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HOUSE FILE NO. **2999**

February 16, 2010

Authored by Murphy, M.; and by request

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

A bill for an act

1.1 relating to retirement; amending certain Public Employees Retirement
1.2 Association plan provisions; defining terms; adjusting contribution rates;
1.3 modifying vesting requirements; adjusting interest rates; providing for
1.4 postretirement adjustments; eliminating privatized hospital employee election;
1.5 amending Minnesota Statutes 2008, sections 353.01, by adding a subdivision;
1.6 353.27, subdivision 3b; 353.29, subdivision 1; 353.30, subdivision 1c; 353.32,
1.7 subdivisions 1, 1a; 353.34, subdivisions 1, 2, 3; 353.651, subdivisions 1, 4;
1.8 353.657, subdivisions 1, 2a; 353.71, subdivisions 1, 2; 353E.04, subdivisions
1.9 1, 4; 353E.07, subdivisions 1, 2; 353F.03; 356.215, subdivision 8; 356.30,
1.10 subdivision 1; 356.47, subdivision 3; Minnesota Statutes 2009 Supplement,
1.11 sections 353.27, subdivisions 2, 3; 353.33, subdivision 1; 353.65, subdivisions 2,
1.12 3; 356.415, subdivision 1, by adding a subdivision; repealing Minnesota Statutes
1.13 2008, section 353.34, subdivision 3a.

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

1.16 Section 1. Minnesota Statutes 2008, section 353.01, is amended by adding a
1.17 subdivision to read:

1.18 Subd. 47. **Vesting.** (a) "Vesting" means obtaining a nonforfeitable entitlement
1.19 to an annuity or benefit from a retirement plan administered by the Public Employees
1.20 Retirement Association by having credit for sufficient allowable service under paragraph
1.21 (b) or (c), whichever applies.

1.22 (b) For purposes of qualifying for an annuity or benefit as a basic or coordinated plan
1.23 member of the general employees retirement plan of the Public Employees Retirement
1.24 Association:

1.25 (1) a member who first became a public employee before July 1, 2010, is vested
1.26 when the person has accrued credit for not less than three years of allowable service as
1.27 defined under subdivision 16; and

2.1 (2) a member who first becomes a public employee after June 30, 2010, is vested
 2.2 when the person has accrued credit for not less than five years of allowable service
 2.3 as defined under subdivision 16.

2.4 (c) For purposes of qualifying for an annuity or benefit as a member of the police
 2.5 and fire plan or a member of the local government correctional employees retirement plan:

2.6 (1) a member who first became a public employee before July 1, 2010, is vested
 2.7 when the person has accrued credit for not less than three years of allowable service as
 2.8 defined under subdivision 16; and

2.9 (2) a member who first becomes a public employee after June 30, 2010, is vested
 2.10 at the following percentages when the person has accrued credited allowable service as
 2.11 defined under subdivision 16, as follows:

2.12 (i) 50 percent after five years;

2.13 (ii) 60 percent after six years;

2.14 (iii) 70 percent after seven years;

2.15 (iv) 80 percent after eight years;

2.16 (v) 90 percent after nine years; and

2.17 (vi) 100 percent after ten years.

2.18 Sec. 2. Minnesota Statutes 2009 Supplement, section 353.27, subdivision 2, is
 2.19 amended to read:

2.20 Subd. 2. **Employee contribution.** (a) For a basic member, the employee
 2.21 contribution is 9.10 percent of salary. For a coordinated member, the employee
 2.22 contribution is ~~six percent~~ the following percentage of salary plus any contribution rate
 2.23 adjustment under subdivision 3b.:

2.24 <u>Effective before January 1, 2011</u>	<u>6.00</u>
2.25 <u>Effective after December 31, 2010</u>	<u>6.25</u>

2.26 (b) These contributions must be made by deduction from salary as defined in section
 2.27 353.01, subdivision 10, in the manner provided in subdivision 4. If any portion of a
 2.28 member's salary is paid from other than public funds, the member's employee contribution
 2.29 must be based on the total salary received by the member from all sources.

2.30 Sec. 3. Minnesota Statutes 2009 Supplement, section 353.27, subdivision 3, is
 2.31 amended to read:

2.32 Subd. 3. **Employer contribution.** (a) For a basic member, the employer
 2.33 contribution is 9.10 percent of salary. For a coordinated member, the employer

3.1 contribution is ~~six percent~~ the following percentage of salary plus any contribution rate
3.2 adjustment under subdivision 3b.:

3.3	<u>Effective before January 1, 2011</u>	<u>6.00</u>
3.4	<u>Effective after December 31, 2010</u>	<u>6.25</u>

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

3.7 Sec. 4. Minnesota Statutes 2008, section 353.27, subdivision 3b, is amended to read:

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

3.9 (a) For purposes of this section.:

3.10 (1) a contribution sufficiency exists if the total of the employee contribution under
3.11 subdivision 2, the employer contribution under subdivision 3, the additional employer
3.12 contribution under subdivision 3a, and any additional contribution previously imposed
3.13 under this subdivision exceeds the total of the normal cost, the administrative expenses,
3.14 and the amortization contribution of the retirement plan as reported in the most recent
3.15 actuarial valuation of the retirement plan prepared by the actuary retained under section
3.16 356.214 and prepared under section 356.215 and the standards for actuarial work of the
3.17 Legislative Commission on Pensions and Retirement. ~~For purposes of this section.;~~ and

3.18 (2) a contribution deficiency exists if the total of the employee contributions under
3.19 subdivision 2, the employer contributions under subdivision 3, the additional employer
3.20 contribution under subdivision 3a, and any additional contribution previously imposed
3.21 under this subdivision is less than the total of the normal cost, the administrative expenses,
3.22 and the amortization contribution of the retirement plan as reported in the most recent
3.23 actuarial valuation of the retirement plan prepared by the actuary retained under section
3.24 356.214 and prepared under section 356.215 and the standards for actuarial work of the
3.25 Legislative Commission on Pensions and Retirement.

3.26 (b) Employee and employer contributions under subdivisions 2 and 3 must be
3.27 adjusted:

3.28 (1) if, on or after July 1, 2010, the regular actuarial ~~valuations~~ valuation of the
3.29 general employees retirement plan of the Public Employees Retirement Association under
3.30 section 356.215 ~~indicate~~ indicates that there is a contribution sufficiency under paragraph
3.31 (a) ~~equal to or~~ greater than 0.5 one percent of covered payroll and that the sufficiency
3.32 has existed for at least two consecutive years, the coordinated program employee and
3.33 employer contribution rates must be decreased as determined under paragraph (c) to a
3.34 level such that the sufficiency ~~equals~~ is no more greater than 0.25 one percent of covered
3.35 payroll based on the most recent actuarial valuation; or

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

4.8 (c) ~~The contribution rate increase or decrease must be determined by the executive~~
 4.9 ~~director of the Public Employees Retirement Association, must be reported to the chair~~
 4.10 ~~and the executive director of the Legislative Commission on Pensions and Retirement~~
 4.11 ~~on or before the next February 1, and, if the Legislative Commission on Pensions and~~
 4.12 ~~Retirement does not recommend against the rate change or does not recommend a~~
 4.13 ~~modification in the rate change, is effective on the next July 1 following the determination~~
 4.14 ~~by the executive director that a contribution deficiency or sufficiency has existed for~~
 4.15 ~~two consecutive fiscal years based on the most recent actuarial valuations under section~~
 4.16 ~~356.215. If the actuarially required contribution exceeds or is less than the total support~~
 4.17 ~~provided by the combined employee and employer contribution rates under subdivisions~~
 4.18 ~~2, 3, and 3a, by more than 0.5 one percent of covered payroll, the coordinated program~~
 4.19 ~~employee and employer contribution rates under subdivisions 2 and 3 must be adjusted~~
 4.20 ~~decreased incrementally over one or more years by no more than 0.25 percent of pay each~~
 4.21 ~~for employee and employer matching contribution rates to a level such that there remains~~
 4.22 ~~a contribution sufficiency of no more than 0.25 at least one percent of covered payroll. No~~
 4.23 ~~contribution rate decrease may be made until at least two years have elapsed since any~~
 4.24 ~~adjustment under this subdivision has been fully implemented.~~

4.25 (d) ~~No~~ If the actuarially required contribution exceeds the total support provided
 4.26 by the combined employee and employer contribution rates under subdivisions 2, 3, and
 4.27 3a, the employee and matching employer contribution rates must be increased equally to
 4.28 eliminate that contribution deficiency. If the contribution deficiency is:

4.29 (1) less than two percent, the incremental adjustment increase may exceed be up
 4.30 to 0.25 percent for either the coordinated program employee and matching employer
 4.31 contribution rates per year in which any adjustment is implemented. A contribution rate
 4.32 adjustment under this subdivision must not be made until at least two years have passed
 4.33 since fully implementing a previous adjustment under this subdivision;

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

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

5.3 (e) Any recommended adjustment to the contribution rates must be reported
 5.4 to the chair and the executive director of the Legislative Commission on Pensions
 5.5 and Retirement by January 15 following receipt of the most recent annual actuarial
 5.6 valuation prepared under section 356.215. If the Legislative Commission on Pensions
 5.7 and Retirement does not recommend against the rate change or does not recommend a
 5.8 modification in the rate change, the recommended adjustment becomes effective on the
 5.9 first day of the first full payroll period in the fiscal year following receipt of the most
 5.10 recent actuarial valuation that gave rise to the adjustment.

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

5.14 (g) Before any reduction in contributions to eliminate a sufficiency in excess of one
 5.15 percent of covered pay may be recommended, the executive director must review any
 5.16 need for a change in actuarial assumptions, as recommended by the actuary retained under
 5.17 section 356.214 in the most recent experience study of the general employees retirement
 5.18 plan prepared under section 356.215 and the standards for actuarial work promulgated by
 5.19 the Legislative Commission on Pensions and Retirement that may result in an increase
 5.20 in the actuarially required contribution and must report to the Legislative Commission
 5.21 on Pensions and Retirement any recommendation by the board to use the sufficiency
 5.22 exceeding one percent of covered payroll to offset the impact of an actuarial assumption
 5.23 change recommended by the actuary retained under section 356.214, subdivision 1, and
 5.24 reviewed by the actuary retained by the commission under section 356.214, subdivision 4.

5.25 (h) No contribution sufficiency in excess of one percent of covered pay may be
 5.26 proposed to be used to increase benefits, and no benefit increase may be proposed that
 5.27 would initiate an automatic adjustment to increase contributions under this subdivision.
 5.28 Any proposed benefit improvement must include a recommendation, prepared by the
 5.29 actuary retained under section 356.214, subdivision 1, and reviewed by the actuary
 5.30 retained by the Legislative Commission on Pensions and Retirement as provided under
 5.31 section 356.214, subdivision 4, on how the benefit modification will be funded.

5.32 Sec. 5. Minnesota Statutes 2008, section 353.29, subdivision 1, is amended to read:

5.33 Subdivision 1. **Age and allowable service requirements.** Upon termination of
 5.34 membership, a person who has attained normal retirement age and who ~~received credit for~~
 5.35 ~~not less than three years of allowable service~~ is vested under section 353.01, subdivision

6.1 47, is entitled upon application to a retirement annuity. The retirement annuity is known
6.2 as the "normal" retirement annuity.

6.3 Sec. 6. Minnesota Statutes 2008, section 353.30, subdivision 1c, is amended to read:

6.4 Subd. 1c. **Pre-July 1, 1989, members: early retirement.** Upon termination of
6.5 public service, a person who first became a public employee or a member of a pension
6.6 fund listed in section 356.30, subdivision 3, before July 1, 1989, who has become at least
6.7 55 years old but not normal retirement age, and ~~has received credit for at least three years~~
6.8 ~~of allowable service~~ is vested under section 353.01, subdivision 47, is entitled,₂ upon
6.9 application,₂ to a retirement annuity in an amount equal to the normal annuity provided in
6.10 section 353.29, subdivision 3, paragraph (a), reduced by one-quarter of one percent for
6.11 each month that the member is under normal retirement age at the time of retirement.

6.12 Sec. 7. Minnesota Statutes 2008, section 353.32, subdivision 1, is amended to read:

6.13 Subdivision 1. **Before retirement.** If a member or former member who terminated
6.14 public service dies before retirement or before receiving any retirement annuity and no
6.15 other payment of any kind is or may become payable to any person, a refund ~~shall be paid~~
6.16 is payable to the designated beneficiary or, if there be none, to the surviving spouse,
6.17 or, if none, to the legal representative of the decedent's estate. ~~Such~~ The refund ~~shall~~
6.18 must be in an amount equal to accumulated deductions plus annual compound interest
6.19 thereon at the rate ~~of six percent per annum compounded annually~~ specified in section
6.20 353.34, subdivision 2, and less the sum of any disability or survivor benefits, if any, that
6.21 may have been paid by the fund; provided that a survivor who has a right to benefits
6.22 ~~pursuant to~~ under section 353.31 may waive such benefits in writing, except such benefits
6.23 for a dependent child under the age of 18 years may only be waived ~~pursuant to~~ under an
6.24 order of the district court.

6.25 Sec. 8. Minnesota Statutes 2008, section 353.32, subdivision 1a, is amended to read:

6.26 Subd. 1a. **Surviving spouse optional annuity.** (a) If a member or former member
6.27 who ~~has credit for not less than three years of allowable service~~ is vested under section
6.28 353.01, subdivision 47, and who dies before the annuity or disability benefit begins to
6.29 accrue under section 353.29, subdivision 7, or 353.33, subdivision 2, notwithstanding any
6.30 designation of beneficiary to the contrary, the surviving spouse may elect to receive,
6.31 instead of a refund with interest under subdivision 1, or surviving spouse benefits otherwise
6.32 payable under section 353.31, an annuity equal to a 100 percent joint and survivor annuity
6.33 computed consistent with section 353.30, subdivision 1a, 1c, or 5, whichever is applicable.

7.1 (b) If a member first became a public employee or a member of a pension fund listed
7.2 in section 356.30, subdivision 3, before July 1, 1989, and has credit for at least 30 years
7.3 of allowable service on the date of death, the surviving spouse may elect to receive a
7.4 100 percent joint and survivor annuity computed using section 353.30, subdivision 1b,
7.5 except that the early retirement reduction under that provision will be applied from age
7.6 62 back to age 55 and one-half of the early retirement reduction from age 55 back to
7.7 the age payment begins.

7.8 (c) If a member who was under age 55 and ~~has credit for at least three years of~~
7.9 ~~allowable service~~ who is vested under section 353.01, subdivision 47, dies, but did not
7.10 qualify for retirement on the date of death, the surviving spouse may elect to receive a
7.11 100 percent joint and survivor annuity computed using section 353.30, subdivision 1c or
7.12 5, as applicable, except that the early retirement reduction specified in the applicable
7.13 subdivision will be applied to age 55 and one-half of the early retirement reduction from
7.14 age 55 back to the age payment begins.

7.15 (d) Notwithstanding the definition of surviving spouse in section 353.01, subdivision
7.16 20, a former spouse of the member, if any, is entitled to a portion of the monthly surviving
7.17 spouse optional annuity if stipulated under the terms of a marriage dissolution decree filed
7.18 with the association. If there is no surviving spouse or child or children, a former spouse
7.19 may be entitled to a lump-sum refund payment under subdivision 1, if provided for in a
7.20 marriage dissolution decree, but not a monthly surviving spouse optional annuity, despite
7.21 the terms of a marriage dissolution decree filed with the association.

7.22 (e) The surviving spouse eligible for surviving spouse benefits under paragraph (a)
7.23 may apply for the annuity at any time after the date on which the deceased employee
7.24 would have attained the required age for retirement based on the employee's allowable
7.25 service. The surviving spouse eligible for surviving spouse benefits under paragraph (b) or
7.26 (c) may apply for an annuity any time after the member's death.

7.27 (f) Sections 353.34, subdivision 3, and 353.71, subdivision 2, apply to a deferred
7.28 annuity or surviving spouse benefit payable under this subdivision.

7.29 (g) An amount equal to any excess of the accumulated contributions that were
7.30 credited to the account of the deceased employee over and above the total of the annuities
7.31 paid and payable to the surviving spouse must be paid to the surviving spouse's estate.

7.32 (h) A member may specify in writing, with the signed consent of the spouse, that
7.33 this subdivision does not apply and that payment may be made only to the designated
7.34 beneficiary as otherwise provided by this chapter. The waiver of a surviving spouse
7.35 annuity under this section does not make a dependent child eligible for benefits under
7.36 subdivision 1c.

8.1 (i) If the deceased member or former member first became a public employee or a
8.2 member of a public pension plan listed in section 356.30, subdivision 3, on or after July
8.3 1, 1989, a survivor annuity computed under paragraph (a) or (c) must be computed as
8.4 specified in section 353.30, subdivision 5, except for the revised early retirement reduction
8.5 specified in paragraph (c), if paragraph (c) is the applicable provision.

8.6 (j) For any survivor annuity determined under this subdivision, the payment is to be
8.7 based on the total allowable service that the member had accrued as of the date of death
8.8 and the age of the member and surviving spouse on that date.

8.9 Sec. 9. Minnesota Statutes 2009 Supplement, section 353.33, subdivision 1, is
8.10 amended to read:

8.11 Subdivision 1. **Age, service, and salary requirements.** (a) A coordinated or
8.12 basic member who ~~has at least three years of allowable service~~ is vested under section
8.13 353.01, subdivision 47, and who becomes totally and permanently disabled before normal
8.14 retirement age, upon application as defined under section 353.031, is entitled to a disability
8.15 benefit in an amount determined under subdivision 3.

8.16 (b) If the disabled person's public service has terminated at any time, at least two of
8.17 the ~~required three~~ years of allowable service required to be vested under section 353.01,
8.18 subdivision 47, must have been rendered after last becoming an active member.

8.19 Sec. 10. Minnesota Statutes 2008, section 353.34, subdivision 1, is amended to read:

8.20 Subdivision 1. **Refund or deferred annuity.** (a) A former member is entitled to
8.21 either a refund of accumulated employee deductions under subdivision 2, or to a deferred
8.22 annuity under subdivision 3. Application for a refund may not be made before the date of
8.23 termination of public service. Except as specified in paragraph (b), a refund must be paid
8.24 within 120 days following receipt of the application unless the applicant has again become
8.25 a public employee required to be covered by the association.

8.26 (b) If an individual was placed on layoff under section 353.01, subdivision 12 or 12c,
8.27 a refund is not payable before termination of service under section 353.01, subdivision 11a.

8.28 (c) An individual who terminates public service covered by the Public Employees
8.29 Retirement Association general employees retirement plan, the Public Employees
8.30 Retirement Association police and fire retirement plan, or the public employees local
8.31 government ~~corrections~~ correctional service retirement plan, and who is employed by a
8.32 different employer and who becomes an active member covered by one of the other two
8.33 plans, may receive a refund of employee contributions plus ~~six percent~~ annual compound

9.1 interest ~~compounded annually~~ from the plan from which the member terminated service at
 9.2 the applicable rate specified in subdivision 2.

9.3 Sec. 11. Minnesota Statutes 2008, section 353.34, subdivision 2, is amended to read:

9.4 Subd. 2. **Refund with interest.** (a) Except as provided in subdivision 1, any person
 9.5 who ceases to be a public employee ~~shall~~ is entitled to receive a refund in an amount equal
 9.6 to accumulated deductions with annual compound interest to the first day of the month
 9.7 in which the refund is processed ~~at the rate of six percent compounded annually based~~
 9.8 ~~on fiscal year balances.~~

9.9 (b) For a person who ceases to be a public employee before July 1, 2011, the refund
 9.10 interest is at the rate of six percent to June 30, 2011, and at the rate of four percent after
 9.11 June 30, 2011. For a person who ceases to be a public employee after July 1, 2011, the
 9.12 refund interest is at the rate of four percent.

9.13 (c) If a person repays a refund and subsequently applies for another refund, the
 9.14 repayment amount, including interest, is added to the fiscal year balance in which the
 9.15 repayment was made.

9.16 Sec. 12. Minnesota Statutes 2008, section 353.34, subdivision 3, is amended to read:

9.17 Subd. 3. **Deferred annuity; eligibility; computation.** (a) A member ~~with at least~~
 9.18 ~~three years of allowable service~~ who is vested under section 353.01, subdivision 47, when
 9.19 termination of public service or termination of membership occurs has the option of
 9.20 leaving the accumulated deductions in the fund and being entitled to a deferred retirement
 9.21 annuity commencing at normal retirement age or to a deferred early retirement annuity
 9.22 under section 353.30, subdivision 1a, 1b, 1c, or 5.

9.23 (b) The deferred annuity must be computed under section 353.29, subdivision 3, on
 9.24 the basis of the law in effect on the date of termination of public service or termination of
 9.25 membership, whichever is earlier, and must be augmented as provided in section 353.71,
 9.26 subdivision 2.

9.27 (c) A former member qualified to apply for a deferred retirement annuity may
 9.28 revoke this option at any time before the commencement of deferred annuity payments
 9.29 by making application for a refund. The person is entitled to a refund of accumulated
 9.30 member contributions within 30 days following date of receipt of the application by the
 9.31 executive director.

9.32 Sec. 13. Minnesota Statutes 2009 Supplement, section 353.65, subdivision 2, is
 9.33 amended to read:

10.1 Subd. 2. **Employee contribution.** The employee contribution is 9.4 percent of the
10.2 salary of the member in calendar year 2010 and is 9.6 percent of the salary of the member
10.3 in each calendar year after 2010. This contribution must be made by deduction from
10.4 salary in the manner provided in subdivision 4. Where any portion of a member's salary
10.5 is paid from other than public funds, the member's employee contribution is based on
10.6 the total salary received from all sources.

10.7 Sec. 14. Minnesota Statutes 2009 Supplement, section 353.65, subdivision 3, is
10.8 amended to read:

10.9 Subd. 3. **Employer contribution.** The employer contribution is 14.1 percent of the
10.10 salary of the member in calendar year 2010 and is 14.4 percent of the salary of the member
10.11 in each calendar year after 2010. This contribution must be made from funds available to
10.12 the employing subdivision by the means and in the manner provided in section 353.28.

10.13 Sec. 15. Minnesota Statutes 2008, section 353.651, subdivision 1, is amended to read:

10.14 Subdivision 1. **Age and allowable service requirements.** Upon separation from
10.15 public service, any police officer or firefighter member who has attained the age of at
10.16 least 55 years and who ~~received credit for not less than three years of allowable service~~
10.17 is vested under section 353.01, subdivision 47, is entitled upon application to a retirement
10.18 annuity. ~~Such retirement annuity is,~~ known as the "normal" retirement annuity.

10.19 Sec. 16. Minnesota Statutes 2008, section 353.651, subdivision 4, is amended to read:

10.20 Subd. 4. **Early retirement.** (a) A person who becomes a police and fire plan
10.21 member after June 30, 2007, or a former member who is reinstated as a member of the
10.22 plan after that date, who is at least 50 years of age ~~with at least three years of allowable~~
10.23 ~~service~~ and who is vested under section 353.01, subdivision 47, upon the termination of
10.24 public service is entitled upon application to a retirement annuity equal to the normal
10.25 annuity calculated under subdivision 3, reduced by two-tenths of one percent for each
10.26 month that the member is under age 55 at the time of retirement.

10.27 (b) Upon the termination of public service, any police and fire plan member not
10.28 specified in paragraph (a), upon attaining at least 50 years of age with at least three years
10.29 of allowable service is entitled upon application to a retirement annuity equal to the
10.30 normal annuity calculated under subdivision 3, reduced by one-tenth of one percent for
10.31 each month that the member is under age 55 at the time of retirement.

10.32 Sec. 17. Minnesota Statutes 2008, section 353.657, subdivision 1, is amended to read:

11.1 Subdivision 1. **Generally.** (a) In the event that a member of the police and fire
11.2 fund dies from any cause before retirement or before becoming disabled and receiving
11.3 disability benefits, the association shall grant survivor benefits to a surviving spouse, as
11.4 defined in section 353.01, subdivision 20, and to a dependent child or children, as defined
11.5 in section 353.01, subdivision 15, except that if the death is not a line of duty death, the
11.6 member must ~~have accrued at least three years of credited service~~ be vested under section
11.7 353.01, subdivision 47.

11.8 (b) Notwithstanding the definition of surviving spouse, a former spouse of the
11.9 member, if any, is entitled to a portion of the monthly surviving spouse benefit if
11.10 stipulated under the terms of a marriage dissolution decree filed with the association. If
11.11 there is no surviving spouse or child or children, a former spouse may be entitled to
11.12 a lump-sum refund payment under section 353.32, subdivision 1, if provided for in a
11.13 marriage dissolution decree but not a monthly surviving spouse benefit despite the terms
11.14 of a marriage dissolution decree filed with the association.

11.15 (c) The spouse and child or children are entitled to monthly benefits as provided in
11.16 subdivisions 2 to 4.

11.17 Sec. 18. Minnesota Statutes 2008, section 353.657, subdivision 2a, is amended to read:

11.18 Subd. 2a. **Death while eligible survivor benefit.** (a) If a member or former member
11.19 who has attained the age of at least 50 years and ~~has credit for not less than three years~~
11.20 ~~allowable service~~ either who is vested under section 353.01, subdivision 47, or who has
11.21 credit for at least 30 years of allowable service, regardless of age attained, dies before
11.22 the annuity or disability benefit becomes payable, notwithstanding any designation of
11.23 beneficiary to the contrary, the surviving spouse may elect to receive a death while
11.24 eligible survivor benefit.

11.25 (b) Notwithstanding the definition of surviving spouse in section 353.01, subdivision
11.26 20, a former spouse of the member, if any, is entitled to a portion of the death while
11.27 eligible survivor benefit if stipulated under the terms of a marriage dissolution decree
11.28 filed with the association. If there is no surviving spouse or child or children, a former
11.29 spouse may be entitled to a lump-sum refund payment under section 353.32, subdivision
11.30 1, if provided for in a marriage dissolution decree but not a death while eligible survivor
11.31 benefit despite the terms of a marriage dissolution decree filed with the association.

11.32 (c) The benefit may be elected instead of a refund with interest under section 353.32,
11.33 subdivision 1, or surviving spouse benefits otherwise payable under subdivisions 1 and
11.34 2. The benefit must be an annuity equal to the 100 percent joint and survivor annuity

12.1 which the member could have qualified for on the date of death, computed as provided in
 12.2 sections 353.651, subdivisions 2 and 3, and 353.30, subdivision 3.

12.3 (d) The surviving spouse may apply for the annuity at any time after the date
 12.4 on which the deceased employee would have attained the required age for retirement
 12.5 based on the employee's allowable service. Sections 353.34, subdivision 3, and 353.71,
 12.6 subdivision 2, apply to a deferred annuity payable under this subdivision.

12.7 (e) No payment accrues beyond the end of the month in which entitlement to
 12.8 such annuity has terminated. An amount equal to the excess, if any, of the accumulated
 12.9 contributions which were credited to the account of the deceased employee over and
 12.10 above the total of the annuities paid and payable to the surviving spouse must be paid to
 12.11 the deceased member's last designated beneficiary or, if none, to the legal representative of
 12.12 the estate of such deceased member.

12.13 (f) Any member may request in writing, with the signed consent of the spouse, that
 12.14 this subdivision not apply and that payment be made only to the designated beneficiary, as
 12.15 otherwise provided by this chapter.

12.16 (g) For a member who is employed as a full-time firefighter by the Department of
 12.17 Military Affairs of the state of Minnesota, allowable service as a full-time state Military
 12.18 Affairs Department firefighter credited by the Minnesota State Retirement System may be
 12.19 used in meeting the minimum allowable service requirement of this subdivision.

12.20 Sec. 19. Minnesota Statutes 2008, section 353.71, subdivision 1, is amended to read:

12.21 Subdivision 1. **Eligibility.** Any person who has been a member of a defined benefit
 12.22 retirement plan administered by the Public Employees Retirement Association, or a
 12.23 retirement plan administered by the Minnesota State Retirement System, or the Teachers
 12.24 Retirement Association, or any other public retirement system in the state of Minnesota
 12.25 having a like provision, except a ~~fund~~ retirement plan providing benefits for police officers
 12.26 or firefighters governed by sections 69.77 or 69.771 to 69.776, ~~shall be~~ is entitled, when
 12.27 qualified, to an annuity from each fund retirement plan if the total allowable service in all
 12.28 funds retirement plans or in any two of these funds retirement plans totals ~~three or more~~
 12.29 years the number of years of allowable service required to receive a normal retirement
 12.30 annuity for that retirement plan, provided that no portion of the allowable service upon
 12.31 which the retirement annuity from one ~~fund~~ retirement plan is based is again used in the
 12.32 computation for benefits from another ~~fund~~ retirement plan and provided further that the
 12.33 person has not taken a refund from any one of these ~~funds~~ retirement plans since the
 12.34 person's membership in that association or system last terminated. The annuity from
 12.35 each fund ~~shall~~ must be determined by the appropriate provisions of the law except that

13.1 the requirement that a person must have at least ~~three years~~ a specific minimum period
 13.2 of allowable service in the respective association or system ~~shall~~ does not apply for the
 13.3 purposes of this section ~~provided~~ if the combined service in two or more of these funds
 13.4 retirement plans equals ~~three or more~~ the number of years of allowable service required to
 13.5 receive a normal retirement annuity for that retirement plan.

13.6 Sec. 20. Minnesota Statutes 2008, section 353.71, subdivision 2, is amended to read:

13.7 Subd. 2. **Deferred annuity computation; augmentation.** (a) The deferred annuity
 13.8 accruing under subdivision 1, or under sections 353.34, subdivision 3, and 353.68,
 13.9 subdivision 4, must be computed on the basis of allowable service prior to the termination
 13.10 of public service and augmented as provided in this ~~paragraph~~ subdivision. The required
 13.11 reserves applicable to a deferred annuity, or to any deferred segment of an annuity must
 13.12 be determined as of the first day of the month following the month in which the former
 13.13 member ceased to be a public employee, or July 1, 1971, whichever is later. ~~These~~

13.14 (b) For a person who became a public employee before July 1, 2006, and whose
 13.15 period of deferral began after June 30, 1971, the required reserves of the deferred annuity
 13.16 must be augmented at the following applicable rate ~~of~~ or rates:

13.17 (1) five percent ~~annually compounded annually~~ annual compound interest until
 13.18 January 1, 1981, ~~and at the rate of;~~

13.19 (2) three percent ~~thereafter~~ annual compound interest after January 1, 1981, or until
 13.20 the earlier of December 31, 2010, or after the date of the termination of public service or
 13.21 the termination of membership, whichever is later, until January 1 of the year following
 13.22 the year in which the former member attains age 55 ~~and;~~

13.23 (3) five percent annual compound interest from ~~that date to the effective date of~~
 13.24 retirement, the rate is five percent compounded annually if the employee became an
 13.25 employee before July 1, 2006, and at 2.5 percent compounded annually if the employee
 13.26 becomes an January 1 of the year following the year in which the former member attains
 13.27 age 55, or until December 31, 2010, whichever is earlier; and

13.28 (4) one percent annual compound interest from January 1, 2011.

13.29 (c) For a person who became a public employee after June 30, 2006, the required
 13.30 reserves of the deferred annuity must be augmented at 2.5 percent annual compound
 13.31 interest from the date of termination of public service or termination of membership,
 13.32 whichever is earlier, until December 31, 2010, and one percent annual compound interest
 13.33 after December 31, 2010.

13.34 (d) If a person has more than one period of uninterrupted service, the required
 13.35 reserves related to each period must be augmented as specified in this paragraph. The sum

14.1 of the augmented required reserves is the present value of the annuity. Uninterrupted
 14.2 service for the purpose of this subdivision means periods of covered employment during
 14.3 which the employee has not been separated from public service for more than two years.
 14.4 If a person repays a refund, the restored service must be considered as continuous with the
 14.5 next period of service for which the employee has credit with this association. This section
 14.6 must not reduce the annuity otherwise payable under this chapter. This paragraph applies
 14.7 to individuals who become deferred annuitants on or after July 1, 1971. For a member
 14.8 who became a deferred annuitant before July 1, 1971, the paragraph applies from July 1,
 14.9 1971, if the former active member applies for an annuity after July 1, 1973.

14.10 ~~(b)~~ (e) The retirement annuity or disability benefit of, or the survivor benefit payable
 14.11 on behalf of, a former member who terminated service before July 1, 1997, or the
 14.12 survivor benefit payable on behalf of a basic or police and fire member who was receiving
 14.13 disability benefits before July 1, 1997, which is first payable after June 30, 1997, must
 14.14 be increased on an actuarial equivalent basis to reflect the change in the postretirement
 14.15 interest rate actuarial assumption under section 356.215, subdivision 8, from five percent
 14.16 to six percent under a calculation procedure and tables adopted by the board and approved
 14.17 by the actuary retained under section 356.214.

14.18 Sec. 21. Minnesota Statutes 2008, section 353E.04, subdivision 1, is amended to read:

14.19 Subdivision 1. **Eligibility requirements.** After termination of public employment,
 14.20 an employee covered under section 353E.02 who has attained the age of at least 55 years
 14.21 and ~~has credit for not less than three years of coverage~~ who is vested under section
 14.22 353.01, subdivision 47, in the local government correctional service plan is entitled, upon
 14.23 application, to a normal retirement annuity. Instead of a normal retirement annuity, a
 14.24 retiring employee may elect to receive the optional annuity provided in section 353.30,
 14.25 subdivision 3.

14.26 Sec. 22. Minnesota Statutes 2008, section 353E.04, subdivision 4, is amended to read:

14.27 Subd. 4. **Early retirement.** An employee covered under section 353E.02 who has
 14.28 attained the age of at least 50 years and ~~has credit for not less than three years of coverage~~
 14.29 who is vested under section 353.01, subdivision 47, in the local government correctional
 14.30 service plan is entitled, upon application, to a reduced retirement annuity equal to the
 14.31 annuity calculated under subdivision 3, reduced so that the reduced annuity is the actuarial
 14.32 equivalent of the annuity that would be payable if the employee deferred receipt of the
 14.33 annuity from the day the annuity begins to accrue until age 55.

15.1 Sec. 23. Minnesota Statutes 2008, section 353E.07, subdivision 1, is amended to read:

15.2 Subdivision 1. **Member at least age 50.** If a member or former member of the local
15.3 government correctional service retirement plan who has attained the age of at least 50
15.4 years and ~~has credit for not less than three years of allowable service~~ who is vested under
15.5 section 353.01, subdivision 47, dies before the annuity or disability benefit has become
15.6 payable, notwithstanding any designation of beneficiary to the contrary, the surviving
15.7 spouse may elect to receive, in lieu of a refund with interest provided in section 353.32,
15.8 subdivision 1, a surviving spouse annuity equal to the 100 percent joint and survivor
15.9 annuity for which the member could have qualified had the member terminated service
15.10 on the date of death.

15.11 Sec. 24. Minnesota Statutes 2008, section 353E.07, subdivision 2, is amended to read:

15.12 Subd. 2. **Member not yet age 50.** If the member was under age 50, dies, and ~~had~~
15.13 ~~credit for not less than three years of allowable service~~ was vested under section 353.01,
15.14 subdivision 47, on the date of death but did not yet qualify for retirement, the surviving
15.15 spouse may elect to receive a 100 percent joint and survivor annuity based on the age
15.16 of the employee and the surviving spouse at the time of death. The annuity is payable
15.17 using the early retirement reduction under section 353E.04, subdivision 4, to age 50 and
15.18 one-half the early retirement reduction from age 50 to the age payment begins. Sections
15.19 353.34, subdivision 3, and 353.71, subdivision 2, apply to a deferred annuity or surviving
15.20 spouse benefit payable under this subdivision.

15.21 Sec. 25. Minnesota Statutes 2008, section 353F.03, is amended to read:

15.22 **353F.03 VESTING RULE FOR CERTAIN EMPLOYEES.**

15.23 Notwithstanding any provision of chapter 353 to the contrary, a terminated medical
15.24 facility or other public employing unit employee is eligible to receive a retirement annuity
15.25 under section 353.29 of the edition of Minnesota Statutes published in the year before the
15.26 year in which the privatization occurred, without regard to the requirement ~~for three years~~
15.27 ~~of allowable service~~ specified in section 353.01, subdivision 47.

15.28 Sec. 26. Minnesota Statutes 2008, section 356.215, subdivision 8, is amended to read:

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

	preretirement interest rate assumption	postretirement interest rate assumption
16.1		
16.2		
16.3	plan	
16.4	general state employees retirement plan	8.5% 6.0%
16.5	correctional state employees retirement plan	8.5 6.0
16.6	State Patrol retirement plan	8.5 6.0
16.7	legislators retirement plan	8.5 6.0
16.8	elective state officers retirement plan	8.5 6.0
16.9	judges retirement plan	8.5 6.0
16.10	general public employees retirement plan	8.5 6.0
16.11	public employees police and fire retirement plan	8.5 6.0
16.12	local government correctional service retirement	
16.13	plan	8.5 6.0
16.14	teachers retirement plan	8.5 6.0
16.15	Minneapolis employees retirement plan	6.0 5.0
16.16	Duluth teachers retirement plan	8.5 8.5
16.17	St. Paul teachers retirement plan	8.5 8.5
16.18	Minneapolis Police Relief Association	6.0 6.0
16.19	Fairmont Police Relief Association	5.0 5.0
16.20	Minneapolis Fire Department Relief Association	6.0 6.0
16.21	Virginia Fire Department Relief Association	5.0 5.0
16.22	Bloomington Fire Department Relief Association	6.0 6.0
16.23	local monthly benefit volunteer firefighters relief	
16.24	associations	5.0 5.0

16.25 (b) Before July 1, 2010, the actuarial valuation must use the applicable following
 16.26 single rate future salary increase assumption, the applicable following modified single
 16.27 rate future salary increase assumption, or the applicable following graded rate future
 16.28 salary increase assumption:

16.29 (1) single rate future salary increase assumption

	future salary increase assumption
16.30	
16.31	plan
16.32	legislators retirement plan 5.0%
16.33	judges retirement plan 4.0
16.34	Minneapolis Police Relief Association 4.0
16.35	Fairmont Police Relief Association 3.5
16.36	Minneapolis Fire Department Relief
16.37	Association 4.0
16.38	Virginia Fire Department Relief Association 3.5
16.39	Bloomington Fire Department Relief
16.40	Association 4.0

16.41 (2) modified single rate future salary increase assumption

17.1 future salary
 17.2 plan increase assumption
 17.3 Minneapolis employees the prior calendar year amount increased
 17.4 retirement plan first by 1.0198 percent to prior fiscal year
 17.5 date and then increased by 4.0 percent
 17.6 annually for each future year

17.7 (3) age-related select and ultimate future salary increase assumption or graded rate
 17.8 future salary increase assumption

17.9 future salary
 17.10 plan increase assumption
 17.11 general state employees retirement plan select calculation and
 17.12 assumption A
 17.13 correctional state employees retirement plan assumption ~~H~~ G
 17.14 State Patrol retirement plan assumption ~~G~~ F
 17.15 ~~general public employees retirement plan~~ ~~select calculation and~~
 17.16 ~~assumption B~~
 17.17 public employees police and fire fund retirement plan assumption ~~E~~ B
 17.18 local government correctional service retirement plan assumption ~~G~~ F
 17.19 teachers retirement plan assumption ~~D~~ C
 17.20 Duluth teachers retirement plan assumption ~~E~~ D
 17.21 St. Paul teachers retirement plan assumption ~~F~~ E

17.22 The select calculation is: during the
 17.23 designated select period, a designated
 17.24 percentage rate is multiplied by the result of
 17.25 the designated integer minus T, where T is the
 17.26 number of completed years of service, and is
 17.27 added to the applicable future salary increase
 17.28 assumption. The designated select period is
 17.29 five years and the designated integer is five
 17.30 for the general state employees retirement
 17.31 plan ~~and the general public employees~~
 17.32 ~~retirement plan~~. The designated select period
 17.33 is ten years and the designated integer is ten
 17.34 for all other retirement plans covered by
 17.35 this clause. The designated percentage rate
 17.36 is: (1) 0.2 percent for the correctional state
 17.37 employees retirement plan, the State Patrol
 17.38 retirement plan, the public employees police
 17.39 and fire plan, and the local government
 17.40 correctional service plan; (2) 0.6 percent

18.1 for the general state employees retirement
 18.2 plan and the general public employees
 18.3 retirement plan; and (3) 0.3 percent for the
 18.4 teachers retirement plan, the Duluth Teachers
 18.5 Retirement Fund Association, and the St.
 18.6 Paul Teachers Retirement Fund Association.
 18.7 The select calculation for the Duluth Teachers
 18.8 Retirement Fund Association is 8.00 percent
 18.9 per year for service years one through seven,
 18.10 7.25 percent per year for service years seven
 18.11 and eight, and 6.50 percent per year for
 18.12 service years eight and nine.

18.13 The ultimate future salary increase assumption is:

18.14	age	A	B	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>	<u>G</u>	<u>H</u>	<u>I</u>
18.15	16	5.95%	5.95%	11.00%	7.70%	8.00%	6.90%	7.7500%	7.2500%	
18.16	17	5.90	5.90	11.00	7.65	8.00	6.90	7.7500	7.2500	
18.17	18	5.85	5.85	11.00	7.60	8.00	6.90	7.7500	7.2500	
18.18	19	5.80	5.80	11.00	7.55	8.00	6.90	7.7500	7.2500	
18.19	20	5.75	5.40	11.00	5.50	6.90	6.90	7.7500	7.2500	
18.20	21	5.75	5.40	11.00	5.50	6.90	6.90	7.1454	6.6454	
18.21	22	5.75	5.40	10.50	5.50	6.90	6.90	7.0725	6.5725	
18.22	23	5.75	5.40	10.00	5.50	6.85	6.85	7.0544	6.5544	
18.23	24	5.75	5.40	9.50	5.50	6.80	6.80	7.0363	6.5363	
18.24	25	5.75	5.40	9.00	5.50	6.75	6.75	7.0000	6.5000	
18.25	26	5.75	5.36	8.70	5.50	6.70	6.70	7.0000	6.5000	
18.26	27	5.75	5.32	8.40	5.50	6.65	6.65	7.0000	6.5000	
18.27	28	5.75	5.28	8.10	5.50	6.60	6.60	7.0000	6.5000	
18.28	29	5.75	5.24	7.80	5.50	6.55	6.55	7.0000	6.5000	
18.29	30	5.75	5.20	7.50	5.50	6.50	6.50	7.0000	6.5000	
18.30	31	5.75	5.16	7.30	5.50	6.45	6.45	7.0000	6.5000	
18.31	32	5.75	5.12	7.10	5.50	6.40	6.40	7.0000	6.5000	
18.32	33	5.75	5.08	6.90	5.50	6.35	6.35	7.0000	6.5000	
18.33	34	5.75	5.04	6.70	5.50	6.30	6.30	7.0000	6.5000	
18.34	35	5.75	5.00	6.50	5.50	6.25	6.25	7.0000	6.5000	
18.35	36	5.75	4.96	6.30	5.50	6.20	6.20	6.9019	6.4019	
18.36	37	5.75	4.92	6.10	5.50	6.15	6.15	6.8074	6.3074	
18.37	38	5.75	4.88	5.90	5.40	6.10	6.10	6.7125	6.2125	
18.38	39	5.75	4.84	5.70	5.30	6.05	6.05	6.6054	6.1054	
18.39	40	5.75	4.80	5.50	5.20	6.00	6.00	6.5000	6.0000	
18.40	41	5.75	4.76	5.40	5.10	5.90	5.95	6.3540	5.8540	
18.41	42	5.75	4.72	5.30	5.00	5.80	5.90	6.2087	5.7087	

19.1	43	5.65	4.68	5.20	4.90	5.70	5.85	6.0622	5.5622
19.2	44	5.55	4.64	5.10	4.80	5.60	5.80	5.9048	5.4078
19.3	45	5.45	4.60	5.00	4.70	5.50	5.75	5.7500	5.2500
19.4	46	5.35	4.56	4.95	4.60	5.40	5.70	5.6940	5.1940
19.5	47	5.25	4.52	4.90	4.50	5.30	5.65	5.6375	5.1375
19.6	48	5.15	4.48	4.85	4.50	5.20	5.60	5.5822	5.0822
19.7	49	5.05	4.44	4.80	4.50	5.10	5.55	5.5404	5.0404
19.8	50	4.95	4.40	4.75	4.50	5.00	5.50	5.5000	5.0000
19.9	51	4.85	4.36	4.75	4.50	4.90	5.45	5.4384	4.9384
19.10	52	4.75	4.32	4.75	4.50	4.80	5.40	5.3776	4.8776
19.11	53	4.65	4.28	4.75	4.50	4.70	5.35	5.3167	4.8167
19.12	54	4.55	4.24	4.75	4.50	4.60	5.30	5.2826	4.7826
19.13	55	4.45	4.20	4.75	4.50	4.50	5.25	5.2500	4.7500
19.14	56	4.35	4.16	4.75	4.50	4.40	5.20	5.2500	4.7500
19.15	57	4.25	4.12	4.75	4.50	4.30	5.15	5.2500	4.7500
19.16	58	4.25	4.08	4.75	4.60	4.20	5.10	5.2500	4.7500
19.17	59	4.25	4.04	4.75	4.70	4.10	5.05	5.2500	4.7500
19.18	60	4.25	4.00	4.75	4.80	4.00	5.00	5.2500	4.7500
19.19	61	4.25	4.00	4.75	4.90	3.90	5.00	5.2500	4.7500
19.20	62	4.25	4.00	4.75	5.00	3.80	5.00	5.2500	4.7500
19.21	63	4.25	4.00	4.75	5.10	3.70	5.00	5.2500	4.7500
19.22	64	4.25	4.00	4.75	5.20	3.60	5.00	5.2500	4.7500
19.23	65	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
19.24	66	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
19.25	67	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
19.26	68	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
19.27	69	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
19.28	70	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
19.29	71	4.25	4.00		5.20				

19.30 (4) service-related ultimate future salary increase assumption

19.31									
19.32		<u>service length</u>							
19.33		<u>1</u>					<u>12.03%</u>		
19.34		<u>2</u>					<u>8.90</u>		
19.35		<u>3</u>					<u>7.46</u>		
19.36		<u>4</u>					<u>6.58</u>		
19.37		<u>5</u>					<u>5.97</u>		
19.38		<u>6</u>					<u>5.52</u>		
19.39		<u>7</u>					<u>5.16</u>		
19.40		<u>8</u>					<u>4.87</u>		
19.41		<u>9</u>					<u>4.63</u>		
19.42		<u>10</u>					<u>4.42</u>		
19.43		<u>11</u>					<u>4.24</u>		

20.1	<u>12</u>	<u>4.08</u>
20.2	<u>13</u>	<u>3.94</u>
20.3	<u>14</u>	<u>3.82</u>
20.4	<u>15</u>	<u>3.70</u>
20.5	<u>16</u>	<u>3.60</u>
20.6	<u>17</u>	<u>3.51</u>
20.7	<u>18</u>	<u>3.50</u>
20.8	<u>19</u>	<u>3.50</u>
20.9	<u>20</u>	<u>3.50</u>
20.10	<u>21</u>	<u>3.50</u>
20.11	<u>22</u>	<u>3.50</u>
20.12	<u>23</u>	<u>3.50</u>
20.13	<u>24</u>	<u>3.50</u>
20.14	<u>25</u>	<u>3.50</u>
20.15	<u>26</u>	<u>3.50</u>
20.16	<u>27</u>	<u>3.50</u>
20.17	<u>28</u>	<u>3.50</u>
20.18	<u>29</u>	<u>3.50</u>
20.19	<u>30 or more</u>	<u>3.50</u>

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

20.24		payroll growth
20.25	plan	assumption
20.26	general state employees retirement plan	4.50%
20.27	correctional state employees retirement plan	4.50
20.28	State Patrol retirement plan	4.50
20.29	legislators retirement plan	4.50
20.30	judges retirement plan	4.00
20.31	general public employees retirement plan of the	
20.32	<u>Public Employees Retirement Association</u>	4.50 <u>4.00</u>
20.33	public employees police and fire retirement plan	4.50
20.34	local government correctional service retirement	
20.35	plan	4.50
20.36	teachers retirement plan	4.50
20.37	Duluth teachers retirement plan	4.50
20.38	St. Paul teachers retirement plan	5.00

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

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

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

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

21.5 Sec. 27. Minnesota Statutes 2008, section 356.30, subdivision 1, is amended to read:

21.6 Subdivision 1. **Eligibility; computation of annuity.** (a) Notwithstanding any
 21.7 provisions of the laws governing the retirement plans enumerated in subdivision 3, a
 21.8 person who has met the qualifications of paragraph (b) may elect to receive a retirement
 21.9 annuity from each enumerated retirement plan in which the person has at least one-half
 21.10 year of allowable service, based on the allowable service in each plan, subject to the
 21.11 provisions of paragraph (c).

21.12 (b) A person may elect to receive, upon retirement, a retirement annuity from each
 21.13 enumerated retirement plan in which the person has at least one-half year of allowable
 21.14 service, and augmentation of a deferred annuity calculated at the appropriate rate under
 21.15 the laws governing each public pension plan or fund named in subdivision 3, based on
 21.16 the date of the person's initial entry into public employment from the date the person
 21.17 terminated all public service if:

21.18 (1) the person has allowable service totaling an amount that allows the person to
 21.19 receive an annuity in ~~any two or more of the enumerated plans~~ retirement plan with
 21.20 the longest allowable service vesting requirement or retirement annuity eligibility
 21.21 requirement; and

21.22 (2) the person has not begun to receive an annuity from any enumerated plan or the
 21.23 person has made application for benefits from each applicable plan and the effective
 21.24 dates of the retirement annuity with each plan under which the person chooses to receive
 21.25 an annuity are within a one-year period.

21.26 (c) The retirement annuity from each plan must be based upon the allowable service,
 21.27 accrual rates, and average salary in the applicable plan except as further specified or
 21.28 modified in the following clauses:

21.29 (1) the laws governing annuities must be the law in effect on the date of termination
 21.30 from the last period of public service under a covered retirement plan with which the
 21.31 person earned a minimum of one-half year of allowable service credit during that
 21.32 employment;

21.33 (2) the "average salary" on which the annuity from each covered plan in which
 21.34 the employee has credit in a formula plan must be based on the employee's highest five
 21.35 successive years of covered salary during the entire service in covered plans;

22.1 (3) the accrual rates to be used by each plan must be those percentages prescribed by
22.2 each plan's formula as continued for the respective years of allowable service from one
22.3 plan to the next, recognizing all previous allowable service with the other covered plans;

22.4 (4) the allowable service in all the plans must be combined in determining eligibility
22.5 for and the application of each plan's provisions in respect to reduction in the annuity
22.6 amount for retirement prior to normal retirement age; and

22.7 (5) the annuity amount payable for any allowable service under a nonformula plan
22.8 of a covered plan must not be affected, but such service and covered salary must be used
22.9 in the above calculation.

22.10 (d) This section does not apply to any person whose final termination from the last
22.11 public service under a covered plan was before May 1, 1975.

22.12 (e) For the purpose of computing annuities under this section, the accrual rates
22.13 used by any covered plan, except the public employees police and fire plan, the judges
22.14 retirement fund, and the State Patrol retirement plan, must not exceed the percent specified
22.15 in section 356.315, subdivision 4, per year of service for any year of service or fraction
22.16 thereof. The formula percentage used by the judges retirement fund must not exceed the
22.17 percentage rate specified in section 356.315, subdivision 8, per year of service for any
22.18 year of service or fraction thereof. The accrual rate used by the public employees police
22.19 and fire plan and the State Patrol retirement plan must not exceed the percentage rate
22.20 specified in section 356.315, subdivision 6, per year of service for any year of service or
22.21 fraction thereof. The accrual rate or rates used by the legislators retirement plan must not
22.22 exceed 2.5 percent, but this limit does not apply to the adjustment provided under section
22.23 3A.02, subdivision 1, paragraph (c).

22.24 (f) Any period of time for which a person has credit in more than one of the covered
22.25 plans must be used only once for the purpose of determining total allowable service.

22.26 (g) If the period of duplicated service credit is more than one-half year, or the person
22.27 has credit for more than one-half year, with each of the plans, each plan must apply its
22.28 formula to a prorated service credit for the period of duplicated service based on a fraction
22.29 of the salary on which deductions were paid to that fund for the period divided by the total
22.30 salary on which deductions were paid to all plans for the period.

22.31 (h) If the period of duplicated service credit is less than one-half year, or when
22.32 added to other service credit with that plan is less than one-half year, the service credit
22.33 must be ignored and a refund of contributions made to the person in accord with that
22.34 plan's refund provisions.

23.1 Sec. 28. Minnesota Statutes 2009 Supplement, section 356.415, subdivision 1, is
 23.2 amended to read:

23.3 Subdivision 1. **Annual postretirement adjustments; generally.** (a) Retirement
 23.4 annuity, disability benefit, or survivor benefit recipients of a covered retirement plan
 23.5 other than the general employees retirement plan of the Public Employees Retirement
 23.6 Association, the public employees police and fire retirement plan, and the local
 23.7 government correctional employees retirement plan are entitled to a postretirement
 23.8 adjustment annually on January 1, as follows:

23.9 (1) a postretirement increase of 2.5 percent must be applied each year, effective
 23.10 January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who has
 23.11 been receiving an annuity or a benefit for at least 12 full months prior to the January 1
 23.12 increase; and

23.13 (2) for each annuitant or benefit recipient who has been receiving an annuity or a
 23.14 benefit for at least one full month, an annual postretirement increase of 1/12 of 2.5 percent
 23.15 for each month the person has been receiving an annuity or benefit must be applied,
 23.16 effective January 1 following the year in which the person has been retired for less than
 23.17 12 months.

23.18 (b) The increases provided by this section commence on January 1, 2010.

23.19 (c) An increase in annuity or benefit payments under this section must be made
 23.20 automatically unless written notice is filed by the annuitant or benefit recipient with the
 23.21 executive director of the covered retirement plan requesting that the increase not be made.

23.22 (d) The retirement annuity payable to a person who retires before becoming eligible
 23.23 for Social Security benefits and who has elected the optional payment as provided in
 23.24 ~~section 353.29, subdivision 6, or~~ 354.35 must be treated as the sum of a period certain
 23.25 retirement annuity and a life retirement annuity for the purposes of any postretirement
 23.26 adjustment. The period certain retirement annuity plus the life retirement annuity must be
 23.27 the annuity amount payable until age ~~62 for section 353.29, subdivision 6, or~~ age 62, 65,
 23.28 or normal retirement age, as selected by the member at retirement, for an annuity amount
 23.29 payable under section 354.35. A postretirement adjustment granted on the period certain
 23.30 retirement annuity must terminate when the period certain retirement annuity terminates.

23.31 Sec. 29. Minnesota Statutes 2009 Supplement, section 356.415, is amended by adding
 23.32 a subdivision to read:

23.33 Subd. 1a. **Annual postretirement adjustments; retirement plans administered**
 23.34 **by the Public Employees Retirement Association.** (a) Retirement annuity, disability
 23.35 benefit or survivor benefit recipients of the general employees retirement plan of the

24.1 Public Employees Retirement Association, the public employees police and fire retirement
24.2 plan, and the local government correctional service retirement plan are entitled to a
24.3 postretirement adjustment annually on January 1, as follows:

24.4 (1) for January 1, 2011, and each successive January 1 until funding stability is
24.5 restored for the applicable retirement plan, a postretirement increase of one percent must
24.6 be applied each year, effective on January 1, to the monthly annuity or benefit amount of
24.7 each annuitant or benefit recipient who has been receiving an annuity or benefit for at least
24.8 12 full months as of the current June 30;

24.9 (2) for January 1, 2011, and each successive January 1 until funding stability is
24.10 restored for the applicable retirement plan, for each annuitant or benefit recipient who has
24.11 been receiving an annuity or a benefit for at least one full month, but less than 12 full
24.12 months as of the current June 30, an annual postretirement increase of 1/12 of one percent
24.13 for each month the person has been receiving an annuity or benefit must be applied;

24.14 (3) for each January 1 following the restoration of funding stability for the applicable
24.15 retirement plan, a postretirement increase of 2.5 percent must be applied each year,
24.16 effective January 1, to the monthly annuity or benefit amount of each annuitant or benefit
24.17 recipient who has been receiving an annuity or benefit for at least 12 full months as of
24.18 the current June 30; and

24.19 (4) for each January 1 following restoration of funding stability for the applicable
24.20 retirement plan, for each annuity or benefit recipient who has been receiving an annuity or
24.21 a benefit for at least one full month, but less than 12 full months as of the current June
24.22 30, an annual postretirement increase of 1/12 of 2.5 percent for each month the person
24.23 has been receiving an annuity or benefit must be applied.

24.24 (b) Funding stability is restored when the market value of assets of the applicable
24.25 retirement plan equals or exceeds 90 percent of the actuarial accrued liabilities of the
24.26 applicable plan in the most recent prior actuarial valuation prepared under section 356.215
24.27 and the standards for actuarial work by the approved actuary retained by the Public
24.28 Employees Retirement Association under section 356.214.

24.29 (c) If, after applying the increase as provided for in clauses (3) and (4) of this
24.30 subdivision, the market value of the applicable retirement plan is determined in the next
24.31 subsequent actuarial valuation prepared under section 356.215 to be less than 90 percent
24.32 of the actuarial accrued liability of any of the applicable Public Employees Retirement
24.33 Association plans, the increase provided in clauses (1) and (2) are to be applied as of the
24.34 next successive January until funding stability is again restored.

24.35 (d) An increase in annuity or benefit payments under this section must be made
24.36 automatically unless written notice is filed by the annuitant or benefit recipient with the

25.1 executive director of the Public Employees Retirement Association requesting that the
25.2 increase not be made.

25.3 (e) The retirement annuity payable to a person who retires before becoming eligible
25.4 for Social Security benefits and who has elected the optional payment, as provided in
25.5 section 353.29, subdivision 6, must be treated as the sum of a period-certain retirement
25.6 annuity and a life retirement annuity for the purposes of any postretirement adjustment.
25.7 The period-certain retirement annuity plus the life retirement annuity must be the
25.8 annuity amount payable until age 62 for section 353.29, subdivision 6. A postretirement
25.9 adjustment granted on the period-certain retirement annuity must terminate when the
25.10 period-certain retirement annuity terminates.

25.11 Sec. 30. Minnesota Statutes 2008, section 356.47, subdivision 3, is amended to read:

25.12 Subd. 3. **Payment.** (a) Beginning one year after the reemployment withholding
25.13 period ends relating to the reemployment that gave rise to the limitation, and the filing of a
25.14 written application, the retired member is entitled to the payment, in a lump sum, of the
25.15 value of the person's amount under subdivision 2, plus interest at the compound annual
25.16 rate of six percent from the date that the amount was deducted from the retirement annuity
25.17 to the date of payment for retirement plans governed by section 352.115, subdivision 10;
25.18 354.44, subdivision 5; or 354A.31, subdivision 3, plus interest at the compound annual
25.19 rate of six percent from the date that the amount was deducted from the retirement annuity
25.20 to the date of payment or until December 31, 2010, whichever is earlier, for retirement
25.21 plans governed by section 353.37, and without interest after December 31, 2010, for
25.22 retirement plans governed by section 353.37.

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

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

25.29 (d) In lieu of the direct payment of the person's amount under subdivision 2, on
25.30 or after the payment date under paragraph (a), if the federal Internal Revenue Code so
25.31 permits, the retired member may elect to have all or any portion of the payment amount
25.32 under this section paid in the form of a direct rollover to an eligible retirement plan as
25.33 defined in section 402(c) of the federal Internal Revenue Code that is specified by the
25.34 retired member. If the retired member dies with a balance remaining payable under this
25.35 section, the surviving spouse of the retired member, or if none, the deceased person's

26.1 designated beneficiary, or if none, the administrator of the deceased person's estate may
26.2 elect a direct rollover under this paragraph.

26.3 Sec. 31. **REPEALER.**

26.4 Minnesota Statutes 2008, section 353.34, subdivision 3a, is repealed.

26.5 Sec. 32. **EFFECTIVE DATE.**

26.6 Sections 1 to 31 are effective July 1, 2010.