

This Document can be made available
in alternative formats upon request

State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-SIXTH
SESSION

HOUSE FILE No. **950**

February 19, 2009

Authored by Murphy, M.

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

1.1 A bill for an act
1.2 relating to retirement; authorizing the Public Employees Retirement Association
1.3 to offer a postretirement option for members of the public employees retirement
1.4 general plan; proposing coding for new law in Minnesota Statutes, chapter 353.

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

1.6 Section 1. **[353.371] POSTRETIREMENT OPTION.**

1.7 Subdivision 1. **Eligibility.** (a) This section applies to a terminated basic or
1.8 coordinated member who:

1.9 (1) for at least the five years immediately preceding separation under clause (2), was
1.10 regularly scheduled to work 1,044 or more hours per year in a position covered by the
1.11 pension plan administered by the Public Employees Retirement Association;

1.12 (2) terminated public employment as defined under section 353.01, subdivision 11a;

1.13 (3) at the time of termination under clause (2), was at least age 62 and met the age
1.14 and service requirements necessary to receive a retirement annuity from the plan and
1.15 satisfied requirements for the commencement of the retirement annuity;

1.16 (4) agrees to accept a postretirement option position with the same or a different
1.17 governmental subdivision, working a reduced schedule that is both:

1.18 (i) a reduction of at least 25 percent from the employee's number of previously
1.19 regularly scheduled work hours; and

1.20 (ii) 1,044 hours or less in public; and

1.21 (5) is not eligible for participation in the state employee postretirement option
1.22 program under section 43A.346.

(b) For purposes of this section, the length of separation requirement and termination of service requirement prohibiting return to work agreements under section 353.01, subdivisions 11a and 28, are not applicable.

Subd. 2. **Annuity reduction not applicable.** Notwithstanding any law to the contrary, the provisions of section 353.37 governing annuities of reemployed annuitants shall not apply for the duration of a terminated member's employment in a postretirement option position.

Subd. 3. **Governing body discretion.** The governing body of the governmental subdivision has sole discretion to determine if and the extent to which a postretirement option position under this section is available to a terminated member. Any offer of such a position must be made in writing to the person by the governing body's designee in a manner prescribed by the executive director.

Subd. 4. **Duration.** Postretirement option employment shall be for an initial period not to exceed one year. At the end of the initial period, the governing body has sole discretion to determine if the offer of a postretirement option position will be renewed, renewed with modifications, or terminated. Postretirement option employment may be renewed for periods of up to one year, not to exceed a total duration of five years. A person may not be employed in one postretirement option position or a combination of postretirement option positions under this section for a total of more than five years.

Subd. 5. **Copy to fund.** The appointing authority shall provide the Public Employees Retirement Association with documentation, as prescribed by the executive director, of the terms of any agreement entered into with a member who accepts continuing employment with the appointing authority under the terms of this section, and any subsequent renewal agreement.

Subd. 6. **No service credit.** Notwithstanding any law to the contrary, a person may not earn service credit in the Public Employees Retirement Association for employment covered under this section, and employer contributions and payroll deductions for the retirement fund must not be made based on earnings of a person working under an agreement covered by this section. No change shall be made to a monthly annuity or retirement allowance based on employment under this section.

Subd. 7. **Subsequent employment.** If a person has been in a postretirement option position and accepts any other position in public service beyond the period of time for which the person participated in the postretirement option provided under this section, the person may not earn service credit in the Public Employees Retirement Association, no employer contributions or payroll deductions for the retirement fund shall be made, and the provisions of section 353.37 shall apply.

3.1 **EFFECTIVE DATE.** This section is effective the day following final enactment
3.2 and sunsets June 30, 2011.