
2.4 in writing by the applicable person on a form prescribed by the executive director of  
2.5 the Minnesota State Retirement System and must be filed with the executive director of  
2.6 the Minnesota State Retirement System on or before January 1, 2008, or the date of the  
2.7 eligible employee's termination of state employment, whichever is earlier.

2.8 Subd. 2. **Payment of additional equivalent member contributions.** (a) An  
2.9 eligible employee who elects to transfer past service credit under this section must pay  
2.10 an additional member contribution for that prior service period. The additional member  
2.11 contribution is the difference between the member contribution rate or rates for the  
2.12 general state employees retirement plan of the Minnesota State Retirement System for  
2.13 the period of employment covered by the service credit to be transferred and the member  
2.14 contribution rate or rates for the correctional state employees retirement plan for the period  
2.15 of employment covered by the service credit to be transferred, plus annual compound  
2.16 interest at the rate of 8.5 percent.

2.17 (b) The additional equivalent member contribution must be paid in a lump sum.  
2.18 Payment must accompany the election to transfer the prior service credit. No transfer  
2.19 election or additional equivalent member contribution payment may be made by a person  
2.20 or accepted by the executive director after January 1, 2008, or the date on which the  
2.21 eligible employee terminates state employment, whichever is earlier.

2.22 Subd. 3. **Payment of additional equivalent employer contributions.** (a) If an  
2.23 eligible employee elects to transfer past service credit under this section and pays the  
2.24 additional equivalent member contribution amount under subdivision 2, the Department of  
2.25 Human Services shall pay an additional equivalent employer contribution amount. The  
2.26 additional employer contribution is the difference between the employer contribution rate  
2.27 or rates for the general state employees retirement plan for the period of employment  
2.28 covered by the service credit to be transferred and the employer contribution rate or  
2.29 rates for the correctional state employees retirement plan for the period of employment  
2.30 covered by the service credit to be transferred, plus annual compound interest at the  
2.31 rate of 8.5 percent.

2.32 (b) The additional equivalent employer contribution must be paid in a lump sum and  
2.33 must be paid within 30 days of the date on which the executive director of the Minnesota  
2.34 State Retirement System certifies to the Department of Human Services that the employer  
2.35 paid the additional equivalent member contribution and the amount of the additional  
2.36 equivalent employer contribution.

3.1           Subd. 4. **Transfer of assets.** Assets related to the transferred service credit of an  
3.2 eligible employee must be transferred from the general state employees retirement fund  
3.3 to the correctional state employees retirement fund in an amount equal to the present  
3.4 value of benefits earned under the general state employees retirement plan by the eligible  
3.5 employee transferring past service to the correctional state employees retirement plan, as  
3.6 determined by the actuary retained under Minnesota Statutes, section 356.214, multiplied  
3.7 by the accrued liability funding ratio of the active members of the general state employees  
3.8 retirement plan as derived from the most recent actuarial valuation prepared under  
3.9 Minnesota Statutes, section 356.215. The transfer of assets must be made within 45 days  
3.10 after the coverage transfer election is made.

3.11           Subd. 5. **Effect of the asset transfer.** Upon the transfer of assets under subdivision  
3.12 3, the service credit in the general state employees retirement plan of the Minnesota State  
3.13 Retirement System is forfeited and may not be reinstated. The transferred service credit  
3.14 and the transferred assets must be credited to the correctional state employees retirement  
3.15 plan and fund, respectively.

3.16           Subd. 6. **Additional amortization requirement.** (a) In addition to the employer  
3.17 contribution required under subdivision 3 and Minnesota Statutes, section 352.92,  
3.18 subdivision 2, the Department of Corrections or the Department of Human Services,  
3.19 whichever applies, also must make an additional amortization payment annually with  
3.20 respect to the unfunded actuarial accrued liability attributable to past service credit  
3.21 transfers under this section.

3.22           (b) The additional amortization requirement is one-fifth of the initially determined  
3.23 unfunded actuarial accrued liability attributable to the past service credit transfer plus 8.5  
3.24 percent annual compound interest on the unfunded actuarial accrued liability remaining  
3.25 after the most recent prior principal payment. The unfunded actuarial accrued liability  
3.26 attributable to the past service credit transfer is the present value of the benefit obtained  
3.27 by the transfer of the service credit to the correctional state employees retirement plan  
3.28 reduced by the amount of the asset transfer under subdivision 4, by the amount of the  
3.29 member contribution equivalent payment under subdivision 2, and by the amount of the  
3.30 employer contribution equivalent payment under subdivision 3.

3.31           (c) The additional amortization requirement is payable annually in a lump sum on  
3.32 or before June 30.

3.33           Subd. 7. **Cost of actuarial calculations.** The Department of Human Services shall  
3.34 pay the cost of the actuarial calculations required by this section as billed by the executive  
3.35 director of the Minnesota State Retirement System.

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