

..... moves to amend S.F. No. 2884; H.F. No. 1889, as follows:

Delete everything after the enacting clause and insert:

## "ARTICLE 1

### MINNESOTA STATE RETIREMENT SYSTEM

Section 1. Minnesota Statutes 2024, section 352.115, subdivision 3, is amended to read:

Subd. 3. **Retirement annuity formula.** (a) This paragraph, in conjunction with section 352.116, subdivision 1, applies to a person who became a covered employee or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, unless paragraph (b), in conjunction with section 352.116, subdivision 1a, produces a higher annuity amount, in which case paragraph (b) applies.

(1) If the employee does not have allowable service after June 30, 2025, the employee's retirement annuity is equal to the employee's average salary, as defined in section 352.01, subdivision 14a, multiplied by 1.2 percent per year of allowable service for the first ten years and 1.7 percent for each later year of allowable service and pro rata for completed months less than a full year determines the amount of the retirement annuity to which the employee is entitled.

(2) If the employee has allowable service after June 30, 2025, the employee's retirement annuity is equal to the employee's average salary multiplied by 1.2 percent per year of allowable service for the first ten years and 1.7 percent for each later year of allowable service through June 30, 2025, and 1.9 percent for each year of allowable service after June 30, 2025, and pro rata for completed months less than a full year.

(b) This paragraph applies to a person who has become at least 55 years old and first became a covered employee after June 30, 1989, and to any other covered employee who has become at least 55 years old and whose annuity amount, when calculated under this paragraph and in conjunction with section 352.116, subdivision 1a, is higher than it is when calculated under paragraph (a), in conjunction with section 352.116, subdivision 1.

(1) If the employee does not have allowable service after June 30, 2025, the employee's retirement annuity is equal to the employee's average salary, as defined in section 352.01, subdivision 14a, multiplied by 1.7 percent for each year of allowable service and pro rata for completed months less than a full year determines the amount of the retirement annuity to which the employee is entitled.

(2) If the employee has allowable service after June 30, 2025, the employee's retirement annuity is equal to the employee's average salary multiplied by 1.7 percent for each year of allowable service through June 30, 2025, and 1.9 percent for each year of allowable service after June 30, 2025, and pro rata for completed months less than a full year.

**EFFECTIVE DATE.** This section is effective July 1, 2025.

Sec. 2. Minnesota Statutes 2024, section 352.22, subdivision 2b, is amended to read:

Subd. 2b. **Refund repayment.** Any person who has received a refund from the state employees retirement plan, or the correctional state employees retirement plan and who is a member of any of the retirement plans specified in section 356.311, paragraph (b), may repay the refund with interest to the ~~state employees retirement plan~~ from which the refund was paid. If a refund is repaid to the plan and more than one refund has been received from the plan, all refunds must be repaid. Repayment must be made as provided in section 352.23, and under terms and conditions consistent with that section as agreed upon with the director.

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

Sec. 3. Minnesota Statutes 2024, section 352.22, subdivision 3, is amended to read:

Subd. 3. **Deferred annuity.** (a) After separation from state service, an employee who ~~has at least three years of allowable service if employed before July 1, 2010, or who has at least five years of allowable service if employed after June 30, 2010, when termination occurs~~ may elect to leave the employee's accumulated contributions in the retirement fund and thereby be entitled to a deferred retirement annuity: if the employee:

(1) is a member of the state employees retirement plan and satisfies the allowable service requirement under section 352.115, subdivision 1, applicable to the employee; or

(2) is a member of the correctional state employees retirement plan and satisfies the allowable service requirement under section 352.925 applicable to the employee.

(b) The annuity must be computed under the law in effect when the employee separates from state service ~~terminated~~, on the basis of the allowable service credited to the person before the ~~termination of~~ separation from state service.

~~(b)~~ (c) An employee on layoff or on leave of absence without pay, except a leave of absence for health reasons, and who does not return to state service must have an annuity, deferred annuity, or other benefit to which the employee may become entitled computed under the law in effect on the employee's last working day.

~~(e)~~ (d) No application for a deferred annuity may be made more than 60 days before the time the former employee reaches the required age for entitlement to the payment of the annuity. The deferred annuity begins to accrue no earlier than 60 days before the date the application is filed in the office of the system, but not (1) before the date on which the employee reaches the required age for entitlement to the annuity nor (2) before the day following the termination of state service in a position which is not covered by the retirement system.

~~(d)~~ (e) Application for the accumulated contributions left on deposit with the fund may be made at any time following the date of the termination of service.

~~(e)~~ (f) Deferred annuities must be augmented as provided in subdivision 3a.

**EFFECTIVE DATE.** This section is effective retroactively from July 1, 2023.

Sec. 4. Minnesota Statutes 2024, section 356.415, subdivision 1, is amended to read:

Subdivision 1. **Annual postretirement adjustments; Minnesota State Retirement System general state employees retirement plan, legislators retirement plan, and unclassified state employees retirement program.** (a) Recipients of a retirement annuity, disability benefit, or survivor benefit from the general state employees retirement plan, the legislators retirement plan, or the unclassified state employees retirement program are entitled to an annual postretirement adjustment, effective as of each January 1, as follows:

~~(1) effective January 1, 2019, through December 31, 2023, a postretirement increase of one percent must be applied each year to the amount of the monthly annuity or benefit of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 12 full months as of the June 30 of the calendar year immediately before the adjustment;~~

~~(2) effective January 1, 2019, through December 31, 2023, for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least one full month, but less than 12 full months as of the June 30 of the calendar year immediately before the adjustment, a postretirement increase of 1/12 of one percent for each month that the person has been receiving an annuity or benefit must be applied to the amount of the monthly annuity or benefit of the annuitant or benefit recipient;~~

~~(3)~~ (1) effective January 1, ~~2024~~ 2026, and thereafter, a postretirement increase of ~~1.5~~ 1.75 percent must be applied each year to the amount of the monthly annuity or benefit of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 12 full months as of the June 30 of the calendar year immediately before the adjustment; and

(4) (2) effective January 1, ~~2024~~ 2026, and thereafter, for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least one full month, but less than 12 full months as of the June 30 of the calendar year immediately before the adjustment, an annual postretirement increase of 1/12 of ~~4.5~~ 1.75 percent for each month that the person has been receiving an annuity or benefit must be applied to the amount of the monthly annuity or benefit of the annuitant or benefit recipient.

(b) An increase in annuity or benefit payments under this subdivision must be made automatically unless written notice is filed by the annuitant or benefit recipient with the executive director of the ~~covered~~ Minnesota State Retirement plan System requesting that the increase not be made.

**EFFECTIVE DATE.** This section is effective for postretirement adjustments beginning on or after January 1, 2026.

## ARTICLE 2

### PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

Section 1. Minnesota Statutes 2024, section 353.01, subdivision 2a, is amended to read:

Subd. 2a. **Included employees; mandatory membership.** (a) Any public employees employee whose salary from one governmental subdivision exceeds is expected to exceed \$425 in any month and who are is not specifically excluded under subdivision 2b or have has not been provided an option to participate under subdivision 2d, whether individually or by action of the governmental subdivision, must participate beginning on the employee's first day of employment as members a member of the association with retirement coverage by the general employees retirement plan under this chapter, the public employees police and fire plan under this chapter, or the local government correctional employees retirement plan under chapter 353E, whichever applies. For any employee whose salary is not expected to exceed \$425 in any month, membership commences as a condition of employment on the first day of employment or on the first day that the employee's salary exceeds \$425 and the other eligibility criteria are met, whichever is later. Public employees include but are not limited to:

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

(2) elected county sheriffs;

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

(i) town and city clerk or treasurer;

(ii) county auditor, treasurer, or recorder;

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

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

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

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

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

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

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

(9) employees of the Minnesota River Area Agency on Aging who were first employed by a Regional Development Commission before January 1, 2016, and who are not excluded employees under subdivision 2b; and

(10) employees of the Public Employees Retirement Association.

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

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

(d) For the purpose of participation in the general employees retirement plan, public employees include employees who were members of the former Minneapolis Employees Retirement Fund on June 29, 2010.

**EFFECTIVE DATE.** This section is effective July 1, 2025.

Sec. 2. Minnesota Statutes 2024, section 353.01, subdivision 2b, is amended to read:

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

(1) persons whose salary from one governmental subdivision never exceeds or is never expected to exceed \$425 in a month;

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

(3) election judges and persons employed solely to administer elections;

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

(5) except as otherwise specified in subdivision 12a, employees who are employed solely in a temporary position as defined under subdivision 12a, and employees who resign from a nontemporary position and accept a temporary position within 30 days of that resignation in the same governmental subdivision;

(6) employees who are employed by reason of work emergency caused by fire, flood, storm, or similar disaster, but if the person becomes a probationary or provisional employee within the same pay period, other than on a temporary basis, the person is a "public employee" retroactively to the beginning of the pay period;

(7) employees who by virtue of their employment in one governmental subdivision are required by law to be a member of and to contribute to any of the plans or funds administered by the Minnesota State Retirement System, the Teachers Retirement Association, or the St. Paul Teachers Retirement Fund Association, but this exclusion must not be construed to prevent a person from being a member of and contributing to the Public Employees Retirement Association and also belonging to and contributing to another public pension

plan or fund for other service occurring during the same period of time, and a person who meets the definition of "public employee" in subdivision 2 by virtue of other service occurring during the same period of time becomes a member of the association unless contributions are made to another public retirement plan on the salary based on the other service or to the Teachers Retirement Association by a teacher as defined in section 354.05, subdivision 2;

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

(9) persons who are:

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

(ii) employed as resident physicians, medical interns, pharmacist residents, or pharmacist interns and are serving in a degree or residency program in a public hospital or in a public clinic; or

(iii) students who are serving for a period not to exceed five years in an internship or a residency program that is sponsored by a governmental subdivision, including an accredited educational institution;

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

(11) for the first three years of employment, foreign citizens who are employed by a governmental subdivision, except that the following foreign citizens must be considered included employees under subdivision 2a:

(i) H-1B, H-1B1, and E-3 status holders;

(ii) employees of Hennepin County or Hennepin Healthcare System, Inc.;

(iii) employees legally authorized to work in the United States for three years or more; and

(iv) employees otherwise required to participate under federal law;

8.1 (12) public hospital employees who elected not to participate as members of the  
8.2 association before 1972 and who did not elect to participate from July 1, 1988, to October  
8.3 1, 1988;

8.4 (13) ~~except as provided in section 353.86~~, volunteer ambulance service personnel, as  
8.5 defined in subdivision 35, but persons who serve as volunteer ambulance service personnel  
8.6 may still qualify as public employees under subdivision 2 and may be members of the Public  
8.7 Employees Retirement Association and participants in the general employees retirement  
8.8 plan or the public employees police and fire plan, whichever applies, on the basis of  
8.9 compensation received from public employment service other than service as volunteer  
8.10 ambulance service personnel;

8.11 (14) except as provided in section 353.87, volunteer firefighters, as defined in subdivision  
8.12 36, engaging in activities undertaken as part of volunteer firefighter duties, but a person  
8.13 who is a volunteer firefighter may still qualify as a public employee under subdivision 2  
8.14 and may be a member of the Public Employees Retirement Association and a participant  
8.15 in the general employees retirement plan or the public employees police and fire plan,  
8.16 whichever applies, on the basis of compensation received from public employment activities  
8.17 other than those as a volunteer firefighter;

8.18 (15) employees in the building and construction trades, as follows:

8.19 (i) pipefitters and associated trades personnel employed by Independent School District  
8.20 No. 625, St. Paul, with coverage under a collective bargaining agreement by the pipefitters  
8.21 local 455 pension plan who were either first employed after May 1, 1997, or, if first employed  
8.22 before May 2, 1997, elected to be excluded under Laws 1997, chapter 241, article 2, section  
8.23 12;

8.24 (ii) electrical workers, plumbers, carpenters, and associated trades personnel employed  
8.25 by Independent School District No. 625, St. Paul, or the city of St. Paul, with coverage  
8.26 under a collective bargaining agreement by the electrical workers local 110 pension plan,  
8.27 the plumbers local 34 pension plan, or the carpenters local 322 pension plan who were either  
8.28 first employed after May 1, 2000, or, if first employed before May 2, 2000, elected to be  
8.29 excluded under Laws 2000, chapter 461, article 7, section 5;

8.30 (iii) bricklayers, allied craftworkers, cement masons, glaziers, glassworkers, painters,  
8.31 allied tradesworkers, and plasterers employed by the city of St. Paul or Independent School  
8.32 District No. 625, St. Paul, with coverage under a collective bargaining agreement by the  
8.33 bricklayers and allied craftworkers local 1 pension plan, the cement masons local 633  
8.34 pension plan, the glaziers and glassworkers local 1324 pension plan, the painters and allied



trades local 61 pension plan, or the plasterers local 265 pension plan who were either first employed after May 1, 2001, or if first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article 10, section 6;

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

(v) electrical workers or pipefitters employed by the Minneapolis Park and Recreation Board, with coverage under a collective bargaining agreement by the electrical workers local 292 pension plan or the pipefitters local 539 pension plan, who were first employed before May 2, 2015, and elected to be excluded under Laws 2015, chapter 68, article 11, section 5;

(vi) laborers and associated trades personnel employed by the city of St. Paul or Independent School District No. 625, St. Paul, who are designated as temporary employees with coverage under a collective bargaining agreement by a multiemployer plan as defined in section 356.27, subdivision 1, who were either first employed on or after June 1, 2018, or if first employed before June 1, 2018, elected to be excluded under Laws 2018, chapter 211, article 16, section 13; and

(vii) employees who are trades employees as defined in section 356.27, subdivision 1, first hired on or after July 1, 2020, by the city of St. Paul or Independent School District No. 625, St. Paul, except for any trades employee for whom contributions are made under section 356.24, subdivision 1, clause (8), (9), or (10), by either employer to a multiemployer plan as defined in section 356.27, subdivision 1;

(16) employees who are hired after June 30, 2002, solely to fill seasonal positions under subdivision 12b which are limited in duration by the employer to a period of six months or less in each year of employment with the governmental subdivision;

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

(18) independent contractors and the employees of independent contractors;

10.1 (19) reemployed annuitants of the association during the course of that reemployment;

10.2 (20) persons appointed to serve on a board or commission of a governmental subdivision  
10.3 or an instrumentality thereof;

10.4 (21) persons employed as full-time fixed-route bus drivers by the St. Cloud Metropolitan  
10.5 Transit Commission who are members of the International Brotherhood of Teamsters Local  
10.6 638 and who are, by virtue of that employment, members of the International Brotherhood  
10.7 of Teamsters Central States pension plan; and

10.8 (22) persons employed by the Duluth Transit Authority or any subdivision thereof who  
10.9 are members of the Teamsters General Local Union 346 and who are, by virtue of that  
10.10 employment, members of the Central States Southeast and Southwest Areas Pension Fund.

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

10.14 **EFFECTIVE DATE.** This section is effective July 1, 2025.

10.15 Sec. 3. Minnesota Statutes 2024, section 353.01, subdivision 2d, is amended to read:

10.16 Subd. 2d. **Optional membership.** (a) Membership in the association is optional by  
10.17 action of the individual employee for the following public employees who meet the conditions  
10.18 set forth in subdivision 2a:

10.19 (1) members of the coordinated plan who are also employees of labor organizations as  
10.20 defined in section 353.017, subdivision 1, for their employment by the labor organization  
10.21 only, if they elect to have membership under section 353.017, subdivision 2;

10.22 (2) persons who are elected or ~~persons who are appointed to elected positions,~~ other  
10.23 than local governing body elected positions, and who elect to participate within 30 days of  
10.24 taking office by filing completing and signing a written election for membership election  
10.25 on a form prescribed by the executive director of the association and filing the membership  
10.26 election with the association within 60 days of taking office;

10.27 (3) members of the association who are appointed by the governor to be a state department  
10.28 head and who elect not to be covered by the general state employees retirement plan of the  
10.29 Minnesota State Retirement System under section 352.021;

10.30 (4) city managers as defined in section 353.028, subdivision 1, who do not elect to be  
10.31 excluded from membership in the association under section 353.028, subdivision 2; and

11.1 (5) employees of the Port Authority of the city of St. Paul on January 1, 2003, who were  
11.2 at least age 45 on that date, and who elected to participate by ~~filing a written~~ completing  
11.3 and signing a membership election ~~for membership~~.

11.4 (b) Membership in the association is optional by action of the governmental subdivision  
11.5 for the employees of the following governmental subdivisions under the conditions specified:

11.6 (1) the Minnesota Association of Townships if the board of that association, at its option,  
11.7 certifies to the executive director that its employees who meet the conditions set forth in  
11.8 subdivision 2a are to be included for purposes of retirement coverage, in which case the  
11.9 status of the association as a participating employer is permanent;

11.10 (2) a county historical society if the county in which the historical society is located, at  
11.11 its option, certifies to the executive director that the employees of the historical society who  
11.12 meet the conditions set forth in subdivision 2a are to be considered county employees for  
11.13 purposes of retirement coverage under this chapter. The status as a county employee must  
11.14 be accorded to all similarly situated county historical society employees and, once established,  
11.15 must continue as long as a person is an employee of the county historical society; and

11.16 (3) Hennepin Healthcare System, Inc., a public corporation, with respect to employees  
11.17 other than paramedics, emergency medical technicians, and protection officers, if the  
11.18 corporate board establishes alternative retirement plans for certain classes of employees of  
11.19 the corporation and certifies to the association the applicable employees to be excluded  
11.20 from future retirement coverage.

11.21 (c) For employees who are covered by paragraph (a), clause (1), (2), or (3), or covered  
11.22 by paragraph (b), clause (1) or (2), if the necessary membership election is not made, the  
11.23 employee is excluded from retirement coverage under this chapter. For employees who are  
11.24 covered by paragraph (a), clause (4), if the necessary election of exclusion is not made, the  
11.25 employee must become a member and have retirement coverage under the applicable  
11.26 provisions of this chapter. For employees specified in paragraph (b), clause (3), membership  
11.27 continues until the exclusion option is exercised for the designated class of employee.

11.28 (d) The option to become a member, once exercised under this subdivision, may not be  
11.29 withdrawn until the termination of public service as defined under subdivision 11a.

11.30 **EFFECTIVE DATE.** This section is effective July 1, 2025.

11.31 Sec. 4. Minnesota Statutes 2024, section 353.028, subdivision 2, is amended to read:

11.32 Subd. 2. **Election.** (a) A city manager first employed by a city may make a onetime,  
11.33 irrevocable election to be excluded from membership in the general employees retirement

plan of the association. The election of exclusion must be made within 30 days following the commencement of employment, must be made in writing on a form prescribed by the executive director, ~~and~~ must be approved by a resolution adopted by the governing body of the city, and must be filed with the association within 60 days of commencing employment.

The election of exclusion is not effective until it is filed with the executive director.

Membership of a city manager in the general employees retirement plan ceases on the date the written election of exclusion is received by the executive director. Employee and employer contributions made during the first ~~30~~ 60 days of employment on behalf of a person exercising the option to be excluded from membership under this paragraph must be refunded or credited in accordance with section 353.27, subdivision 7.

(b) A city manager who has previously been an employee in any position covered by any retirement plan administered by the association to which the city contributed or by any supplemental pension or deferred compensation plan under section 356.24 sponsored by the city is not eligible to make the election under paragraph (a).

(c) Any election under paragraph (a) must include a statement that the individual will not seek authorization to purchase service credit for any period of excluded service.

**EFFECTIVE DATE.** This section is effective July 1, 2025.

Sec. 5. Minnesota Statutes 2024, section 353.028, subdivision 3, is amended to read:

Subd. 3. **Deferred compensation; city contribution.** (a) If an election of exclusion under subdivision 2 is made, and if the city manager and the governing body of the city additionally agree in writing that the additional compensation is to be deferred and is to be contributed on behalf of the city manager to a deferred compensation program that meets the requirements of section 457 of the Internal Revenue Code of 1986, as amended, and section 356.24, the governing body may compensate the city manager, in addition to the salary allowed under any limitation imposed on salaries by law or charter, in an amount equal to the employer contribution that would be required by section 353.27, subdivision 3, if the city manager were a member of the general employees retirement plan.

(b) Alternatively, if an election of exclusion under subdivision 2 is made, the city manager and the governing body of the city may agree in writing that the equivalent employer contribution to the contribution under section 353.27, subdivision 3, be contributed by the city to the defined contribution plan of the Public Employees Retirement Association under chapter 353D. ~~Any~~ An election and agreement under this paragraph must be entered into within 30 days following the commencement of employment.

**EFFECTIVE DATE.** This section is effective July 1, 2025.

Sec. 6. Minnesota Statutes 2024, section 353.27, subdivision 3a, is amended to read:

Subd. 3a. **Additional employer contribution.** (a) An additional employer contribution to the general employees retirement fund of the Public Employees Retirement Association must be made equal to the following applicable percentage of the total salary amount for "basic members" and for "coordinated members":

	Basic Program	Coordinated Program
Effective before January 1, 2006	2.68	.43
Effective January 1, 2006	2.68	.5
Effective January 1, 2009	2.68	.75
Effective January 1, 2010	2.68	1

These contributions must be made from funds available to the employing subdivision by the means and in the manner provided in section 353.28.

~~(b) The coordinated program contribution rates set forth in paragraph (a) effective for January 1, 2010, must not be implemented if, following receipt of the July 1, 2009, annual actuarial valuation report under section 356.215, respectively, the actuarially required contributions are equal to or less than the total rates under this section in effect as of January 1, 2008.~~

~~(b)~~ (b) This subdivision is repealed once the actuarial value of the assets of the general employees retirement plan of the Public Employees Retirement Association equal or exceed 98 percent of the actuarial accrued liability of the plan as determined by the actuary retained under sections 356.214 and 356.215. The repeal is effective on the first day of the first full pay period occurring after March 31 of the calendar year following the issuance of the actuarial valuation upon which the repeal is based.

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

Sec. 7. Minnesota Statutes 2024, section 353.34, subdivision 5, is amended to read:

Subd. 5. **Right to a refund generally unlimited.** The right to a refund provided in this chapter, ~~and laws amendatory thereof,~~ is not restricted as to time ~~unless specifically provided and the statute of limitation does not apply thereto.~~

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

14.1 Sec. 8. Minnesota Statutes 2024, section 353E.06, subdivision 1, is amended to read:

14.2 Subdivision 1. **Duty disability qualification requirements.** A member who is determined  
14.3 to qualify for a duty disability as defined in section 353E.001, subdivision 1, is entitled to  
14.4 a disability benefit. The disability benefit must be based on covered service under this  
14.5 chapter only and is an amount equal to 47.5 percent of the average salary defined in section  
14.6 353E.04, subdivision 2, plus ~~an additional 1.9 percent,~~ for each year of covered service  
14.7 under this chapter in excess of 25 years.:

14.8 (1) 1.9 percent for each year of allowable service beginning before July 1, 2025; and

14.9 (2) 2.2 percent for each year of allowable service beginning after June 30, 2025.

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

14.11 Sec. 9. Minnesota Statutes 2024, section 356.415, subdivision 1b, is amended to read:

14.12 Subd. 1b. **Annual postretirement adjustments; ~~PERA~~ Public Employees Retirement**  
14.13 **Association; general employees retirement plan.** (a) Annuities, disability benefits, and  
14.14 survivor benefits being paid from the general employees retirement plan of the Public  
14.15 Employees Retirement Association shall be increased effective each January 1 by the  
14.16 percentage of increase determined under this subdivision. The increase to the annuity or  
14.17 benefit shall be determined by multiplying the monthly amount of the annuity or benefit by  
14.18 the percentage of increase specified in paragraph (b), after taking into account any reduction  
14.19 to the percentage of increase required under paragraph ~~(c)~~ (d).

14.20 (b) The percentage of increase shall be one percent unless the federal Social Security  
14.21 Administration has announced a cost-of-living adjustment pursuant to United States Code,  
14.22 title 42, section 415(i), in the last quarter of the preceding calendar year that is greater than  
14.23 ~~two one~~ one percent. If the cost-of-living adjustment announced by the federal Social Security  
14.24 Administration is greater than ~~two one~~ one percent, the percentage of increase ~~shall be 50 percent~~  
14.25 ~~of~~ must be the same as the cost-of-living adjustment announced by the federal Social Security  
14.26 Administration, but in no event may the percentage of increase exceed ~~1.5 percent~~ the  
14.27 applicable maximum percentage in effect on January 1 under paragraph (c).

14.28 (c) The applicable maximum percentage in effect on January 1 is 1.75 percent, unless  
14.29 either of the following is true, in which case the applicable maximum percentage is 1.5  
14.30 percent:

14.31 (1) the market value of assets equals or is less than 85 percent of the actuarial accrued  
14.32 liabilities as reported by the plan's actuary in the most recent two consecutive annual actuarial  
14.33 valuations; or

(2) the market value of assets equals or is less than 80 percent of the actuarial accrued liabilities as reported by the plan's actuary in the most recent annual actuarial valuation.

~~(e)~~ (d)(1) If the recipient of an annuity, disability benefit, or survivor's benefit has been receiving the annuity or benefit for at least 12 full months as of the June 30 of the calendar year immediately before the effective date of the increase, there is no reduction in the percentage of increase.

(2) If the recipient of an annuity, disability benefit, or survivor's benefit has been receiving the annuity or benefit for at least one month, but less than 12 full months, as of the June 30 of the calendar year immediately preceding the effective date of the increase, the percentage of increase is multiplied by a fraction, the numerator of which is the number of months the annuity or benefit was received as of June 30 of the preceding calendar year and the denominator of which is 12.

~~(d)~~ (e) An increase in annuity or benefit payments under this ~~section~~ subdivision must be made automatically unless written notice is filed by the recipient with the executive director of the Public Employees Retirement Association requesting that the increase not be made.

**EFFECTIVE DATE.** This section is effective for postretirement adjustments beginning on or after January 1, 2026.

### ARTICLE 3

#### PUBLIC EMPLOYEES DEFINED CONTRIBUTION PLAN

Section 1. Minnesota Statutes 2024, section 353D.02, subdivision 1, is amended to read:

Subdivision 1. **Local government officials.** Eligible elected or appointed local government officials may elect to participate in the defined contribution plan within the first 30 days of ~~being elected or appointed to~~ taking public office by filing completing and signing a membership application election on a form prescribed by the executive director of the association authorizing contributions to be deducted from the official's salary. Participation begins on the first day of the pay period for which the contributions were deducted or, if pay period coverage dates are not provided, the date on which the membership ~~application election~~ or contributions are received in the office of the association, whichever is received first, provided further that the membership ~~application election~~ is received by the association within 60 days of the receipt of the contributions taking office. An election to participate in the plan is irrevocable.

**EFFECTIVE DATE.** This section is effective July 1, 2025.

16.1 Sec. 2. Minnesota Statutes 2024, section 353D.02, subdivision 2, is amended to read:

16.2 Subd. 2. **Eligible physicians.** Eligible physicians may elect to participate in the defined  
16.3 contribution plan within the first 30 days of commencing employment with a government  
16.4 subdivision under section 353.01, subdivision 6, by ~~filing~~ completing and signing a  
16.5 membership application election on a form prescribed by the executive director of the  
16.6 association authorizing contributions to be deducted from the physician's salary and filing  
16.7 the membership election with the association within 60 days of commencing employment.  
16.8 Participation begins on the first day of the pay period for which the contributions were  
16.9 deducted. An election to participate in the defined contribution plan is irrevocable.

16.10 **EFFECTIVE DATE.** This section is effective July 1, 2025.

16.11 Sec. 3. Minnesota Statutes 2024, section 353D.02, subdivision 3, is amended to read:

16.12 Subd. 3. **Eligible ambulance service personnel.** Each public ambulance service with  
16.13 eligible personnel may elect to participate in the plan. If a service elects to participate, its  
16.14 eligible personnel may elect to participate or decline to participate. An individual's  
16.15 membership election must be made within 30 days of the service's election to participate  
16.16 or within 30 days of the date on which the individual began employment with the service  
16.17 or began to provide service for it, whichever date is later. The membership election must  
16.18 be received by the association within 60 days of the service's election to participate or within  
16.19 60 days of the date on which the individual first began employment, whichever is later. An  
16.20 election by a service or an individual is irrevocable.

16.21 **EFFECTIVE DATE.** This section is effective July 1, 2025.

16.22 Sec. 4. Minnesota Statutes 2024, section 353D.02, subdivision 4, is amended to read:

16.23 Subd. 4. **Eligible rescue squad personnel.** The municipality or county, as applicable,  
16.24 associated with a rescue squad under section 353D.01, subdivision 2, paragraph (a), clause  
16.25 (4), may elect to participate in the plan. If the municipality or county, as applicable, elects  
16.26 to participate, the eligible personnel may elect to participate or decline to participate. An  
16.27 eligible individual's membership election must be made within 30 days of the ~~service's~~  
16.28 municipality's or county's election to participate or within 30 days of the date on which the  
16.29 individual first began employment with the rescue squad, whichever is later. The membership  
16.30 election must be received by the association within 60 days of the municipality's or county's  
16.31 election to participate or within 60 days of the date on which the individual first began  
16.32 employment, whichever is later. Elections under this subdivision by a government unit or  
16.33 individual are irrevocable. The municipality or county, as applicable, must specify by



17.1 resolution eligibility requirements for rescue squad personnel which must be satisfied if the  
17.2 individual is to be authorized to make the membership election under this subdivision.

17.3 **EFFECTIVE DATE.** This section is effective July 1, 2025.

17.4 Sec. 5. Minnesota Statutes 2024, section 353D.02, subdivision 5, is amended to read:

17.5 Subd. 5. **St. Paul Port Authority personnel.** Employees of the Port Authority of the  
17.6 city of St. Paul who do not elect to participate in the general employees retirement plan may  
17.7 elect within the first 30 days of commencing employment to participate in the plan by ~~filing~~  
17.8 completing and signing a membership application election on a form prescribed by the  
17.9 executive director of the association authorizing contributions to be deducted from the  
17.10 employee's salary. Participation begins on the first day of the pay period for which the  
17.11 contributions were deducted or, if pay period coverage dates are not provided, the date on  
17.12 which the membership ~~application~~ election or the contributions are received in the office  
17.13 of the association, whichever is received first, ~~if provided~~ the membership application  
17.14 election is received by the association within 60 days of ~~the receipt of the contributions~~  
17.15 commencing employment. An election to participate in the plan is irrevocable.

17.16 **EFFECTIVE DATE.** This section is effective July 1, 2025.

17.17 Sec. 6. Minnesota Statutes 2024, section 353D.02, subdivision 6, is amended to read:

17.18 Subd. 6. **City managers.** ~~Any city managers~~ manager who elected to be excluded within  
17.19 30 days of commencing employment from the general employees retirement plan of the  
17.20 Public Employees Retirement Association under section 353.028, subdivision 2, and who  
17.21 ~~elected to participate in the plan~~ entered into an agreement under section 353.028, subdivision  
17.22 3, paragraph (b), with the governing body of the city by which the city manager is employed  
17.23 to have the city make contributions to the defined contribution plan under chapter 353D  
17.24 must file that an election with the ~~executive director~~ association within the first 30 60 days  
17.25 of commencing employment to participate in the defined contribution plan. The city manager  
17.26 must complete and sign a membership election on a form prescribed by the executive director  
17.27 of the association. Participation begins on the first day of the pay period next following the  
17.28 date of the coverage election. An election to participate by a city manager is irrevocable.

17.29 **EFFECTIVE DATE.** This section is effective July 1, 2025.

17.30 Sec. 7. Minnesota Statutes 2024, section 353D.02, subdivision 7, is amended to read:

17.31 Subd. 7. **Certain volunteer firefighters.** Volunteer or on-call firefighters who are serving  
17.32 as members of a municipal fire department or an independent nonprofit firefighting

corporation and who are not covered for that firefighting service by the public employees police and fire retirement plan under sections 353.63 to 353.68, by a firefighters relief association under chapter 424A, or by the statewide volunteer firefighter retirement plan under chapter 353G may elect to participate in the plan within the first 30 days of commencing service by completing and signing a membership election on a form prescribed by the executive director of the association. The membership election must be filed with the association within 60 days of commencing service. An eligible firefighter's election is irrevocable. No employer contribution is payable by the fire department or the firefighting corporation unless the municipal governing body or the firefighting corporation governing body, whichever applies, ratifies the membership election.

**EFFECTIVE DATE.** This section is effective July 1, 2025.

## ARTICLE 4

### PERA PRIVATIZATION

Section 1. Minnesota Statutes 2024, section 353F.01, is amended to read:

#### **353F.01 PURPOSE AND INTENT.**

The purpose of this chapter is to ensure, to the extent possible, that persons employed ~~at public medical facilities who~~ by governmental subdivisions that are privatized and consequently are excluded from retirement coverage by the Public Employees Retirement Association will be entitled to receive future retirement benefits under the general employees retirement plan of the Public Employees Retirement Association commensurate with the prior contributions made by them or made on their behalf upon the privatization of the ~~medical facility~~ governmental subdivision.

Sec. 2. Minnesota Statutes 2024, section 353F.02, is amended by adding a subdivision to read:

**Subd. 2a. Association.** "Association" means the Public Employees Retirement Association established under chapter 353.

Sec. 3. Minnesota Statutes 2024, section 353F.02, subdivision 3, is amended to read:

**Subd. 3. Effective date of privatization.** "Effective date of privatization" means the date that ~~the operation of a medical facility is assumed by another~~ a governmental subdivision becomes a privatized employer or the date that a medical facility governmental subdivision is purchased by another employer in a privatization and active membership in the ~~Public Employees Retirement~~ association consequently terminates.

19.1 Sec. 4. Minnesota Statutes 2024, section 353F.02, is amended by adding a subdivision to  
19.2 read:

19.3 Subd. 3b. **Funding ratio.** "Funding ratio" means the actuarial value of assets of the  
19.4 general employees retirement fund, divided by the present value of accrued benefits for the  
19.5 fund, expressed as a percentage.

19.6 Sec. 5. Minnesota Statutes 2024, section 353F.02, is amended by adding a subdivision to  
19.7 read:

19.8 Subd. 3c. **General employees retirement fund.** "General employees retirement fund"  
19.9 means the general employees retirement fund as defined under section 353.27, subdivision  
19.10 1.

19.11 Sec. 6. Minnesota Statutes 2024, section 353F.02, is amended by adding a subdivision to  
19.12 read:

19.13 Subd. 3d. **General employees retirement plan.** "General employees retirement plan"  
19.14 or "general plan" means the general employees retirement plan of the association established  
19.15 under chapter 353.

19.16 Sec. 7. Minnesota Statutes 2024, section 353F.02, is amended by adding a subdivision to  
19.17 read:

19.18 Subd. 3e. **Governmental subdivision.** "Governmental subdivision" has the meaning  
19.19 given in section 353.01, subdivision 6.

19.20 Sec. 8. Minnesota Statutes 2024, section 353F.02, subdivision 4b, is amended to read:

19.21 Subd. 4b. **Privatization.** "Privatization" means ~~a medical facility that privatizes when~~  
19.22 ~~the facility~~ the process of privatizing, through which a governmental subdivision ceases to  
19.23 be a governmental subdivision for any reason other than that the ~~medical facility~~  
19.24 ~~governmental subdivision~~ closes or permanently ceases to operate.

19.25 Sec. 9. Minnesota Statutes 2024, section 353F.02, is amended by adding a subdivision to  
19.26 read:

19.27 Subd. 4c. **Privatize or privatizing.** "Privatize" or "privatizing" means to engage in a  
19.28 transaction, including a sale to, acquisition by, or merger with an entity or a sale to or  
19.29 acquisition by one or more individuals, or a series of such transactions that result in a  
19.30 governmental subdivision ceasing to be a governmental subdivision on or after the effective

20.1 date of privatization. Privatize or privatizing does not mean ceasing to be a governmental  
20.2 subdivision because the subdivision closed or permanently ceased to operate.

20.3 Sec. 10. Minnesota Statutes 2024, section 353F.02, subdivision 5a, is amended to read:

20.4 Subd. 5a. **Privatized former public employer.** "Privatized former public employer"  
20.5 means ~~a medical facility that was included in the definition of~~ an entity that was a  
20.6 governmental subdivision under section 353.01, subdivision 6, on the day before the effective  
20.7 date of privatization ~~that is privatized and whose employees are certified for participation~~  
20.8 under this chapter privatized employees.

20.9 Sec. 11. Minnesota Statutes 2024, section 353F.02, subdivision 6, is amended to read:

20.10 Subd. 6. **Privatized former public employee.** (a) "Privatized former public employee"  
20.11 means a person who, before the effective date of the privatization of a governmental  
20.12 subdivision:

20.13 (1) was employed by the ~~privatized former public employer on the day before the effective~~  
20.14 date of privatization; or governmental subdivision; and

20.15 (2) ~~terminated employment with the privatized former public employer on the day before~~  
20.16 the effective date; and

20.17 (3) ~~(2) was a participant in~~ member of the general employees retirement plan of the  
20.18 Public Employees Retirement Association at the time of termination of employment with  
20.19 the privatized former public employer for the period of employment with the governmental  
20.20 subdivision.

20.21 (b) Privatized former public employee does not mean a person who, on the day before  
20.22 the effective date of privatization, was simultaneously employed with the privatized former  
20.23 public employer and by a governmental subdivision ~~under section 353.01, subdivision 6,~~  
20.24 and who, after the effective date of privatization, continues to accrue service credit under  
20.25 section 353.01, subdivision 16, through simultaneous employment with a governmental  
20.26 subdivision.

20.27 Sec. 12. Minnesota Statutes 2024, section 353F.02, is amended by adding a subdivision  
20.28 to read:

20.29 Subd. 6a. **Privatizing active employee.** "Privatizing active employee" means a privatized  
20.30 employee who was employed by the privatizing governmental subdivision on the day before  
20.31 the effective date of the privatization.

21.1 Sec. 13. Minnesota Statutes 2024, section 353F.025, is amended to read:

21.2 **353F.025 CERTIFICATION AND DECERTIFICATION OF MEDICAL**  
 21.3 **FACILITIES AND OTHER PUBLIC EMPLOYING UNITS WITHDRAWAL**  
 21.4 **LIABILITY.**

21.5 Subdivision 1. **Eligibility determination and calculation of withdrawal liability.** (a)  
 21.6 ~~The chief clerical~~ This section applies to any governmental subdivision that privatizes.

21.7 (b) Before the effective date of privatization, an officer of a the governmental subdivision  
 21.8 ~~may~~ that is privatizing or that has control or ownership of an entity that is privatizing must  
 21.9 submit to the executive director a resolution from the governing body to the executive  
 21.10 ~~director of the Public Employees Retirement Association which supports providing coverage~~  
 21.11 ~~under this chapter for employees of that governmental subdivision who are privatized, and~~  
 21.12 ~~which states that the governing body will pay for actuarial calculations, as further specified~~  
 21.13 ~~in paragraph (c).~~ of the governmental subdivision stating the following:

21.14 (1) that it is the intention of the governmental subdivision to privatize or to engage in a  
 21.15 privatization that will result in the controlled or owned entity becoming privatized; and

21.16 (2) that the governmental subdivision will reimburse the association for the cost to  
 21.17 calculate withdrawal liability under paragraph (d).

21.18 ~~(b)~~ (c) The governing body must also provide to the executive director a copy of any  
 21.19 ~~applicable~~ the purchase or, lease, or other transaction agreement and any other information  
 21.20 requested by the executive director to allow the executive director to verify that under the  
 21.21 ~~proposed employer change,~~ determine whether the new employer does not qualify as, after  
 21.22 the privatization, will be a governmental subdivision under section 353.01, subdivision 6  
 21.23 or a privatized employer, making the employees ineligible for continued coverage as active  
 21.24 members of the general employees retirement plan of the Public Employees Retirement  
 21.25 Association.

21.26 ~~(c)~~ Following (d) If, within 30 days after receipt of a the resolution and a determination  
 21.27 by information under paragraph (b), the executive director determines that the new employer  
 21.28 is after the privatization will not be a governmental subdivision, the executive director shall  
 21.29 must direct the consulting actuary retained by the association under section 356.214 to  
 21.30 ~~determine whether the general employees retirement plan of the Public Employees Retirement~~  
 21.31 ~~Association, if coverage under this chapter is provided, is expected to receive a net gain or~~  
 21.32 ~~a net loss if privatization occurs. A net gain is expected if the actuarial liability of the special~~  
 21.33 ~~benefit coverage provided under this chapter, if extended to the applicable employees under~~  
 21.34 ~~the privatization, is less than the actuarial gain otherwise to accrue to the plan. A net loss~~

~~is expected if the actuarial accrued liability of the special benefit coverage provided under this chapter, if extended to the applicable employees under the privatization, is more than the actuarial gain otherwise to accrue to the plan. The date of the actuarial calculations used to make this determination must be within one year of the effective date of privatization calculate the withdrawal liability to be incurred by the privatized employer on the effective date of the privatization. Withdrawal liability and present value must be calculated as provided in paragraphs (e) and (f), respectively.~~

(e) Withdrawal liability is equal to the present value of accrued benefits attributable to the privatizing active employees minus the product of:

(1) the present value of accrued benefits attributable to the privatizing active employees; and

(2) the general plan's funding ratio.

If the withdrawal liability is a negative number, the withdrawal liability is zero. Withdrawal liability must be calculated using the most recently completed actuarial valuation before the effective date of privatization.

(f) Present value of accrued benefits is determined using the actuarial assumptions under section 356.215, subdivision 8, for the general plan. The present value of accrued benefits does not include projected compensation or projected service.

(g) The governmental subdivision must reimburse the association for the cost of calculating the withdrawal liability.

Subd. 1a. **Payment of withdrawal liability.** No later than six months after the effective date of privatization, the privatized employer must pay the withdrawal liability calculated under subdivision 1 to the general employees retirement fund, unless the privatized employer elects a payment plan. In lieu of a single withdrawal liability payment, the privatized employer may elect to pay the withdrawal liability with interest compounded annually at the applicable rate or rates specified in section 356.59, subdivision 3, in equal annual payments for a term of no longer than ten years. The obligation to pay under this subdivision is binding upon the privatized employer and its successors and assignees.

Subd. 2. **Reporting privatizations.** (a) ~~If the actuarial calculations under subdivision 1, paragraph (c), indicate privatization can be approved because a net gain to the general employees retirement plan of the Public Employees Retirement association is expected, or if paragraph (b) applies, the executive director shall, following acceptance of the actuarial calculations by~~ The association must maintain a record of the consulting actuary's calculation

23.1 of withdrawal liability under subdivision 1 and any associated report. The calculation and  
 23.2 any associated report must be made publicly available and provided to:

23.3 (1) the board of trustees, forward notice and supporting documentation, including a copy  
 23.4 of the actuary's report and findings, to;

23.5 (2) the chair and the executive director of the Legislative Commission on Pensions and  
 23.6 Retirement; and

23.7 (3) the chairs and the ranking minority members of the legislative committees with  
 23.8 jurisdiction over governmental operations in the house of representatives and senate.

23.9 ~~(b) If the calculations under subdivision 1, paragraph (c), indicate a net loss, the executive~~  
 23.10 ~~director shall recommend to the board of trustees that the privatization be approved if the~~  
 23.11 ~~chief clerical officer of the applicable governmental subdivision submits a resolution from~~  
 23.12 ~~the governing body specifying that a lump sum payment will be made to the Public~~  
 23.13 ~~Employees Retirement Association equal to the net loss, plus interest. The interest must be~~  
 23.14 ~~computed using the applicable ultimate investment return assumption under section 356.215,~~  
 23.15 ~~subdivision 8, expressed as a monthly rate, from the date of the actuarial valuation from~~  
 23.16 ~~which the actuarial accrued liability data was used to determine the net loss in the actuarial~~  
 23.17 ~~study under subdivision 1, to the date of payment, with annual compounding. Payment must~~  
 23.18 ~~be made on or after the effective date of privatization.~~

23.19 ~~(e)~~ (b) The Public Employees Retirement association must maintain a list that includes  
 23.20 the names of all privatized ~~former public~~ employers in the association's annual comprehensive  
 23.21 ~~annual~~ financial report and on the association's website. Beginning July 1, 2027, the  
 23.22 association must also include in the list the amount of the withdrawal liability determined  
 23.23 as of the effective date of privatization and the remaining amount, if any, of withdrawal  
 23.24 liability due to be paid for each privatized employer.

23.25 Sec. 14. Minnesota Statutes 2024, section 353F.03, is amended to read:

23.26 **353F.03 VESTING RULE FOR CERTAIN EMPLOYEES.**

23.27 Notwithstanding any provision of chapter 353 to the contrary, a privatized ~~former public~~  
 23.28 employee is eligible to receive a retirement annuity under section 353.29 of the edition of  
 23.29 Minnesota Statutes published in the year before the year in which the privatization occurred,  
 23.30 without regard to the requirement specified in section 353.01, subdivision 47.

24.1 Sec. 15. Minnesota Statutes 2024, section 353F.04, is amended to read:

24.2 **353F.04 AUGMENTATION INTEREST RATES FOR PRIVATIZED FORMER**  
24.3 **PUBLIC EMPLOYEES.**

24.4 Subdivision 1. **Enhanced augmentation rates.** (a) The deferred annuity of a privatized  
24.5 ~~former public~~ employee is subject to augmentation under section 353.34, subdivision 3,  
24.6 except that the rate of augmentation is as specified in this section.

24.7 (b) This paragraph applies if the effective date of privatization was on or before January  
24.8 1, 2007, and also applies to Hutchinson Area Health Care with a privatization effective date  
24.9 of January 1, 2008. For a privatized ~~former public~~ employee, the augmentation rate is 5.5  
24.10 percent compounded annually until January 1 following the year in which the ~~person~~  
24.11 privatized employee attains age 55. After that date, the augmentation rate is 7.5 percent  
24.12 compounded annually.

24.13 (c) If paragraph (b) is not applicable, and if the effective date of the privatization is after  
24.14 January 1, 2007, and before January 1, 2011, then the augmentation rate is four percent  
24.15 compounded annually until January 1, following the year in which the ~~person~~ privatized  
24.16 employee attains age 55. After that date, the augmentation rate is six percent compounded  
24.17 annually.

24.18 (d) If the effective date of the privatization is after December 31, 2010, the augmentation  
24.19 rate depends on the result of computations specified in section 353F.025, subdivision 1. If  
24.20 those computations indicate no loss or a net gain to the ~~fund of the~~ general employees  
24.21 ~~retirement plan of the Public Employees Retirement Association fund~~, the augmentation  
24.22 rate is two percent compounded annually. If the computations under that subdivision indicate  
24.23 a net loss to the fund if a two percent augmentation rate is used, but a net gain or no loss if  
24.24 a one percent rate is used, then the augmentation rate is one percent compounded annually.

24.25 (e) Notwithstanding paragraphs (b) to (d), after June 30, 2020, and before January 1,  
24.26 2024, the augmentation rate for all privatized ~~former public~~ employees under paragraphs  
24.27 (b) to (d) is two percent compounded annually. After December 31, 2023, no additional  
24.28 augmentation is applied to the deferred annuities of privatized ~~former public employee's~~  
24.29 ~~deferred annuity~~ employees.

24.30 Subd. 2. **Exceptions.** The augmentation rates specified in subdivision 1 do not apply to  
24.31 a privatized ~~former public~~ employee:

24.32 (1) beginning the first of the month in which the privatized ~~former public~~ employee  
24.33 becomes covered again by a retirement plan enumerated in section 356.30, subdivision 3,



25.1 if the employee accrues at least six months of credited service in any single plan enumerated  
25.2 in section 356.30, subdivision 3, except clause (6);

25.3 (2) beginning the first of the month in which the privatized ~~former public~~ employee  
25.4 becomes covered again by the general employees retirement plan of the ~~Public Employees~~  
25.5 ~~Retirement Association~~;

25.6 (3) beginning the first of the month after a privatized ~~former public~~ employee terminates  
25.7 service with the privatized ~~former public~~ employer;

25.8 (4) if the privatized ~~former public~~ employee begins receipt of a retirement annuity while  
25.9 employed by the privatized ~~former public~~ employer; or

25.10 (5) if the effective date of privatization occurs after June 30, 2020.

25.11 Sec. 16. Minnesota Statutes 2024, section 353F.05, is amended to read:

25.12 **353F.05 AUTHORIZATION FOR ADDITIONAL ALLOWABLE SERVICE FOR**  
25.13 **EARLY RETIREMENT PURPOSES.**

25.14 (a) For the purpose of determining eligibility for early retirement benefits provided under  
25.15 section 353.30, subdivision 1a, of the edition of Minnesota Statutes published in the year  
25.16 before the year in which the privatization occurred, and notwithstanding any provision of  
25.17 chapter 353; to the contrary, the years of allowable service for a privatized ~~former public~~  
25.18 employee who transfers employment on the effective date of privatization and does not  
25.19 apply for a refund of contributions under section 353.34, subdivision 1, of the edition of  
25.20 Minnesota Statutes published in the year before the year in which the privatization occurred,  
25.21 or any similar provision, includes service with the privatized ~~former public~~ employer  
25.22 following the effective date. The privatized ~~former public~~ employer shall provide any reports  
25.23 that the executive director of the ~~Public Employees Retirement Association~~ may reasonably  
25.24 request to permit calculation of benefits.

25.25 (b) To be eligible for early retirement benefits under this section, the individual privatized  
25.26 employee must separate from service with the privatized ~~former public~~ employer. The  
25.27 privatized ~~former public~~ employee, or an individual authorized to act on behalf of that  
25.28 employee, may apply for an annuity following application procedures under section 353.29,  
25.29 subdivision 4.

25.30 Sec. 17. Minnesota Statutes 2024, section 353F.051, subdivision 1, is amended to read:

25.31 Subdivision 1. **Eligibility.** A privatized ~~former public~~ employee who is totally and  
25.32 permanently disabled under section 353.01, subdivision 19, and who had a medically

26.1 documented preexisting condition of the disability before the termination of coverage, may  
26.2 apply for a disability benefit.

26.3 Sec. 18. Minnesota Statutes 2024, section 353F.051, subdivision 2, is amended to read:

26.4 Subd. 2. **Calculation of benefits.** A person qualifying under subdivision 1 is entitled to  
26.5 receive a disability benefit calculated under section 353.33, subdivision 3. ~~The disability~~  
26.6 ~~benefit must be augmented under section 353.71, subdivision 2, from the date of termination~~  
26.7 ~~to the date the disability benefit begins to accrue.~~

26.8 Sec. 19. Minnesota Statutes 2024, section 353F.052, is amended to read:

26.9 **353F.052 APPLICATION OF SURVIVING SPOUSE, DEPENDENT CHILD**  
26.10 **PROVISION.**

26.11 Notwithstanding any provisions of law to the contrary, subdivisions within section  
26.12 353.32 of the edition of Minnesota Statutes published in the year before the year in which  
26.13 a privatization occurred, applicable to the surviving spouse or dependent children of a former  
26.14 member as defined in section 353.01, subdivision 7a, apply to the survivors of a privatized  
26.15 ~~former public~~ employee.

26.16 Sec. 20. Minnesota Statutes 2024, section 353F.057, is amended to read:

26.17 **353F.057 TERMINATION FROM SERVICE REQUIREMENT.**

26.18 Upon termination of service from the privatized ~~former public~~ employer after the effective  
26.19 date of privatization, a privatized ~~former public~~ employee must separate from any  
26.20 employment relationship with the privatized ~~former public~~ employer for at least 30 days to  
26.21 qualify to receive a retirement annuity under this chapter.

26.22 Sec. 21. Minnesota Statutes 2024, section 353F.06, is amended to read:

26.23 **353F.06 APPLICATION OF REEMPLOYED ANNUITANT EARNINGS**  
26.24 **LIMITATIONS.**

26.25 If a privatized ~~former public~~ employee satisfies the separation from service requirement  
26.26 in section 353F.057 and thereafter resumes employment with the privatized ~~former public~~  
26.27 employer or a governmental subdivision under section 353.01, subdivision 6, the reemployed  
26.28 annuitant earnings limitations of section 353.37 apply.

27.1 Sec. 22. Minnesota Statutes 2024, section 353F.07, is amended to read:

27.2 **353F.07 EFFECT ON REFUND.**

27.3 Notwithstanding any provision of chapter 353 to the contrary, privatized ~~former public~~  
27.4 employees may receive a refund of employee accumulated contributions plus interest as  
27.5 provided in section 353.34, subdivision 2, at any time after the transfer of employment to  
27.6 the privatized ~~former public~~ employer. If a privatized ~~former public~~ employee has received  
27.7 a refund from a pension plan listed in section 356.30, subdivision 3, the ~~person~~ privatized  
27.8 employee may not repay that refund unless the ~~person~~ privatized employee again becomes  
27.9 a member of one of those listed plans and complies with section 356.30, subdivision 2.

27.10 Sec. 23. Minnesota Statutes 2024, section 353F.08, is amended to read:

27.11 **353F.08 COUNSELING SERVICES.**

27.12 The privatized ~~former public~~ employer and the executive director ~~of the Public Employees~~  
27.13 ~~Retirement Association~~ shall provide privatized ~~former public~~ employees with counseling  
27.14 on their benefits available under the general employees retirement plan ~~of the Public~~  
27.15 ~~Employees Retirement Association~~ during a mutually agreed-upon period ~~mutually agreed~~  
27.16 ~~upon~~ before or after the effective date of privatization.

27.17 Sec. 24. Minnesota Statutes 2024, section 353F.09, is amended to read:

27.18 **353F.09 APPLICATION TO SALES OF PRIVATIZED ~~FORMER PUBLIC~~**  
27.19 **EMPLOYERS.**

27.20 A ~~medical facility or other employing unit~~ privatized employer shall cease to be a  
27.21 privatized ~~former public~~ employer and its employees shall cease to be considered privatized  
27.22 ~~former public~~ employees under this chapter upon the sale of the operations of the ~~medical~~  
27.23 ~~facility or~~ employing unit to another employer or the sale of the ~~medical facility or~~ employing  
27.24 unit to another employer. The privatized ~~former public~~ employees ~~shall be~~ are entitled to  
27.25 benefits accrued under this chapter to the date of the sale, but ~~shall~~ must not accrue additional  
27.26 benefits after the date of the sale.

27.27 Sec. 25. **REPEALER.**

27.28 Minnesota Statutes 2024, section 353F.02, subdivision 4a, is repealed.

27.29 Sec. 26. **EFFECTIVE DATE.**

27.30 Sections 1 to 25 are effective July 1, 2027.

**ARTICLE 5****MSRS CORRECTIONAL PLAN ELIGIBILITY WORK GROUP**

Section 1. Minnesota Statutes 2024, section 352.01, is amended by adding a subdivision to read:

Subd. 28. **Executive director.** "Executive director" or "director" means the executive director of the system appointed under section 352.03, subdivision 5.

Sec. 2. Minnesota Statutes 2024, section 352.029, subdivision 3, is amended to read:

Subd. 3. **Contributions.** The employee and employer contributions required by section 352.04, or by section 352.92 for employees covered by section ~~352.91~~ 352.905, are the obligation of the employee who is a member under section 352.01, subdivision 2a, paragraph (a), or who chooses coverage under this section. However, the employing labor organization may pay the employer contributions. Contributions made by the employee must be made by salary deduction. The employing labor organization shall pay all contributions to the system as required by section 352.04, or by section 352.92 for employees covered by section ~~352.91~~ 352.905.

Sec. 3. Minnesota Statutes 2024, section 352.03, subdivision 5, is amended to read:

Subd. 5. **Executive director, deputy director, and assistant director.** (a) The board shall appoint an executive director, ~~in this chapter called the director,~~ on the basis of education, experience in the retirement field, ability to manage and lead system staff, and ability to assist the board in setting a vision for the system. The executive director must have had at least five years' experience in either an executive level management position or in a position with responsibility for the governance, management, or administration of a retirement plan.

(b) The executive director, deputy director, and assistant director must be in the unclassified service but appointees may be selected from civil service lists if desired. Notwithstanding any law to the contrary, the board must set the salary of the executive director. The board must review the performance of the executive director on an annual basis and may grant salary adjustments as a result of the review. The salary of the deputy director and assistant director must be set in accordance with section 43A.18, subdivision 3.

29.1 Sec. 4. Minnesota Statutes 2024, section 352.90, is amended to read:

29.2 **352.90 POLICY.**

29.3 It is the policy of the legislature to provide special retirement benefits for and special  
29.4 contributions by certain correctional employees who may ~~be required~~ need to retire at an  
29.5 early age because they lose the mental or physical capacity required to maintain the safety,  
29.6 security, discipline, and custody of ~~inmates~~ incarcerated persons at state correctional facilities;  
29.7 ~~of or patients and clients in the state-operated forensic services program, which is comprised~~  
29.8 ~~of the Minnesota Security Hospital, the forensic nursing home, the forensic transition service,~~  
29.9 ~~and the competency restoration program; of patients in or the Minnesota Sex Offender~~  
29.10 ~~Program; or of patients in the Minnesota Specialty Health System-Cambridge.~~

29.11 Sec. 5. **[352.901] DEFINITIONS APPLICABLE TO THE CORRECTIONAL PLAN.**

29.12 Subdivision 1. **Terms.** Unless the language or context clearly indicates a different  
29.13 meaning is intended, the terms defined in this section have the meanings given. The  
29.14 definitions in this section apply only to the correctional employees retirement plan and  
29.15 supplement the definitions in section 352.01.

29.16 Subd. 2. **Chief executive officer.** "Chief executive officer" means the Direct Care and  
29.17 Treatment chief executive officer appointed under section 246C.08 or a person the chief  
29.18 executive officer has delegated responsibilities to under sections 352.90 to 352.955, including  
29.19 the duty to certify direct contact under section 352.905, subdivision 2.

29.20 Subd. 3. **Commissioner.** "Commissioner" means the commissioner of corrections  
29.21 appointed under section 241.01, subdivision 1, or a person the commissioner has delegated  
29.22 responsibilities to under sections 352.90 to 352.955, including the duty to certify direct  
29.23 contact under section 352.905, subdivision 2.

29.24 Subd. 4. **Custody.** "Custody" means an employee's exercise of legal and physical control  
29.25 over an incarcerated person, patient, or client who is detained, confined, or otherwise  
29.26 restricted from freedom of movement.

29.27 Subd. 5. **Direct Care and Treatment.** "Direct Care and Treatment" means the agency  
29.28 established under section 246C.02.

29.29 Subd. 6. **Direct contact.** "Direct contact" means interactions between an employee and  
29.30 one or more patients, clients, or incarcerated persons where the employee is physically  
29.31 present and engaged with patients, clients, or incarcerated persons as part of the employee's  
29.32 normal duties, as defined in section 352.01, subdivision 17d, which must include regular

30.1 involvement in rehabilitation, treatment, custody, or supervision of patients, clients, or  
30.2 incarcerated persons, while maintaining safety, security, and order.

30.3 Subd. 7. **Direct contact requirement.** "Direct contact requirement" means the  
30.4 requirement that the employee spend at least 75 percent of the employee's working time in  
30.5 direct contact.

30.6 Subd. 8. **Eligible facility.** "Eligible facility" means:

30.7 (1) Minnesota Correctional Facility-Faribault;

30.8 (2) Minnesota Correctional Facility-Lino Lakes;

30.9 (3) Minnesota Correctional Facility-Moose Lake;

30.10 (4) Minnesota Correctional Facility-Oak Park Heights;

30.11 (5) Minnesota Correctional Facility-Red Wing;

30.12 (6) Minnesota Correctional Facility-Rush City;

30.13 (7) Minnesota Correctional Facility-Shakopee;

30.14 (8) Minnesota Correctional Facility-St. Cloud;

30.15 (9) Minnesota Correctional Facility-Stillwater;

30.16 (10) Minnesota Correctional Facility-Togo; or

30.17 (11) Minnesota Correctional Facility-Willow River.

30.18 Subd. 9. **Eligible program.** "Eligible program" means:

30.19 (1) the forensic services program; or

30.20 (2) the Minnesota Sex Offender Program.

30.21 Subd. 10. **Employee organization.** "Employee organization" has the meaning given in  
30.22 section 179A.03, subdivision 6.

30.23 Subd. 11. **Rehabilitation.** "Rehabilitation" means the process of providing treatment,  
30.24 education, or other interventions designed to improve the mental, physical, or behavioral  
30.25 condition of a patient, client, or incarcerated person with the goal of facilitating the  
30.26 reintegration into society or improving the quality of life of the patient, client, or incarcerated  
30.27 person.

30.28 Subd. 12. **Supervision.** "Supervision" means the oversight and management of patients,  
30.29 clients, or incarcerated persons by an employee at an eligible facility or eligible program

31.1 to ensure compliance with rules, regulations, and treatment plans; monitor behavior; enforce  
31.2 discipline; and provide guidance or direction.

31.3 Subd. 13. **Treatment.** "Treatment" means the broad range of services, including medical,  
31.4 psychological, or therapeutic interventions, aimed at addressing the health, mental health,  
31.5 or behavioral needs and overall condition of patients, clients, or incarcerated persons by or  
31.6 under the supervision of employees at an eligible facility or eligible program.

31.7 Subd. 14. **Working time.** "Working time" means time spent performing the normal  
31.8 duties of an employee's employment position, not including time spent in training or on a  
31.9 leave of absence for vacation, illness, or other reasons as authorized in the human resources  
31.10 policies applicable to the employee.

31.11 Sec. 6. **[352.905] COVERED CORRECTIONAL SERVICE.**

31.12 Subdivision 1. **Direct contact not required.** (a) For all periods of service that an  
31.13 employee is performing covered correctional service as defined in this subdivision, the  
31.14 employee is a member of the correctional employees retirement plan, whether or not the  
31.15 employee has any direct contact.

31.16 (b) "Covered correctional service" under this subdivision means service performed by  
31.17 a state employee employed at an eligible facility or in an eligible program in one of the  
31.18 following employment positions:

31.19 (1) corrections officer 1;

31.20 (2) corrections officer 2;

31.21 (3) corrections officer 3;

31.22 (4) corrections lieutenant;

31.23 (5) corrections captain;

31.24 (6) security counselor;

31.25 (7) security counselor lead; or

31.26 (8) corrections canine officer.

31.27 Subd. 2. **Direct contact required.** (a) For all periods of service that an employee is  
31.28 performing covered correctional service as defined in this subdivision, the employee is a  
31.29 member of the correctional employees retirement plan, but only if the employee satisfies  
31.30 the direct contact requirement and the employee's employer has certified to the executive

32.1 director, in the manner prescribed by the executive director, that the employee satisfies the  
32.2 direct contact requirement.

32.3 (b) "Covered correctional service" under this subdivision means service performed by  
32.4 a state employee employed at an eligible facility or in an eligible program in one of the  
32.5 employment positions specified in subdivisions 3 to 6.

32.6 Subd. 3. **Employment positions A to C.** Employment positions with a title that begins  
32.7 with the letters "A" to "C":

32.8 (1) automotive mechanic;

32.9 (2) baker;

32.10 (3) behavior analyst 1;

32.11 (4) behavior analyst 2;

32.12 (5) behavior analyst 3;

32.13 (6) building maintenance coordinator;

32.14 (7) building maintenance lead worker;

32.15 (8) building maintenance supervisor 2;

32.16 (9) building utilities mechanic;

32.17 (10) carpenter;

32.18 (11) carpenter lead;

32.19 (12) central services administrative specialist intermediate;

32.20 (13) central services administrative specialist principal;

32.21 (14) central services administrative specialist senior;

32.22 (15) certified occupational therapy assistant 1;

32.23 (16) certified occupational therapy assistant 2;

32.24 (17) chaplain;

32.25 (18) client advocate;

32.26 (19) clinical program therapist 1;

32.27 (20) clinical program therapist 2;

32.28 (21) clinical program therapist 3;



- 33.1 (22) clinical program therapist 4;
- 33.2 (23) cook;
- 33.3 (24) cook coordinator;
- 33.4 (25) corrections chief cook;
- 33.5 (26) corrections discipline unit supervisor;
- 33.6 (27) corrections food services supervisor;
- 33.7 (28) corrections industries production supervisor;
- 33.8 (29) corrections inmate program coordinator;
- 33.9 (30) corrections manufacturing specialist-tool and die;
- 33.10 (31) corrections manufacturing specialist-engraving and drafting;
- 33.11 (32) corrections manufacturing specialist-graphics;
- 33.12 (33) corrections manufacturing specialist-light assembly;
- 33.13 (34) corrections manufacturing specialist-light manufacturing;
- 33.14 (35) corrections manufacturing specialist-mechanical;
- 33.15 (36) corrections manufacturing specialist-sales and service;
- 33.16 (37) corrections manufacturing specialist-transportation and warehouse;
- 33.17 (38) corrections manufacturing specialist-wood;
- 33.18 (39) corrections security caseworker;
- 33.19 (40) corrections security caseworker career;
- 33.20 (41) corrections teaching assistant;
- 33.21 (42) corrections transitions program coordinator;
- 33.22 (43) culinary supervisor; and
- 33.23 (44) customer services specialist principal.
- 33.24 Subd. 4. **Employment positions D to M.** Employment positions with a title that begins
- 33.25 with the letters "D" to "M":
- 33.26 (1) delivery van driver;
- 33.27 (2) dental assistant;

- 34.1 (3) dental hygienist;
- 34.2 (4) dentist;
- 34.3 (5) electrical/electronics specialist;
- 34.4 (6) electrician;
- 34.5 (7) electrician lead;
- 34.6 (8) electrician master of record;
- 34.7 (9) electrician supervisor;
- 34.8 (10) food service supervisor;
- 34.9 (11) food service worker;
- 34.10 (12) general maintenance worker;
- 34.11 (13) general maintenance worker lead;
- 34.12 (14) general repair worker;
- 34.13 (15) groundskeeper senior;
- 34.14 (16) group supervisor;
- 34.15 (17) group supervisor assistant;
- 34.16 (18) human services support specialist;
- 34.17 (19) institution maintenance lead worker;
- 34.18 (20) laborer trades and equipment;
- 34.19 (21) library technician;
- 34.20 (22) library/information resource services specialist;
- 34.21 (23) library/information resource services specialist supervisor;
- 34.22 (24) licensed alcohol/drug counselor;
- 34.23 (25) licensed practical nurse;
- 34.24 (26) machinery repair worker;
- 34.25 (27) maintenance machinist;
- 34.26 (28) management analyst 3;
- 34.27 (29) mason;

35.1 (30) medical assistant, certified; and

35.2 (31) music therapist.

35.3 Subd. 5. **Employment positions O to R.** Employment positions with a title that begins  
35.4 with the letters "O" to "R":

35.5 (1) occupational therapist;

35.6 (2) occupational therapist senior;

35.7 (3) painter;

35.8 (4) painter lead;

35.9 (5) physical therapist;

35.10 (6) plant maintenance engineer;

35.11 (7) plant maintenance engineer lead;

35.12 (8) plumber;

35.13 (9) plumber chief;

35.14 (10) plumber master in charge;

35.15 (11) plumber supervisor;

35.16 (12) psychiatric advanced practice registered nurse;

35.17 (13) psychologist 1;

35.18 (14) psychologist 2;

35.19 (15) psychologist 3;

35.20 (16) recreation program assistant;

35.21 (17) recreation therapist;

35.22 (18) recreation therapist coordinator;

35.23 (19) recreation therapist senior;

35.24 (20) refrigeration mechanic;

35.25 (21) registered nurse;

35.26 (22) registered nurse advanced practice;

35.27 (23) registered nurse principal;

- 36.1 (24) registered nurse senior;
- 36.2 (25) rehabilitation counselor senior; and
- 36.3 (26) residential program lead.
- 36.4 Subd. 6. **Employment positions S to W.** Employment positions with a title that begins
- 36.5 with the letters "S" to "W":
- 36.6 (1) security supervisor;
- 36.7 (2) sentencing to service crew leader, institution community work crews;
- 36.8 (3) skills development specialist;
- 36.9 (4) social work specialist;
- 36.10 (5) social work specialist senior-human services;
- 36.11 (6) social worker senior;
- 36.12 (7) special education program assistant;
- 36.13 (8) special teacher: doctoral;
- 36.14 (9) special teacher: master of arts/master of science/five-year+teachers license;
- 36.15 (10) special teacher: five-year career technical credential;
- 36.16 (11) special teacher: five-year career technical credential+10 credits;
- 36.17 (12) special teacher: five-year career technical credential+20 credits;
- 36.18 (13) special teacher: five-year career technical credential+30 credits;
- 36.19 (14) special teacher: five-year career technical credential+40 credits;
- 36.20 (15) special teacher: five-year career technical credential+50 credits;
- 36.21 (16) special teacher: bachelor of arts/bachelor of science+teachers license;
- 36.22 (17) special teacher: bachelor of arts/bachelor of science+teachers license+10 credits;
- 36.23 (18) special teacher: bachelor of arts/bachelor of science+teachers license+20 credits;
- 36.24 (19) special teacher: bachelor of arts/bachelor of science+teachers license+30 credits;
- 36.25 (20) special teacher: bachelor of arts/bachelor of science+teachers license+40 credits;
- 36.26 (21) special teacher: career technical credential;
- 36.27 (22) special teacher: master of arts/master of science+teachers license+10 graduate
- 36.28 credits;

37.1 (23) special teacher: master of arts/master of science+teachers license+20 graduate  
37.2 credits;

37.3 (24) special teacher: master of arts/master of science+teachers license+30 graduate  
37.4 credits;

37.5 (25) special teacher: no degree/teachers license;

37.6 (26) speech pathology clinician;

37.7 (27) sports medicine specialist;

37.8 (28) work therapy assistant;

37.9 (29) work therapy program coordinator; and

37.10 (30) work therapy technician.

37.11 Subd. 7. **Former employees of Minnesota Specialty Health System-Cambridge.** A  
37.12 Department of Human Services or Direct Care and Treatment employee who was employed  
37.13 at the Minnesota Specialty Health System-Cambridge immediately preceding the 2014  
37.14 conversion to community-based homes and was in covered correctional service at the time  
37.15 of the transition will continue to be covered by the correctional employees retirement plan  
37.16 while employed in the direct care and treatment of patients by and without a break in service  
37.17 with the Department of Human Services or Direct Care and Treatment.

37.18 Sec. 7. **[352.907] PLAN COVERAGE CHANGES.**

37.19 Subdivision 1. **Correctional plan membership committee.** (a) A correctional plan  
37.20 membership committee is established to make determinations regarding changes to  
37.21 employment positions and to coverage of employees.

37.22 (b) The members of the correctional plan membership committee are:

37.23 (1) the commissioner or the commissioner's designee;

37.24 (2) the chief executive officer or the chief executive officer's designee;

37.25 (3) the executive director or the executive director's designee;

37.26 (4) the commissioner of management and budget or the commissioner's designee;

37.27 (5) one representative from each employee organization that represents one or more  
37.28 employees of the Department of Corrections or Direct Care and Treatment and who are  
37.29 covered by the correctional employees retirement plan;

38.1 (6) the human resources director or the director's designee from the Department of  
38.2 Corrections; and

38.3 (7) the human resources director or the director's designee from Direct Care and  
38.4 Treatment.

38.5 (c) A member of the correctional plan membership committee under paragraph (b),  
38.6 clause (5), need not attend a meeting of the committee if none of the employees represented  
38.7 by the employee organization will be impacted by any action to be taken by the committee  
38.8 at the meeting.

38.9 (d) If the executive director has received one or more requests for changes to the title  
38.10 of an employment position, the addition or removal of an employment position from the  
38.11 lists in section 352.905, or the commencement or cessation of coverage of an employee by  
38.12 the correctional employees retirement plan, the executive director must convene the  
38.13 correctional plan membership committee at least as frequently as once every calendar quarter.  
38.14 If the executive director has not received any requests during a calendar quarter, the executive  
38.15 director is not required to convene a meeting.

38.16 (e) The human resources directors of the Department of Corrections and Direct Care  
38.17 and Treatment must retain each request to the correctional plan membership committee and  
38.18 the related documentation and final determination for an employee or employment position  
38.19 in their respective department or agency.

38.20 Subd. 2. **Change in the title of an employment position.** (a) No later than 60 days  
38.21 before the effective date of a change in the title of an employment position listed in section  
38.22 352.905, the Department of Corrections or Direct Care and Treatment, as applicable, must  
38.23 submit a request to the commissioner of management and budget to review the title change  
38.24 and determine whether the responsibilities of the employment position have changed. The  
38.25 commissioner of management and budget must provide a response to the Department of  
38.26 Corrections or Direct Care and Treatment, as applicable, by the effective date of the change.

38.27 (b) If the commissioner of management and budget determines that the responsibilities  
38.28 of the employment position have not changed or the responsibilities of the employment  
38.29 position have changed but the changes do not affect the eligibility of the employment position  
38.30 for coverage by the correctional employees retirement plan, the department or agency, as  
38.31 applicable, must:

38.32 (1) submit the title change to the executive director of the Legislative Commission on  
38.33 Pensions and Retirement before the start of the next legislative session and request legislation  
38.34 to replace the title in section 352.905 with the new title; and

(2) notify each employee in the employment position no later than 30 days after the effective date of the title change that the title change will not affect the continued coverage of the employee by the correctional employees retirement plan and that the department or agency, as applicable, has submitted a request to the legislature to change the title in section 352.905.

(c) If the commissioner of management and budget determines that the responsibilities of the employment position have changed and the changes result in the employment position no longer being qualified for coverage by the correctional employees retirement plan, the employer must:

(1) submit a request to the correctional plan membership committee for confirmation that the employment position must be removed from the lists of employment positions in section 352.905; and

(2) notify each employee in the employment position no later than 30 days after the effective date of the title change that a determination was made by the commissioner of management and budget that, because the responsibilities of the employment position have changed, the employment position and all employees in the employment position are no longer eligible for coverage by the correctional employees retirement plan subject to confirmation by the correctional plan membership committee.

**Subd. 3. Transfers to new eligible facility or eligible program.** (a) If the Department of Corrections or Direct Care and Treatment adds a facility to the list of eligible facilities under section 352.901, subdivision 8, or a program to the list of eligible programs under section 352.901, subdivision 9, and the department or agency, as applicable, responsible for the new facility or program transfers a state employee who was rendering covered correctional service under section 352.905 to the new facility or program, the state employee must continue to be covered by the correctional employees retirement plan if the employee is employed in the same employment position at the new facility or in the new program.

(b) The employee continues to be covered by the correctional employees retirement plan unless the department or agency, as applicable, completes the process under subdivision 5 and the correctional plan membership committee has determined that the employee no longer qualifies for coverage.

**Subd. 4. Procedures for making employment position changes.** (a) The correctional plan membership committee must consider requests to add or remove an employment position listed in section 352.905, subdivisions 3 to 6, or to confirm a determination under subdivision 2 by the commissioner of management and budget that, because the

40.1 responsibilities of the employment position have changed, the employment position and all  
40.2 employees in the employment position are no longer eligible for coverage by the correctional  
40.3 employees retirement plan.

40.4 (b) An employee, employee organization, or employer may submit a request to the  
40.5 correctional plan membership committee to add an employment position to section 352.905,  
40.6 subdivisions 3 to 6. The correctional plan membership committee may determine that an  
40.7 employment position must be added if the committee determines that at least one employee  
40.8 in the employment position satisfies the direct contact requirement.

40.9 (c) The correctional plan membership committee may, at the request of an employer,  
40.10 determine under this subdivision or confirm a determination under subdivision 2, clause  
40.11 (2), that an employment position must be removed from the lists in section 352.905,  
40.12 subdivisions 3 to 6, if the committee determines that no employee in the employment  
40.13 classification satisfies the direct contact requirement.

40.14 (d) The correctional plan membership committee must include an effective date in any  
40.15 determination to add or remove an employment position from the lists in section 352.905,  
40.16 subdivisions 3 to 6. The effective date may be retroactive for a determination to add an  
40.17 employment position.

40.18 (e) If the correctional plan membership committee determines that an employment  
40.19 position must be added to or removed from the lists of employment positions in section  
40.20 352.905, subdivisions 3 to 6, the department or agency affected by the determination must  
40.21 submit the employment position change to the executive director of the Legislative  
40.22 Commission on Pensions and Retirement before the start of the next legislative session and  
40.23 request legislation to make the change.

40.24 (f) After making a determination that an employment position must be added to or  
40.25 removed from the lists of employment positions in section 352.905, subdivisions 3 to 6, the  
40.26 correctional plan membership committee must designate a member of the committee to  
40.27 communicate the committee's determination to all affected employees no later than ten days  
40.28 after the date of the meeting at which the determination was made and inform the employees  
40.29 of the right to appeal the determination under subdivision 6.

40.30 Subd. 5. **Procedures for adding or ceasing coverage for employees.** (a) The correctional  
40.31 plan membership committee must consider requests to provide coverage by the correctional  
40.32 employees retirement plan to an employee in an employment position listed in section  
40.33 352.905, subdivisions 3 to 6, or to cease coverage of an employee.



(b) An employee, an employee's employee organization, or an employee's manager may submit a request to the correctional plan membership committee to provide coverage to an employee in an employment position listed in section 352.905, subdivisions 3 to 6. The request may include a description of the extent of the physical hazard that the employee is routinely subjected to in the course of employment, the extent of intervention routinely expected of the employee in the event of a facility incident, and the extent the employee is routinely involved in the rehabilitation, treatment, custody, or supervision of patients, clients, or incarcerated persons. The request must include:

(1) a signed and dated position description for the employee's position; and

(2) a statement signed by the employer's human resources director or the director's designee and the commissioner or the chief executive officer, as applicable, that the employee satisfies the direct contact requirement.

(c) An employer may submit a request to the correctional plan membership committee to cease coverage of an employee. The request must include:

(1) a signed and dated position description for the employee's position; and

(2) a statement signed by the employee's employer that the employee no longer satisfies the direct contact requirement.

(d) The correctional plan membership committee must include an effective date in any determination that an employee must begin to receive coverage by the correctional employees retirement plan or that coverage must cease. The effective date may be retroactive to the date as of which the coverage requirements were first satisfied or were no longer met.

(e) After making a determination of coverage or no coverage for an employee, the correctional plan membership committee must designate a member of the committee to communicate the committee's determination to the affected employee no later than ten days after the date of the meeting at which the determination was made and inform the employee of the right to appeal the determination under subdivision 6.

Subd. 6. **Right to appeal.** (a) No later than 30 days after receiving a determination under subdivision 4 or 5, the affected employee may appeal a determination of the correctional plan membership committee by filing an appeal with the human resources manager of the department or agency, as applicable, in which the employee is employed. The appeal must include:

(1) the reasons for the appeal and rationale for a determination that the employee be covered by the correctional employees retirement plan; and

(2) new or additional information, if any, not previously submitted or considered by the correctional plan membership committee, including a new or revised position description and samples of work product.

(b) The appeal must be decided by the commissioner of corrections if the employee is an employee of the Department of Corrections or by the chief executive officer of Direct Care and Treatment if the employee is an employee of Direct Care and Treatment. The decision of the commissioner or chief executive officer, as applicable, is final.

(c) A determination not timely appealed under paragraph (a) is not entitled to further administrative or judicial review. A determination under subdivision 4 or 5 or an appeal decided under paragraph (b) may not be appealed under section 356.96.

Sec. 8. **[352.908] CORRECTION OF PLAN COVERAGE ERRORS.**

Section 356.637 applies if an employee is erroneously covered by:

(1) the correctional employees retirement plan when the employee should have been covered by one of the other plans specified in section 356.637; or

(2) a plan specified in section 356.637, other than the correctional employees retirement plan, when the employee should have been covered by the correctional employees retirement plan.

Sec. 9. Minnesota Statutes 2024, section 352.93, subdivision 1, is amended to read:

Subdivision 1. **Basis of annuity; when to apply.** After separation from state service, an employee covered under section ~~352.91~~ 352.905 who has reached age 55 years and is vested under section 352.925, is entitled upon application to a retirement annuity under this section, based only on covered correctional employees' service. Application may be made no earlier than 60 days before the date the employee is eligible to retire by reason of both age and service requirements.

Sec. 10. Minnesota Statutes 2024, section 352.955, subdivision 1, is amended to read:

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

(b) An eligible employee is a person who ~~is covered by legislation implementing the recommendations under section 352.91, subdivision 4a~~ the correctional plan membership

43.1 committee determines is entitled to coverage by the correctional employees retirement plan  
43.2 under section 352.907.

43.3 (c) Eligible prior correctional employment is employment covered by the general state  
43.4 employees retirement plan of the Minnesota State Retirement System, is continuous service,  
43.5 and is certified by the commissioner of corrections and the Direct Care and Treatment  
43.6 executive board, whichever applies, and by the commissioner of management and budget  
43.7 to the executive director of the Minnesota State Retirement System as service that would  
43.8 qualify for correctional state employees retirement plan coverage under section ~~352.91~~  
43.9 352.905, if the service had been rendered after the date of coverage transfer.

43.10 (d) The election to transfer past service credit under this section must be made in writing  
43.11 by the applicable person on a form prescribed by the executive director of the Minnesota  
43.12 State Retirement System and must be filed with the executive director of the Minnesota  
43.13 State Retirement System on or before the one year anniversary of the coverage transfer or  
43.14 the date of the eligible employee's termination of state employment, whichever is earlier.

43.15 Sec. 11. **REPEALER.**

43.16 Minnesota Statutes 2024, section 352.91, subdivisions 1, 2, 2a, 3c, 3d, 3e, 3f, 3g, 3h,  
43.17 3i, 3j, 4a, 4b, 4c, and 6, are repealed.

43.18 Sec. 12. **EFFECTIVE DATE.**

43.19 Sections 1 to 11 are effective January 1, 2026.

## 43.20 **ARTICLE 6**

### 43.21 **HIGHER EDUCATION SUPPLEMENTAL RETIREMENT PLAN**

43.22 Section 1. Minnesota Statutes 2024, section 356.24, subdivision 1, is amended to read:

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

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

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

- 44.1 (3) to the individual retirement account plan established by chapter 354B;
- 44.2 (4) to a plan that provides solely for severance pay under section 465.72 to a retiring or  
44.3 terminating employee;
- 44.4 (5) to a deferred compensation plan defined in subdivision 3;
- 44.5 (6) for personnel employed by the Board of Trustees of the Minnesota State Colleges  
44.6 and Universities and not covered by clause (5), to the supplemental retirement plan under  
44.7 chapter 354C, if the supplemental plan coverage is provided for in a personnel policy or in  
44.8 the collective bargaining agreement of the public employer with the exclusive representative  
44.9 of the covered employees in an appropriate unit, in an amount matching employee  
44.10 contributions on a dollar for dollar basis, but not to exceed an employer contribution of  
44.11 ~~\$2,700~~ \$4,300 a year for each employee;
- 44.12 (7) to a supplemental plan or to a governmental trust to save for postretirement health  
44.13 care expenses qualified for tax-preferred treatment under the Internal Revenue Code, if the  
44.14 supplemental plan coverage is provided for in a personnel policy or in the collective  
44.15 bargaining agreement of a public employer with the exclusive representative of the covered  
44.16 employees in an appropriate unit;
- 44.17 (8) to the laborers national industrial pension fund or to a laborers local pension fund  
44.18 for the employees of a governmental subdivision who are covered by a collective bargaining  
44.19 agreement that provides for coverage by that fund and that sets forth a fund contribution  
44.20 rate, but not to exceed an employer contribution of \$10,000 per year per employee;
- 44.21 (9) to the plumbers and pipefitters national pension fund or to a plumbers and pipefitters  
44.22 local pension fund for the employees of a governmental subdivision who are covered by a  
44.23 collective bargaining agreement that provides for coverage by that fund and that sets forth  
44.24 a fund contribution rate, but not to exceed an employer contribution of \$5,000 per year per  
44.25 employee;
- 44.26 (10) to the international union of operating engineers pension fund for the employees  
44.27 of a governmental subdivision who are covered by a collective bargaining agreement that  
44.28 provides for coverage by that fund and that sets forth a fund contribution rate, but not to  
44.29 exceed an employer contribution of \$10,000 per year per employee;
- 44.30 (11) to the International Association of Machinists national pension fund for the  
44.31 employees of a governmental subdivision who are covered by a collective bargaining  
44.32 agreement that provides for coverage by that fund and that sets forth a fund contribution  
44.33 rate, but not to exceed an employer contribution of \$5,000 per year per employee;

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

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

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

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

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

## ARTICLE 7

### STATE AUDITOR'S FIRE RELIEF ASSOCIATION WORKING GROUP

Section 1. Minnesota Statutes 2024, section 424A.014, subdivision 2, is amended to read:

**Subd. 2. Financial statement.** (a) The board of trustees of each firefighters relief association that is not required to and does not choose to file a financial report and audit under subdivision 1 must prepare a detailed statement of the financial affairs for the preceding fiscal year of the relief association's special and general funds in the style and form prescribed by the state auditor. The detailed statement must show:

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

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

(3) the amount of money remaining in the treasury;

(4) total assets, including a listing of all investments;

(5) the accrued liabilities; and

(6) all other items necessary to show accurately the revenues and expenditures and financial position of the relief association.

(b) The detailed financial statement of the special and general funds required under paragraph (a) must be certified by a certified public accountant or by the state auditor in

accordance with agreed-upon procedures and forms prescribed by the state auditor. The accountant must have at least five years of public accounting, auditing, or similar experience and must not be an active, inactive, or retired member of the relief association or the fire department.

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

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

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

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

(d) The firefighters relief association board must submit a copy of the detailed financial statement required under paragraph (a) that has been certified by the governing body of the municipality to the state auditor on or before ~~March 31~~ June 30 after the close of the fiscal year.

(e) A certified public accountant or auditor who performs the agreed-upon procedures under paragraph (b) is subject to the reporting requirement of section 6.67.

**EFFECTIVE DATE.** This section is effective January 1, 2026.

Sec. 2. Minnesota Statutes 2024, section 424A.015, subdivision 4, is amended to read:

Subd. 4. ~~Transfer to individual retirement account~~ Right to elect a direct rollover. A relief association that is a qualified pension plan under section 401(a) of the Internal Revenue Code, as amended, and that provides a single payment service pension, at the written request of the applicable retiring member or, following the death of the active member, at the written request of the deceased member's surviving spouse, may directly transfer on an institution-to-institution basis the eligible member's lump-sum pension or the survivor benefit attributable to the member, whichever applies, to the requesting person's individual retirement account under section 408(a) of the Internal Revenue Code, as amended. A relief association must permit a member, a surviving spouse, or another distributee as defined in section 356.633, subdivision 1, paragraph (b), to elect a direct rollover of any distribution

47.1 that is an eligible rollover distribution as defined in section 356.633, subdivision 1, paragraph  
47.2 (d), subject to the terms and conditions of section 356.633.

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

47.4 Sec. 3. Minnesota Statutes 2024, section 424A.016, subdivision 2, is amended to read:

47.5 Subd. 2. **Defined contribution service pension eligibility.** (a) A relief association,  
47.6 when its articles of incorporation or bylaws so provide, may pay as soon as practicable out  
47.7 of the assets of its special fund a defined contribution service pension to each of its members  
47.8 who:

47.9 (1) separates from active service with the fire department;

47.10 (2) ~~reaches age 50~~ submits a valid written application for the distribution;

47.11 (3) completes at least five years of active service as an active member of the fire  
47.12 department to which the relief association is associated;

47.13 (4) completes at least five years of active membership with the relief association before  
47.14 separation from active service; and

47.15 (5) complies with any additional conditions as to age, service, and membership that are  
47.16 prescribed by the bylaws of the relief association.

47.17 (b) In the case of a member who has completed at least five years of active service as  
47.18 an active member of the fire department to which the relief association is associated on the  
47.19 date that the relief association is established and incorporated, the requirement that the  
47.20 member complete at least five years of active membership with the relief association before  
47.21 separation from active service may be waived by the board of trustees of the relief association  
47.22 if the member completes at least five years of inactive membership with the relief association  
47.23 before the date of the payment of the service pension. During the period of inactive  
47.24 membership, the member is not entitled to receive any disability benefit coverage, is not  
47.25 entitled to receive additional individual account allocation of fire state aid or municipal  
47.26 contribution toward a service pension, and is considered to have the status of a person  
47.27 entitled to a deferred service pension.

47.28 (c) The service pension earned by a firefighter under this chapter and the articles of  
47.29 incorporation and bylaws of the relief association may be paid whether or not the municipality  
47.30 or independent nonprofit firefighting corporation to which the relief association is associated  
47.31 qualifies for the receipt of fire state aid under chapter 477B.

47.32 **EFFECTIVE DATE.** This section is effective January 1, 2026.

48.1 Sec. 4. Minnesota Statutes 2024, section 424A.016, subdivision 6, is amended to read:

48.2 Subd. 6. **Deferred service pensions.** (a) A "deferred member" means a member of a  
48.3 relief association who has separated from active service and membership and has completed  
48.4 the minimum service and membership requirements in subdivision 2. The requirement that  
48.5 a member separate from active service and membership is waived for ~~persons~~ any person  
48.6 ~~who have~~ has discontinued ~~their~~ volunteer firefighter and paid on-call firefighter duties and  
48.7 ~~who are~~ is employed on a part-time or full-time basis under section 424A.015, subdivision  
48.8 1.

48.9 (b) A deferred member is entitled to receive a deferred service pension ~~when~~ as soon as  
48.10 practicable after the member reaches at least age 50, or at least the minimum age specified  
48.11 ~~in the bylaws governing the relief association if that age is greater than age 50, and makes~~  
48.12 submits a valid written application for the distribution and complies with any conditions as  
48.13 to age prescribed by the relief association's bylaws.

48.14 (c) A defined contribution relief association must credit interest or additional investment  
48.15 performance on the deferred lump-sum service pension during the period of deferral for all  
48.16 deferred members on or after January 1, 2021. A defined contribution relief association  
48.17 may specify in its bylaws the method by which it will credit interest or additional investment  
48.18 performance to the accounts of deferred members. Such method shall be limited to one of  
48.19 the three methods provided in this paragraph. In the event the bylaws do not specify a  
48.20 method, the interest or additional investment performance must be credited using the method  
48.21 defined in clause (3). The permissible methods are:

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

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

48.28 (3) at the investment return on the assets of the special fund of the defined contribution  
48.29 relief association in proportion to the share of the assets of the special fund to the credit of  
48.30 each individual deferred member account.

48.31 (d) Notwithstanding the requirements of section 424A.015, subdivision 6, bylaw  
48.32 amendments made in accordance with paragraph (c) on or before January 1, 2022, shall  
48.33 apply to members already in deferred status as of January 1, 2021.



(e) Unless the bylaws provide differently, interest or additional investment performance must be allocated to each deferred member account beginning on the date that the member separates from active service and membership and ending on the last date that the deferred member account is valued before the final distribution of the deferred service pension.

(f) Notwithstanding the requirements of section 424A.015, subdivision 6, a relief association that amends its bylaws to lower the required minimum retirement age may specify in the bylaws amendment that the lower minimum retirement age applies to members who separated from active service and membership prior to the effective date of the bylaws amendment.

**EFFECTIVE DATE.** This section is effective January 1, 2026.

Sec. 5. Minnesota Statutes 2024, section 424A.05, subdivision 3, is amended to read:

Subd. 3. **Authorized disbursements from special fund.** (a) Disbursements from the special fund may not be made for any purpose other than one of the following:

(1) for the payment or direct rollover under section 356.633 of service pensions to ~~retired~~ members of the relief association if authorized and paid under law and the bylaws governing the relief association;

(2) for the purchase of an annuity for the applicable person under section 424A.015, subdivision 3, ~~for the transfer of service pension or benefit amounts to the applicable person's individual retirement account under section 424A.015, subdivision 4, or to the applicable person's account in the Minnesota deferred compensation plan under section 424A.015, subdivision 5;~~

(3) for the payment or direct rollover under section 356.633 of temporary or permanent disability benefits to disabled members of the relief association if authorized and paid under law and specified in amount in the bylaws governing the relief association;

(4) for the payment or direct rollover under section 356.633 of survivor benefits or for the payment of a death benefit to the estate of the deceased active or deferred firefighter, if authorized and paid under law and specified in amount in the bylaws governing the relief association;

(5) for the payment of the fees, dues and assessments to the Minnesota State Fire Department Association and to the Minnesota State Fire Chiefs Association in order to entitle relief association members to membership in and the benefits of these associations or organizations;

50.1 (6) for the payment of insurance premiums to the state Volunteer Firefighters Benefit  
50.2 Association, or an insurance company licensed by the state of Minnesota offering casualty  
50.3 insurance, in order to entitle relief association members to membership in and the benefits  
50.4 of the association or organization;

50.5 (7) for the payment of administrative expenses of the relief association as authorized  
50.6 under subdivision 3b; and

50.7 (8) for the payment or direct rollover under section 356.633 of a service pension to the  
50.8 former spouse of a member or former member of a relief association, if the former spouse  
50.9 is an alternate payee designated in a qualified domestic relations order under subdivision  
50.10 5.

50.11 (b) Checks or authorizations for electronic fund transfers for disbursements authorized  
50.12 by this section must be signed by the relief association treasurer and at least one other elected  
50.13 trustee who has been designated by the board of trustees to sign the checks or authorizations.  
50.14 A relief association may make disbursements authorized by this subdivision by electronic  
50.15 fund transfers only if the specific method of payment and internal control policies and  
50.16 procedures regarding the method are approved by the board of trustees.

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

50.18 Sec. 6. Minnesota Statutes 2024, section 424A.06, subdivision 2, is amended to read:

50.19 Subd. 2. **General fund assets and revenues.** (a) The general fund, if established, must  
50.20 be credited with the following:

50.21 (1) all money received from dues ~~other than dues payable as contributions under the~~  
50.22 ~~bylaws of the relief association to the special fund;~~

50.23 (2) all money received from fines;

50.24 (3) all money received from initiation fees;

50.25 (4) all money received as entertainment revenues; and

50.26 (5) any money or property donated, given, granted or devised by any person, either for  
50.27 the support of the general fund of the relief association or for unspecified purposes.

50.28 (b) The treasurer of the relief association is the custodian of the assets of the general  
50.29 fund and must be the recipient on behalf of the general fund of all revenues payable to the  
50.30 general fund. The treasurer shall maintain adequate records documenting any transaction  
50.31 involving the assets or the revenues of the general fund. These records must be open for  
50.32 inspection by any member of the relief association at reasonable times and places.

51.1        **EFFECTIVE DATE.** This section is effective January 1, 2026.

51.2        Sec. 7. Minnesota Statutes 2024, section 424A.092, subdivision 2, is amended to read:

51.3            Subd. 2. **Determination of accrued liability.** (a) ~~Beginning with the calculation~~  
51.4 ~~performed in 2021 for the 2022 calendar year,~~ Each firefighters relief association which  
51.5 pays a lump-sum service pension shall determine the accrued liability of the special fund  
51.6 of the firefighters relief association relative to each active member of the relief association,  
51.7 calculated using the applicable appendix to the standards for actuarial work established by  
51.8 the Legislative Commission on Pensions and Retirement under section 3.85, subdivision  
51.9 10.

51.10          ~~(b) For calendar years before 2022, each firefighters relief association shall determine~~  
51.11 ~~the accrued liability of the special fund of the firefighters relief association relative to each~~  
51.12 ~~active member of the relief association, calculated individually using the following table:~~

	Cumulative Year	Accrued Liability
	.....	.....
	1	\$ 60
	2	124
	3	190
	4	260
	5	334
	6	410
	7	492
	8	576
	9	666
	10	760
	11	858
	12	962
	13	1070
	14	1184
	15	1304
	16	1428
	17	1560
	18	1698
	19	1844
	20	2000
	21 and thereafter	100 additional per year

~~As set forth in the table the accrued liability for each member of the relief association corresponds to the cumulative years of active service to the credit of the member. The accrued liability of the special fund for each active member is determined by multiplying the accrued liability from the chart by the ratio of the lump-sum service pension amount currently provided for in the bylaws of the relief association to a service pension of \$100 per year of service.~~

~~(e)~~ (b) If a member has fractional service as of December 31, the figure for service credit to be used for the determination of accrued liability pursuant to this section shall be rounded to the nearest full year of service credit. The total accrued liability of the special fund as of December 31 shall be the sum of the accrued liability attributable to each active member of the relief association.

~~(d)~~ (c) To the extent that the state auditor considers it to be necessary or practical, the state auditor may specify and issue procedures, forms, or mathematical tables for use in performing the calculations of the accrued liability for deferred members pursuant to this subdivision.

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

Sec. 8. Minnesota Statutes 2024, section 424A.092, subdivision 3, is amended to read:

Subd. 3. **Financial requirements of relief association; minimum obligation of municipality.** (a) During the month of July, the officers of the relief association shall determine the overall funding balance of the special fund for the current calendar year, the financial requirements of the special fund for the following calendar year and the minimum obligation of the municipality with respect to the special fund for the following calendar year in accordance with the requirements of this subdivision.

(b) The overall funding balance of the special fund for the current calendar year must be determined in the following manner:

(1) The total accrued liability of the special fund for all active and deferred members of the relief association as of December 31 of the current year must be calculated under subdivisions 2 and 2a, if applicable.

(2) The total present assets of the special fund projected to December 31 of the current year, including receipts by and disbursements from the special fund anticipated to occur on or before December 31, must be calculated. To the extent possible, for those assets for which a market value is readily ascertainable, the current market value as of the date of the calculation for those assets must be utilized in making this calculation. For any asset for

53.1 which no market value is readily ascertainable, the cost value or the book value, whichever  
53.2 is applicable, must be utilized in making this calculation.

53.3 (3) The amount of the total present assets of the special fund calculated under clause (2)  
53.4 must be subtracted from the amount of the total accrued liability of the special fund calculated  
53.5 under clause (1). If the amount of total present assets exceeds the amount of the total accrued  
53.6 liability, then the special fund is considered to have a surplus over full funding. If the amount  
53.7 of the total present assets is less than the amount of the total accrued liability, then the  
53.8 special fund is considered to have a deficit from full funding. If the amount of total present  
53.9 assets is equal to the amount of the total accrued liability, then the special fund is considered  
53.10 to be fully funded.

53.11 (c) The financial requirements of the special fund for the following calendar year must  
53.12 be determined in the following manner:

53.13 (1) The total accrued liability of the special fund for all active and deferred members of  
53.14 the relief association as of December 31 of the calendar year next following the current  
53.15 calendar year must be calculated under subdivisions 2 and 2a, if applicable.

53.16 (2) The increase in the total accrued liability of the special fund for the following calendar  
53.17 year over the total accrued liability of the special fund for the current year must be calculated.

53.18 (3) The amount of anticipated future administrative expenses of the special fund must  
53.19 be calculated by multiplying the dollar amount of the administrative expenses of the special  
53.20 fund for the most recent prior calendar year by the factor of 1.035.

53.21 (4) If the special fund is fully funded, the financial requirements of the special fund for  
53.22 the following calendar year are the total of the amounts calculated under clauses (2) and  
53.23 (3).

53.24 (5) If the special fund has a deficit from full funding, the financial requirements of the  
53.25 special fund for the following calendar year are the financial requirements of the special  
53.26 fund calculated as though the special fund were fully funded under clause (4) plus an amount  
53.27 equal to one-tenth of the original amount of the deficit from full funding of the special fund  
53.28 as determined under clause (2) resulting either from an increase in the amount of the service  
53.29 pension occurring in the last ten years or from a net annual investment loss occurring during  
53.30 the last ten years until each increase in the deficit from full funding is fully retired. The  
53.31 annual amortization contribution under this clause may not exceed the amount of the deficit  
53.32 from full funding.

(6) If the special fund has a surplus over full funding, the financial requirements of the special fund for the following calendar year are the financial requirements of the special fund calculated as though the special fund were fully funded under clause (4) reduced by an amount equal to one-tenth of the amount of the surplus over full funding of the special fund.

(d) The minimum obligation of the municipality with respect to the special fund is the financial requirements of the special fund reduced by the amount of any fire state aid and police and firefighter retirement supplemental state aid payable under chapter 477B and section 423A.022 reasonably anticipated to be received by the municipality for transmittal to the special fund during the following calendar year, and an amount of interest on the assets of the special fund projected to the beginning of the following calendar year calculated at the rate of five percent per annum, ~~and the amount of any contributions to the special fund required by the relief association bylaws from the active members of the relief association reasonably anticipated to be received during the following calendar year.~~ A reasonable amount of anticipated fire state aid is an amount that does not exceed the fire state aid actually received in the prior year multiplied by the factor 1.035.

**EFFECTIVE DATE.** This section is effective January 1, 2026.

Sec. 9. Minnesota Statutes 2024, section 424A.092, subdivision 4, is amended to read:

Subd. 4. **Certification of financial requirements and minimum municipal obligation; levy.** (a) The officers of the relief association shall certify the financial requirements of the special fund of the relief association and the minimum obligation of the municipality with respect to the special fund of the relief association as determined under subdivision 3 on or before August 1 of each year. The certification must be made to the entity that is responsible for satisfying the minimum obligation with respect to the special fund of the relief association. If the responsible entity is a joint powers entity, the certification must be made in the manner specified in the joint powers agreement, or if the joint powers agreement is silent on this point, the certification must be made to the chair of the joint powers board.

(b) The financial requirements of the relief association and the minimum municipal obligation must be included in the financial report or financial statement under section 424A.014. The schedule forms related to the determination of the financial requirements must be filed annually with the state auditor by ~~March 31, annually, if the relief association is required to file a financial statement under section 424A.014, subdivision 2, or by June 30, annually, if the relief association is required to file a financial report and audit under section 424A.014, subdivision 1.~~

(c) The municipality shall provide for at least the minimum obligation of the municipality with respect to the special fund of the relief association by tax levy or from any other source of public revenue.

(d) The municipality may levy taxes for the payment of the minimum municipal obligation without any limitation as to rate or amount and irrespective of any limitations imposed by other provisions of law upon the rate or amount of taxation until the balance of the special fund or any fund of the relief association has attained a specified level. In addition, any taxes levied under this section must not cause the amount or rate of any other taxes levied in that year or to be levied in a subsequent year by the municipality which are subject to a limitation as to rate or amount to be reduced.

(e) If the municipality does not include the full amount of the minimum municipal obligations in its levy for any year, the officers of the relief association shall certify that amount to the county auditor, who shall spread a levy in the amount of the certified minimum municipal obligation on the taxable property of the municipality.

(f) If the state auditor determines that a municipal contribution actually made in a plan year was insufficient under section 424A.091, subdivision 3, paragraph (c), clause (5), the state auditor may request a copy of the certifications under this subdivision from the relief association or from the city. The relief association or the city, whichever applies, must provide the certifications within 14 days of the date of the request from the state auditor.

**EFFECTIVE DATE.** This section is effective January 1, 2026.

Sec. 10. Minnesota Statutes 2024, section 424A.093, subdivision 5, is amended to read:

**Subd. 5. Minimum municipal obligation.** (a) The officers of the relief association shall determine the minimum obligation of the municipality with respect to the special fund of the relief association for the following calendar year on or before August 1 of each year in accordance with the requirements of this subdivision.

(b) The minimum obligation of the municipality with respect to the special fund is an amount equal to the financial requirements of the special fund of the relief association determined under subdivision 4, reduced by the estimated amount of any fire state aid and police and firefighter retirement supplemental state aid payable under chapter 477B and section 423A.022 reasonably anticipated to be received by the municipality for transmittal to the special fund of the relief association during the following year ~~and the amount of any anticipated contributions to the special fund required by the relief association bylaws from the active members of the relief association reasonably anticipated to be received during~~

56.1 ~~the following calendar year.~~ A reasonable amount of anticipated fire state aid is an amount  
56.2 that does not exceed the fire state aid actually received in the prior year multiplied by the  
56.3 factor 1.035.

56.4 (c) The officers of the relief association shall certify the financial requirements of the  
56.5 special fund of the relief association and the minimum obligation of the municipality with  
56.6 respect to the special fund of the relief association as determined under subdivision 4 and  
56.7 this subdivision by August 1 of each year. The certification must be made to the entity that  
56.8 is responsible for satisfying the minimum obligation with respect to the special fund of the  
56.9 relief association. If the responsible entity is a joint powers entity, the certification must be  
56.10 made in the manner specified in the joint powers agreement, or if the joint powers agreement  
56.11 is silent on this point, the certification must be made to the chair of the joint powers board.

56.12 (d) The financial requirements of the relief association and the minimum municipal  
56.13 obligation must be included in the financial report or financial statement under section  
56.14 424A.014.

56.15 (e) The municipality shall provide for at least the minimum obligation of the municipality  
56.16 with respect to the special fund of the relief association by tax levy or from any other source  
56.17 of public revenue. The municipality may levy taxes for the payment of the minimum  
56.18 municipal obligation without any limitation as to rate or amount and irrespective of any  
56.19 limitations imposed by other provisions of law or charter upon the rate or amount of taxation  
56.20 until the balance of the special fund or any fund of the relief association has attained a  
56.21 specified level. In addition, any taxes levied under this section must not cause the amount  
56.22 or rate of any other taxes levied in that year or to be levied in a subsequent year by the  
56.23 municipality which are subject to a limitation as to rate or amount to be reduced.

56.24 (f) If the municipality does not include the full amount of the minimum municipal  
56.25 obligation in its levy for any year, the officers of the relief association shall certify that  
56.26 amount to the county auditor, who shall spread a levy in the amount of the minimum  
56.27 municipal obligation on the taxable property of the municipality.

56.28 (g) If the state auditor determines that a municipal contribution actually made in a plan  
56.29 year was insufficient under section 424A.091, subdivision 3, paragraph (c), clause (5), the  
56.30 state auditor may request from the relief association or from the city a copy of the  
56.31 certifications under this subdivision. The relief association or the city, whichever applies,  
56.32 must provide the certifications within 14 days of the date of the request from the state auditor.

56.33 **EFFECTIVE DATE.** This section is effective January 1, 2026.



57.1 Sec. 11. **REPEALER.**

57.2 Minnesota Statutes 2024, section 424A.015, subdivision 5, is repealed.

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

57.4 **ARTICLE 8**

57.5 **FIREFIGHTERS RELIEF ASSOCIATIONS**

57.6 Section 1. Minnesota Statutes 2024, section 424A.02, subdivision 3, is amended to read:

57.7 Subd. 3. **Determining maximum pension benefit.** (a) Except as provided in paragraph  
57.8 (b) and section 424B.22, subdivision 4, a defined benefit relief association may not set in  
57.9 its bylaws a service pension amount above the following maximum amounts:

57.10 (1) for a defined benefit relief association in which the governing bylaws provide for a  
57.11 monthly service pension, the maximum monthly service pension amount per month for each  
57.12 year of service credited is the lesser of \$100 or the maximum monthly service pension  
57.13 amount that could be adopted by the relief association as a bylaws amendment that satisfies  
57.14 section 424A.093, subdivision 6, paragraph (d); and

57.15 (2) for a defined benefit relief association in which the governing bylaws provide for a  
57.16 lump-sum service pension, the maximum lump-sum service pension amount for each year  
57.17 of service credited is the lesser of ~~\$15,000~~ \$20,000 or the maximum lump-sum service  
57.18 pension amount that could be adopted by the relief association as a bylaws amendment that  
57.19 satisfies section 424A.092, subdivision 6, paragraph (e).

57.20 (b) A defined benefit relief association may set in its bylaws a service pension amount  
57.21 that is not greater than the maximum amounts in clause (1) or (2), as applicable, but only  
57.22 if the service pension amount has been ratified by the municipality.

57.23 (1) For a defined benefit relief association that pays a monthly service pension, the  
57.24 maximum monthly service pension amount per month for each year of service credited is  
57.25 \$100.

57.26 (2) For a defined benefit relief association that pays a lump-sum service pension, the  
57.27 maximum lump-sum service pension amount for each year of service credited is ~~\$15,000~~  
57.28 \$20,000.

57.29 (c) The method of calculating service pensions must be applied uniformly for all years  
57.30 of active service. Credit must be given for all years of active service, unless the bylaws of  
57.31 the relief association provide that service credit is not given for:

58.1 (1) years of active service in excess of caps on service credit; or

58.2 (2) years of active service earned by a former member who:

58.3 (i) has ceased duties as a volunteer firefighter and paid on-call firefighter with the fire  
58.4 department before becoming vested under subdivision 2; and

58.5 (ii) has not resumed active service with the fire department and active membership in  
58.6 the relief association for a period as defined in the relief association's bylaws, of not less  
58.7 than five years.

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

58.9 Sec. 2. **REPEALER.**

58.10 Minnesota Statutes 2024, section 356A.06, subdivision 5, is repealed.

58.11 **ARTICLE 9**

58.12 **MINNESOTA SECURE CHOICE RETIREMENT PROGRAM**

58.13 Section 1. Minnesota Statutes 2024, section 116J.401, is amended by adding a subdivision  
58.14 to read:

58.15 **Subd. 4. Disclosure to Secure Choice board.** (a) Within 30 days of receiving a request  
58.16 from the executive director or interim executive director of the Minnesota Secure Choice  
58.17 retirement program, the commissioner must disclose to the executive director or interim  
58.18 executive director, as applicable, information regarding employers engaged in a business,  
58.19 industry, profession, trade, or other enterprise in the state, whether for profit or not for profit.  
58.20 Information requested may include but is not limited to:

58.21 (1) for each employer:

58.22 (i) the employer's business name, federal employer identification number, mailing and  
58.23 street addresses, and telephone number; and

58.24 (ii) the names of one or more individuals who will serve as a point of contact for the  
58.25 executive director or interim executive director and each individual's email address and  
58.26 telephone number; and

58.27 (2) any other information that the executive director or interim executive director has  
58.28 determined is needed to provide notice to employers about the program or to monitor  
58.29 compliance with and enforce the requirements of chapter 187.

59.1 (b) The executive director or interim executive director must use information obtained  
59.2 under this section for purposes consistent with this chapter and must maintain the privacy  
59.3 of the information if required under chapter 13.

59.4 Sec. 2. Minnesota Statutes 2024, section 187.03, subdivision 5, is amended to read:

59.5 Subd. 5. **Covered employee.** (a) "Covered employee" means a person who is employed  
59.6 by a covered employer and who satisfies any other criteria established by the board.

59.7 (b) Covered employee does not include:

59.8 (1) a person who, on December 31 of the preceding calendar year, was younger than 18  
59.9 years of age;

59.10 (2) a person covered under the federal Railway Labor Act, as amended, United States  
59.11 Code, title 45, sections 151 et seq.;

59.12 (3) a person on whose behalf an employer makes contributions to a Taft-Hartley  
59.13 multiemployer pension trust fund; ~~or~~

59.14 (4) a person employed by the government of the United States, another country, the state  
59.15 of Minnesota, another state, or any subdivision thereof; or

59.16 (5) a person employed on a temporary or seasonal basis for a limited duration, which  
59.17 the employer determines at the time the person is hired will not extend beyond 180 days.

59.18 (c) A person described in paragraph (b), clause (5), may elect to have contributions  
59.19 deducted from the person's paycheck for remittance to the program, but only if the employer  
59.20 would otherwise be considered a covered employer.

59.21 Sec. 3. Minnesota Statutes 2024, section 187.03, is amended by adding a subdivision to  
59.22 read:

59.23 Subd. 6a. **Enrollment window.** "Enrollment window" means the period established by  
59.24 the board, according to a phase-in schedule approved under Laws 2023, chapter 46, section  
59.25 10, subdivision 1, paragraph (b), that is applicable to each covered employer and during  
59.26 which the covered employer is first required to provide information to covered employees  
59.27 and enroll covered employees who do not elect to opt out of the program.

60.1 Sec. 4. Minnesota Statutes 2024, section 187.03, subdivision 7, is amended to read:

60.2 Subd. 7. **Executive director.** "Executive director" means the chief executive and  
60.3 administrative head of the program or, if an executive director has not been appointed,  
60.4 executive director means the interim executive director, if one has been appointed.

60.5 Sec. 5. Minnesota Statutes 2024, section 187.05, is amended by adding a subdivision to  
60.6 read:

60.7 Subd. 1a. **Certification by employers that are not covered employers.** (a) Any entity  
60.8 or person may file a certification with the executive director on a form prescribed by the  
60.9 executive director and provide documentation in support of the certification, as requested  
60.10 by the executive director, stating that the entity or person is not a covered employer. The  
60.11 certification must state that the entity or person is not a covered employer for one or more  
60.12 of the following reasons:

60.13 (1) the entity or person has not been engaged for at least 12 months in a business, industry,  
60.14 profession, trade, or other enterprise in Minnesota, whether for profit or not for profit;

60.15 (2) the entity or person does not employ five or more employees;

60.16 (3) the entity or person sponsors or contributes to or, in the immediately preceding 12  
60.17 months, sponsored or contributed to a retirement savings plan for its employees; or

60.18 (4) the entity is a political subdivision of the state or federal government.

60.19 (b) Within 30 days of receiving the certification, the executive director must accept the  
60.20 certification or issue a determination that the entity or person is a covered employer and  
60.21 subject to the requirements of section 187.07.

60.22 (c) The entity or person may appeal the executive director's determination by filing an  
60.23 appeal with the board of directors no later than 30 days after receipt of the determination.

60.24 Sec. 6. Minnesota Statutes 2024, section 187.05, subdivision 4, is amended to read:

60.25 Subd. 4. **Contribution rate.** (a) The board ~~must establish default, minimum, and~~  
60.26 ~~maximum~~ may change the required employee contribution rates and ~~an~~ the escalation  
60.27 ~~schedule to automatically increase each covered employee's contribution rate annually until~~  
60.28 ~~the contribution rate is equal to the maximum contribution rate~~ under section 187.07,  
60.29 subdivision 1. The board must provide all covered employers with notice of a change in  
60.30 employee contribution rates or the escalation schedule at least six months in advance of the  
60.31 effective date of the change.

61.1 (b) A covered employee must have the right, annually or more frequently as determined  
61.2 by the board, to change the contribution rate, opt out or elect not to contribute, or cease  
61.3 contributions.

61.4 Sec. 7. Minnesota Statutes 2024, section 187.05, subdivision 6, is amended to read:

61.5 Subd. 6. **Withdrawals and distributions.** The board must establish alternatives  
61.6 permitting covered employees to take a withdrawal of all or a portion of the covered  
61.7 employee's account while employed and one or more distributions following termination  
61.8 of employment. By July 1, 2028, the board must include lifetime income options as  
61.9 distribution alternatives ~~must include lifetime income options.~~

61.10 Sec. 8. Minnesota Statutes 2024, section 187.07, subdivision 1, is amended to read:

61.11 Subdivision 1. **Requirement to enroll employees.** (a) Each covered employer must  
61.12 enroll its covered employees in the program and withhold payroll deduction contributions  
61.13 from each covered employee's paycheck no later than 30 days after the covered employee's  
61.14 first day of employment, unless the covered employee has elected not to contribute.

61.15 (b) Unless the board has approved a different rate or rates under section 187.05,  
61.16 subdivision 4, or a covered employee has elected a different contribution rate or not to  
61.17 contribute, the employee contribution rates and escalation schedule are:

61.18 (1) five percent of pay for the covered employee's first year of participation;

61.19 (2) six percent of pay for the covered employee's second year of participation;

61.20 (3) seven percent of pay for the covered employee's third year of participation; and

61.21 (4) eight percent of pay for the covered employee's fourth year of participation and each  
61.22 year thereafter.

61.23 (c) Paragraph (a) does not apply to a covered employer until the covered employer's  
61.24 enrollment window has opened. No later than 30 days after the end of the enrollment window,  
61.25 the covered employer must have enrolled all covered employees, except for any covered  
61.26 employee who has elected not to contribute.

61.27 Sec. 9. Minnesota Statutes 2024, section 187.07, subdivision 2, is amended to read:

61.28 Subd. 2. **Remitting contributions.** Notwithstanding section 181.06, a covered employer  
61.29 must ~~timely~~ remit payroll deduction contributions ~~as required by the board~~ withheld from  
61.30 the paycheck of each covered employee to the program as soon as practicable after the  
61.31 deduction is taken and no later than 30 days after the date of each paycheck.

62.1 Sec. 10. Minnesota Statutes 2024, section 187.07, subdivision 3, is amended to read:

62.2 Subd. 3. **Distribution of information.** (a) Covered employers must provide information  
62.3 prepared by the board to all covered employees regarding the program. The information  
62.4 must be provided to each covered employee ~~at least 30~~ no later than 14 days ~~prior to the~~  
62.5 ~~date of the first paycheck from which employee contributions could be deducted for~~  
62.6 ~~transmittal to the program, if the covered employee does not elect to opt out of the program~~  
62.7 after the covered employee's first day of employment.

62.8 (b) Paragraph (a) does not apply to a covered employer until the covered employer's  
62.9 enrollment window has opened. No later than 14 days before the date of the first paycheck  
62.10 from which employee contributions could be deducted for transmittal to the program, the  
62.11 covered employer must provide the information prepared by the board regarding the program  
62.12 to all covered employees of the covered employer.

62.13 Sec. 11. Minnesota Statutes 2024, section 187.07, subdivision 6, is amended to read:

62.14 Subd. 6. **Enforcement.** (a) As described under section 187.12, the board may impose:

62.15 (1) statutory civil penalties against any covered employer that fails to comply with  
62.16 ~~subdivisions~~ subdivision 1, 2, and or 3; and

62.17 (2) statutory civil or criminal penalties against any covered employer that fails to comply  
62.18 with subdivision 2.

62.19 (b) At the request of the board, the attorney general shall enforce the penalties imposed  
62.20 by the board against a covered employer. Proceeds of such penalties, after deducting  
62.21 enforcement expenses, must be deposited in the Secure Choice administrative fund and are  
62.22 appropriated to the program.

62.23 (c) The board must provide ~~covered employers with~~ written warnings to any covered  
62.24 employer who fails to comply with subdivision 1 or 3 or both subdivisions 1 and 3 for the  
62.25 first year two years of noncompliance before assessing. If the covered employer has not  
62.26 complied with subdivision 1 or 3 during the two-year period after the date on which the  
62.27 covered employer was first required to comply with subdivision 1 or 3, as applicable, the  
62.28 board must assess penalties.

62.29 Sec. 12. Minnesota Statutes 2024, section 187.08, subdivision 3, is amended to read:

62.30 Subd. 3. **Membership terms.** (a) Board members serve for two-year terms, except for:

63.1 (1) the executive directors of the Minnesota State Retirement System and the State Board  
63.2 of Investment, who serve indefinitely; and

63.3 (2) the initial term of the member who is an executive or other professional with  
63.4 substantial experience in retirement plan investments under subdivision 1, clause (3), item  
63.5 (iii), and the member who is a human resources executive under subdivision 1, clause (4),  
63.6 is three years.

63.7 (b) Board members' terms may be renewed, but no member may serve more than two  
63.8 consecutive terms.

63.9 Sec. 13. Minnesota Statutes 2024, section 187.08, subdivision 7, is amended to read:

63.10 Subd. 7. **Executive director; staff.** (a) The board must appoint an executive director,  
63.11 determine the duties of the executive director, and set the compensation of the executive  
63.12 director. The board may appoint an interim executive director to serve as executive director  
63.13 during any period that the executive director position is vacant.

63.14 (b) The executive director may participate in deliberations but must not vote on any  
63.15 matter before the board. The executive director must not participate in deliberations on any  
63.16 matter before the board that results or is likely to result in direct measurable economic gain  
63.17 to the executive director or the executive director's family.

63.18 (c) The executive director must file with the Campaign Finance and Public Disclosure  
63.19 Board an economic interest statement in a manner as prescribed by section 10A.09,  
63.20 subdivisions 5 and 6.

63.21 ~~(b)~~ (d) The board may hire staff as necessary to support the board and the executive  
63.22 director ~~or interim executive director~~ in performing their duties or the board may authorize  
63.23 the executive director ~~or interim executive director~~ to hire staff.

63.24 Sec. 14. Minnesota Statutes 2024, section 187.11, is amended to read:

63.25 **187.11 OTHER STATE AGENCIES TO PROVIDE ASSISTANCE.**

63.26 (a) The board may enter into intergovernmental agreements with the commissioner of  
63.27 revenue, the commissioner of labor and industry, the commissioner of employment and  
63.28 economic development, and any other state agency that the board deems necessary or  
63.29 appropriate to provide outreach, technical assistance, or compliance services. An agency  
63.30 that enters into an intergovernmental agreement with the board pursuant to this section must  
63.31 collaborate and cooperate with the board to provide the outreach, technical assistance, or  
63.32 compliance services under any such agreement. The board, executive director, and program

64.1 staff must maintain the privacy of data obtained under any intergovernmental agreement if  
64.2 required under chapter 13.

64.3 (b) The commissioner of administration must provide office space in the Capitol complex  
64.4 for the executive director and staff of the program.

64.5 Sec. 15. **[187.12] PENALTIES FOR NONCOMPLIANCE.**

64.6 Subdivision 1. Failure to enroll covered employees or distribute information. (a)  
64.7 The board may assess penalties against a covered employer that fails to comply with section  
64.8 187.07, subdivision 1 or 3 or both subdivisions 1 and 3, beginning with the second  
64.9 anniversary of the date on which the covered employer was first required to comply with  
64.10 section 187.07, subdivision 1 or 3, as applicable.

64.11 (b) The board may assess the following penalties for a covered employer's failure to  
64.12 comply with section 187, subdivision 1 or 3:

64.13 (1) on the second anniversary, a penalty of \$100 per covered employee, not to exceed  
64.14 \$4,000;

64.15 (2) on the third anniversary, a penalty of \$200 per covered employee, not to exceed  
64.16 \$6,000;

64.17 (3) on the fourth anniversary, a penalty of \$300 per covered employee; and

64.18 (4) on each anniversary after the fourth anniversary, a penalty of \$500 per covered  
64.19 employee.

64.20 (c) If the covered employer fails to comply with both subdivisions 1 and 3, the board  
64.21 must assess two times the penalties in paragraph (b).

64.22 (d) The date on which a covered employer is first required to comply with section 187.07,  
64.23 subdivision 1, is the following:

64.24 (1) for paragraph (a), on or before the 30th day after the first day of employment of a  
64.25 covered employee hired by the covered employer; and

64.26 (2) for paragraph (b), on or before the 30th day after the end of the enrollment window  
64.27 applicable to the covered employer.

64.28 (e) The date on which a covered employer is first required to comply with section 187.07,  
64.29 subdivision 3, is the following:

64.30 (1) for paragraph (a), for a newly hired covered employee no later than 14 days after the  
64.31 covered employee's first day of employment; and



(2) for paragraph (b), no later than the 14th day prior to the date of the first paycheck from which employee contributions could be deducted for transmittal to the program.

Subd. 2. **Notice and waiver.** Before assessing a penalty under subdivision 1, the board must provide the covered employer with a written notice informing the covered employer of the amount of the penalty and that the penalty will not be assessed if:

(1) the covered employer cures the violation no later than 30 days after the date of the notice; or

(2) the board waives the penalty at the request of the covered employer due to extenuating circumstances.

Subd. 3. **Failure to remit contributions.** (a) If the executive director has reason to believe, based on communication from a covered employee or another source, that a covered employer has failed to comply with section 187.07, subdivision 2, by not remitting payroll deduction contributions withheld from the paycheck of one or more covered employees within 30 days after the deduction is withheld, the executive director must make a written demand to the covered employer requiring the covered employer to immediately remit to the program the withheld contributions plus interest at the annual rate specified in section 356.59, subdivision 2, for the period beginning with the tenth day after the contribution was deducted from the covered employee's paycheck to the date the contribution is remitted to the program.

(b) Any covered employer that willfully and intentionally fails to remit a payroll deduction contribution within ten days after demand from the executive director is guilty of a misdemeanor.

(c) If the executive director issues a written demand to a covered employer under paragraph (a) for a second time, the executive director must assess a penalty of \$250 for each employee contribution withheld but not transmitted to the program.

Subd. 4. **Action; damages.** (a) A covered employee or the attorney general, upon referral from the board, may bring a civil action against a covered employer for a failure to enroll covered employees, distribute information, or remit contributions under section 187.07, subdivisions 1 to 3. A covered employer who is found to have violated these subdivisions is liable to the program for the civil penalties provided for in this section. A covered employer who is found to have violated these subdivisions is liable for compensatory damages and other appropriate relief including but not limited to injunctive relief.

(b) The attorney general, upon referral from the board, may bring a criminal action against a covered employer for the willful and intentional failure to remit contributions under section 187.07, subdivision 2.

(c) An action brought under paragraph (a) or (b) may be filed in the district court of the county in which a violation is alleged to have been committed, where the covered employer resides or has a principal place of business, or any other court of competent jurisdiction.

(d) In an action brought under paragraph (a) or (b), the court must order a covered employer who is found to have committed a violation to pay to the program or covered employee, as appropriate, reasonable costs, disbursements, witness fees, and attorney fees.

Sec. 16. **EFFECTIVE DATE.**

Sections 1 to 15 are effective the day following final enactment.

**ARTICLE 10**

**PUBLIC PENSION PLANS: AMORTIZATION OF LIABILITIES; CORRECTION OF ERRORS**

Section 1. Minnesota Statutes 2024, section 356.215, subdivision 1, is amended to read:

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

(b) "Actuarial valuation" means a set of calculations prepared by an actuary retained under section 356.214 if so required under section 3.85, or otherwise, by an approved actuary, to determine the normal cost and the accrued actuarial liabilities of a benefit plan, according to the entry age actuarial cost method and based upon stated assumptions including, but not limited to rates of interest, mortality, salary increase, disability, withdrawal, and retirement and to determine the payment necessary to amortize over a stated period any unfunded accrued actuarial liability disclosed as a result of the actuarial valuation of the benefit plan.

(c) "Approved actuary" means:

(1) a person who is regularly engaged in the business of providing actuarial services and who is a fellow in the Society of Actuaries; or

(2) a firm that retains a person described in clause (1) on its staff.

(d) "Entry age actuarial cost method" means an actuarial cost method under which the actuarial present value of the projected benefits of each individual currently covered by the

benefit plan and included in the actuarial valuation is allocated on a level basis over the service of the individual, if the benefit plan is governed by section 424A.093, or over the earnings of the individual, if the benefit plan is governed by any other law, between the entry age and the assumed exit age, with the portion of the actuarial present value which is allocated to the valuation year to be the normal cost and the portion of the actuarial present value not provided for at the valuation date by the actuarial present value of future normal costs to be the actuarial accrued liability, with aggregation in the calculation process to be the sum of the calculated result for each covered individual and with recognition given to any different benefit formulas which may apply to various periods of service.

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

(f) "Actuarial value of assets" means the market value of all assets as of the preceding June 30, reduced by:

(1) 20 percent of the difference between the actual net change in the market value of total assets between the June 30 that occurred three years earlier and the June 30 that occurred four years earlier and the computed increase in the market value of total assets over that fiscal year period if the assets had earned a rate of return on assets equal to the annual percentage investment return assumption used in the actuarial valuation for the July 1 that occurred four years earlier;

(2) 40 percent of the difference between the actual net change in the market value of total assets between the June 30 that occurred two years earlier and the June 30 that occurred three years earlier and the computed increase in the market value of total assets over that fiscal year period if the assets had earned a rate of return on assets equal to the annual percentage investment return assumption used in the actuarial valuation for the July 1 that occurred three years earlier;

(3) 60 percent of the difference between the actual net change in the market value of total assets between the June 30 that occurred one year earlier and the June 30 that occurred two years earlier and the computed increase in the market value of total assets over that fiscal year period if the assets had earned a rate of return on assets equal to the annual percentage investment return assumption used in the actuarial valuation for the July 1 that occurred two years earlier; and

(4) 80 percent of the difference between the actual net change in the market value of total assets between the most recent June 30 and the June 30 that occurred one year earlier and the computed increase in the market value of total assets over that fiscal year period if

the assets had earned a rate of return on assets equal to the annual percentage investment return assumption used in the actuarial valuation for the July 1 that occurred one year earlier.

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

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

(h) "Standards for actuarial work" means the document required under section 3.85, subdivision 10, to be adopted by the Legislative Commission on Pensions and Retirement as so adopted and amended from time to time.

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

Sec. 2. Minnesota Statutes 2024, section 356.215, subdivision 4, is amended to read:

Subd. 4. **Actuarial valuation; contents.** (a) The actuarial valuation must be made in conformity with the requirements of the definition contained in subdivision 1 and the ~~most recent~~ standards for actuarial work ~~adopted by the Legislative Commission on Pensions and Retirement.~~

(b) The actuarial valuation must measure all aspects of the benefit plan of the fund in accordance with changes in benefit plans, if any, and salaries reasonably anticipated to be in force during the ensuing fiscal year. The actuarial valuation must be prepared in accordance with the entry age actuarial cost method. The actuarial valuation required under this section must include the information required in subdivisions 5 to 15.

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

Sec. 3. Minnesota Statutes 2024, section 356.215, subdivision 8, is amended to read:

Subd. 8. **Actuarial assumptions.** (a) The actuarial valuation must use the applicable following investment return assumption:

plan	investment return assumption
general state employees retirement plan	7%
correctional state employees retirement plan	7

69.1	State Patrol retirement plan	7
69.2	legislators retirement plan, and for the	0
69.3	constitutional officers calculation of total plan	
69.4	liabilities	
69.5	judges retirement plan	7
69.6	general public employees retirement plan	7
69.7	public employees police and fire retirement plan	7
69.8	local government correctional service retirement	7
69.9	plan	
69.10	teachers retirement plan	7
69.11	St. Paul teachers retirement plan	7
69.12	Bloomington Fire Department Relief Association	6
69.13	local monthly benefit volunteer firefighter relief	5
69.14	associations	
69.15	monthly benefit retirement plans in the statewide	6
69.16	volunteer firefighter retirement plan	
69.17	(b) The actuarial valuation for each of the covered retirement plans listed in section	
69.18	356.415, subdivision 2, and the St. Paul Teachers Retirement Fund Association must take	
69.19	into account the postretirement adjustment rate or rates applicable to the plan as specified	
69.20	in section 354A.29, subdivision 7, or 356.415, whichever applies.	
69.21	(c) The actuarial valuation must use the applicable salary increase and payroll growth	
69.22	assumptions found in the appendix to the standards for actuarial work <del>adopted by the</del>	
69.23	<del>Legislative Commission on Pensions and Retirement pursuant to section 3.85, subdivision</del>	
69.24	<del>10.</del> The appendix must be updated whenever new assumptions have been approved or	
69.25	deemed approved under subdivision 18.	
69.26	(d) The assumptions set forth in the appendix to the standards for actuarial work continue	
69.27	to apply, unless a different salary assumption or a different payroll increase assumption:	
69.28	(1) has been proposed by the governing board of the applicable retirement plan;	
69.29	(2) is accompanied by the concurring recommendation of the actuary retained under	
69.30	section 356.214, subdivision 1, if applicable, or by the approved actuary preparing the most	
69.31	recent actuarial valuation report if section 356.214 does not apply; and	
69.32	(3) has been approved or deemed approved under subdivision 18.	
69.33	<b><u>EFFECTIVE DATE.</u></b> This section is effective the day following final enactment.	

70.1 Sec. 4. Minnesota Statutes 2024, section 356.215, subdivision 11, is amended to read:

70.2 Subd. 11. **Amortization contributions.** (a) ~~In addition to the exhibit indicating the level~~  
70.3 ~~normal cost,~~ The actuarial valuation of ~~the retirement~~ each pension plan listed in subdivision  
70.4 8, paragraph (a), other than the legislators retirement plan and relief association plans, must  
70.5 contain an exhibit ~~for financial reporting purposes~~ indicating the additional annual  
70.6 contribution sufficient to amortize on a level percent of payroll basis the unfunded actuarial  
70.7 accrued liability ~~and must contain an exhibit indicating the additional contribution sufficient~~  
70.8 ~~to amortize the unfunded actuarial accrued liability.~~ For the retirement plans listed in  
70.9 subdivision 8, paragraph (a), ~~but excluding the legislators retirement plan, the Bloomington~~  
70.10 ~~Fire Department Relief Association, and the local monthly benefit volunteer firefighter~~  
70.11 ~~relief associations, the additional contribution must be calculated on a level percentage of~~  
70.12 ~~covered payroll basis by the established date for full funding in effect when the valuation~~  
70.13 ~~is prepared, assuming annual payroll growth at the applicable percentage rate set forth in~~  
70.14 ~~the appendix described in subdivision 8, paragraph (c).~~ For the legislators retirement plan,  
70.15 ~~the additional annual contribution must be calculated on a level annual dollar amount basis.~~  
70.16 resulting from any of the following changes, over the period specified for that change, except  
70.17 that the pension plan's unfunded actuarial accrued liability as of July 1, 2024, must be  
70.18 amortized over a period that ends June 30, 2048:

70.19 (1) experience gain or loss: 15 years;

70.20 (2) assumption or method change: 20 years;

70.21 (3) benefit change for active members: 15 years;

70.22 (4) long-term benefit change for inactive members: 15 years;

70.23 (5) short-term benefit change for inactive members: the number of years during which  
70.24 the benefit change will be in effect; and

70.25 (6) an annual contribution that is more or less than the actuarially determined contribution:  
70.26 15 years.

70.27 (b) The amortization periods specified in paragraph (a) apply:

70.28 (1) unless the standards for actuarial work state otherwise; and

70.29 (2) except that, for the legislators retirement plan, the additional annual contribution  
70.30 sufficient to amortize the unfunded actuarial accrued liability must be calculated on a level  
70.31 dollar basis with an amortization period of one year.

~~(b) This paragraph applies only if the calculation under this paragraph for a retirement plan results in an established date for full funding that is earlier than the established date for full funding applicable to the retirement plan under paragraph (c). For any retirement plan, if there has been a change in any or all of the actuarial assumptions used for calculating the actuarial accrued liability of the fund, a change in the benefit plan governing annuities and benefits payable from the fund, a change in the actuarial cost method used in calculating the actuarial accrued liability of all or a portion of the fund, or a combination of the three, and the change or changes, by itself or by themselves and without inclusion of any other items of increase or decrease, produce a net increase in the unfunded actuarial accrued liability in the fund, the established date for full funding must be determined using the following procedure:~~

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

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

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

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

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

~~(vi) the period in which the unfunded actuarial accrued liability amount determined in item (iii) is amortized by the total level annual dollar or level percentage amortization contribution computed under item (v) must be calculated using the investment return~~

72.1 ~~assumption specified in subdivision 8 in effect after any applicable change, rounded to the~~  
72.2 ~~nearest integral number of years, but not to exceed 30 years from the end of the plan year~~  
72.3 ~~in which the determination of the established date for full funding using the procedure set~~  
72.4 ~~forth in this clause is made and not to be less than the period of years beginning in the plan~~  
72.5 ~~year in which the determination of the established date for full funding using the procedure~~  
72.6 ~~set forth in this clause is made and ending by the date for full funding in effect before the~~  
72.7 ~~change; and~~

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

72.11 ~~(e) The established date for full funding is the date provided for each of the following~~  
72.12 ~~plans:~~

72.13 ~~(i) for the general employees retirement plan of the Public Employees Retirement~~  
72.14 ~~Association, the established date for full funding is June 30, 2048;~~

72.15 ~~(ii) for the Teachers Retirement Association, the established date for full funding is June~~  
72.16 ~~30, 2048;~~

72.17 ~~(iii) for the correctional state employees retirement plan and the State Patrol retirement~~  
72.18 ~~plan of the Minnesota State Retirement System, the established date for full funding is June~~  
72.19 ~~30, 2048;~~

72.20 ~~(iv) for the judges retirement plan, the established date for full funding is June 30, 2048;~~

72.21 ~~(v) for the local government correctional service retirement plan and the public employees~~  
72.22 ~~police and fire retirement plan, the established date for full funding is June 30, 2048;~~

72.23 ~~(vi) for the St. Paul Teachers Retirement Fund Association, the established date for full~~  
72.24 ~~funding is June 30, 2048; and~~

72.25 ~~(vii) for the general state employees retirement plan of the Minnesota State Retirement~~  
72.26 ~~System, the established date for full funding is June 30, 2048.~~

72.27 ~~(d) For the retirement plans for which the annual actuarial valuation indicates an excess~~  
72.28 ~~of valuation assets over the actuarial accrued liability, the valuation assets in excess of the~~  
72.29 ~~actuarial accrued liability must be recognized as a reduction in the current contribution~~  
72.30 ~~requirements by an amount equal to the amortization of the excess expressed as a level~~  
72.31 ~~percentage of pay over a 30-year period beginning anew with each annual actuarial valuation~~  
72.32 ~~of the plan.~~



73.1 **EFFECTIVE DATE.** This section is effective beginning with the July 1, 2025, actuarial  
73.2 valuations.

73.3 Sec. 5. Minnesota Statutes 2024, section 356.215, subdivision 17, is amended to read:

73.4 Subd. 17. **Actuarial services by approved actuaries.** (a) The actuarial valuation or  
73.5 quadrennial experience study must be made and any actuarial consulting services for a  
73.6 retirement fund or plan must be provided by an approved actuary. The actuarial valuation  
73.7 or quadrennial experience study must include a signed written declaration that it has been  
73.8 prepared according to sections 356.20 to 356.23 and according to the ~~most recent~~ standards  
73.9 for actuarial work ~~adopted by the Legislative Commission on Pensions and Retirement.~~

73.10 (b) Actuarial valuations or experience studies prepared by an approved actuary retained  
73.11 by a retirement fund or plan must be submitted to the Legislative Commission on Pensions  
73.12 and Retirement within ten days of the submission of the document to the retirement fund  
73.13 or plan.

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

73.15 Sec. 6. Minnesota Statutes 2024, section 356.636, subdivision 2, is amended to read:

73.16 Subd. 2. **Correction of errors.** (a) The executive director of a pension fund may correct  
73.17 ~~an operational, demographic, or employer or employee eligibility error;~~ made by a pension  
73.18 fund or an error in a plan document that is not a statute if the executive director determines  
73.19 that correction is necessary or appropriate to preserve and protect the tax qualification of  
73.20 any pension or retirement plan listed in section 356.611, subdivision 6, that is ~~part of~~  
73.21 administered by the pension fund. The method of correction must comply with the Internal  
73.22 Revenue Service Employee Plans Compliance Resolution System (EPCRS) or any successor  
73.23 thereto, if the EPCRS addresses the error and correction.

73.24 (b) To the extent deemed necessary by the executive director to implement correction,  
73.25 the executive director may:

73.26 (1) make distributions;

73.27 (2) transfer assets;

73.28 (3) recover an overpayment by reducing future benefit payments or designating  
73.29 appropriate revenue or source of funding that will restore to the plan the amount of the  
73.30 overpayment; or

(4) take any other action that will restore the plan and any affected member or participant to the position the plan, member, or participant would have been in had the error not occurred.

(c) An executive director may correct an error under paragraph (a) or (b) without regard to any statute that imposes a time limitation on making such correction.

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

Sec. 7. Minnesota Statutes 2024, section 356.636, subdivision 3, is amended to read:

Subd. 3. **Annual report.** (a) The executive director of each pension fund must submit a report annually, no later than each February 1, to the chair and executive director of the Legislative Commission on Pensions and Retirement ~~on whether the executive director of the pension fund corrected any operational, demographic, employer or employee eligibility,~~ no later than each February 1. The report must describe each error or plan document error corrected under subdivision 2 during the preceding calendar year-, other than:

(1) an error corrected in the ordinary course of business; and

(2) correction authorized by current law, including but not limited to correction authorized under sections 352.04, 353.27, 354.42, 356.401, and 356.637.

(b) The report must describe the error, the pension or retirement plan affected by the error, the method of correction, and the cost, if any, to the pension or retirement plan, employee, or employer of the error and correction.

(c) An error is corrected in the ordinary course of business if it is a correction or cancellation of an overpayment or an adjustment of an ongoing annuity amount.

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

Delete the title and insert:

"A bill for an act

relating to retirement; Minnesota State Retirement System, making administrative changes, increasing the formula multiplier and the postretirement adjustment for the general state employees retirement plan, and increasing the postretirement adjustment for the legislators and unclassified retirement plans; Public Employees Retirement Association, making administrative changes, increasing the cap on the postretirement adjustment for the general employees retirement plan, expanding the privatization requirements to include all governmental subdivisions and revising the method for calculating withdrawal liability owed when a governmental subdivision privatizes; implementing the recommendations of the MSRS correctional plan eligibility work group, the amortization work group, and the State Auditor's fire relief association working group; increasing the employer contribution maximum for the higher education supplemental retirement plan; increasing the maximum lump-sum benefit level for defined benefit firefighter relief associations; Minnesota Secure Choice Retirement Program, making administrative changes, authorizing the commissioner of employment and economic

75.1 development to disclose information to the executive director, and adding penalties  
75.2 for noncompliance; modifying the pension fund executive directors' authority to  
75.3 correct errors and modifying the annual reporting requirement; repealing the  
75.4 investment business recipient disclosure reporting requirement for firefighter relief  
75.5 associations; amending Minnesota Statutes 2024, sections 116J.401, by adding a  
75.6 subdivision; 187.03, subdivisions 5, 7, by adding a subdivision; 187.05,  
75.7 subdivisions 4, 6, by adding a subdivision; 187.07, subdivisions 1, 2, 3, 6; 187.08,  
75.8 subdivisions 3, 7; 187.11; 352.01, by adding a subdivision; 352.029, subdivision  
75.9 3; 352.03, subdivision 5; 352.115, subdivision 3; 352.22, subdivisions 2b, 3;  
75.10 352.90; 352.93, subdivision 1; 352.955, subdivision 1; 353.01, subdivisions 2a,  
75.11 2b, 2d; 353.028, subdivisions 2, 3; 353.27, subdivision 3a; 353.34, subdivision 5;  
75.12 353D.02, subdivisions 1, 2, 3, 4, 5, 6, 7; 353E.06, subdivision 1; 353F.01; 353F.02,  
75.13 subdivisions 3, 4b, 5a, 6, by adding subdivisions; 353F.025; 353F.03; 353F.04;  
75.14 353F.05; 353F.051, subdivisions 1, 2; 353F.052; 353F.057; 353F.06; 353F.07;  
75.15 353F.08; 353F.09; 356.215, subdivisions 1, 4, 8, 11, 17; 356.24, subdivision 1;  
75.16 356.415, subdivisions 1, 1b; 356.636, subdivisions 2, 3; 424A.014, subdivision 2;  
75.17 424A.015, subdivision 4; 424A.016, subdivisions 2, 6; 424A.02, subdivision 3;  
75.18 424A.05, subdivision 3; 424A.06, subdivision 2; 424A.092, subdivisions 2, 3, 4;  
75.19 424A.093, subdivision 5; proposing coding for new law in Minnesota Statutes,  
75.20 chapters 187; 352; repealing Minnesota Statutes 2024, sections 352.91, subdivisions  
75.21 1, 2, 2a, 3c, 3d, 3e, 3f, 3g, 3h, 3i, 3j, 4a, 4b, 4c, 6; 353F.02, subdivision 4a;  
75.22 356A.06, subdivision 5; 424A.015, subdivision 5."