



TO:

FROM: Lawrence A. Martin, Executive Director

RE: Draft Proposed Legislation LCPR03-252: Establishment of Special Retirement Plan Coverage For Probation/Parole Officers and "911" Dispatchers

DATE: October 30, 2003

### Introduction

In response to your recent request, transmitted by Chris Cowen of the American Federation of State, County, and Municipal Employees, Council 6, attached is draft proposed legislation LCPR03-252 to establish special retirement plan coverage for probation officers, parole officers, and "911" emergency dispatchers as outlined in reports prepared for the Legislative Commission on Pensions and Retirement by a special Correctional Coverage Advisory Committee and subsequently adapted by Mr. Cowen and Sherry Munyon.

### Summary of Special Correctional Coverage Advisory Committee Reports

The Legislative Commission on Pensions and Retirement established a task force during the 2002-2003 Interim to gather information regarding providing retirement coverage to probation officers and emergency dispatchers under the Minnesota State Retirement System or the Public Employees Retirement Association Correctional Plans.

The task force consisted of 11 members, with a 24-person ancillary committee of interested parties. The two groups included:

#### Advisory Task Force

##### Membership

David Bergstrom, Chair  
Mary Vanek  
Rick Juth

Bob Johnson  
Brian Bergson  
Chris Cowen  
Lana Bjorgum  
Keith Carlson  
Gary Carlson  
Ruth Dahl  
Michele Tuchner

##### Representing

Minnesota State Retirement System  
Public Employees Retirement Association  
State Patrol and Minnesota Chapter of the Association of Public Safety Communications Officials International  
Teamsters Local 320  
MAPE  
AFSCME  
Minnesota Association of County Probation Officers  
Metropolitan Inter-County Association  
League of Minnesota Cities  
Department of Corrections  
State Patrol Designee

#### Ancillary Committee

##### Membership

Terryl Arola  
Mary Jo Balzart  
Julie Bleyhl  
Diana Borash  
Ed Burek  
Paul Cegla  
Henry Erdman  
Cathy Fah  
Anne Finn  
Patrick Guernsey  
Bob Haag  
Steven Johnson  
Mary Ann Mowatt  
Jim Mulder  
Sherry Munyon  
Randy Nelson

##### Representing

Pine County Court Services  
Hennepin County 911 Communicator  
AFSCME  
Association of Public Safety Communications Officials  
Legislative Commission on Pensions and Retirement  
Hennepin County  
Teamsters  
Department of Corrections  
League of Minnesota Cities  
AFSCME Local 552  
MAPE  
State Patrol  
Minnesota Corrections Association  
Association of Minnesota Counties  
Minnesota Association of County Probation Officers  
Department of Corrections

### Ancillary Committee

#### Membership

Chuck Ness  
Tom Peltier  
Tom Perkins  
Bob Peterson  
Cal Saari  
Robert Sutter  
Daniel Wells  
Curt Yoakum

#### Representing

Department of Corrections  
Minnesota Association of County Probation Officers  
Teamsters  
Washington County Bailiffs  
Public Employees Pension Services Association  
Department of Corrections  
CEO, Law Enforcement Labor Services  
Association of Minnesota Counties

The Advisory Task Force identified three broad arguments supporting the creation of special retirement coverage for post-sentencing officers and emergency dispatchers and three broad arguments against the special retirement coverage, as follows:

#### Assembled Supporting Arguments

- Post-sentencing officers work with criminals who are on probation and are subject to dangerous situations and emergency dispatchers are subject to increased stress levels.
- The street levels of increased workloads suggest enhanced retirement coverage.
- Several states have recognized the dangers and stress of post-sentencing officer and emergency dispatcher occupations and have provided enhanced retirement benefits.

#### Assembled Arguments Against

- Workers compensation claims by post-sentencing officers and emergency dispatchers do not support the need for additional coverage.
- Cities, counties and the state cannot afford the increased contributions required under the enhanced program.
- Many different groups can make arguments for enhanced retirement benefits due to stress and increased workloads and other groups will be asking for enhanced benefits.

The Advisory Task Force did not reach a consensus on all elements of the design and nature of the special retirement coverage, but did reach the following agreements about a special plan if the Legislature and the Governor agree that the creation of special retirement coverage for the two groups is appropriate:

1. Special Separate Plan Coverage. A new retirement plan should be created for post-sentencing officers, with state post-sentencing officers paying into a plan established under the Minnesota State Retirement System (MSRS), and city and county post-sentencing officers paying into a plan established under the Public Employees Retirement Association (PERA). The two plans would provide the same benefit levels.

A new retirement plan should be created for emergency dispatchers, with state emergency dispatchers paying into a plan established under MSRS, and city and county emergency dispatchers paying into a plan established PERA. The two plans would provide the same benefit levels.

2. Normal Retirement Age; Benefit Accrual Rate. The normal retirement age should be age 55 and the retirement formula should be between 1.7 percent and 1.9 percent.
3. Disability Benefits. For post-sentencing officers, the plan should not provide enhanced non-job-related disability benefits, but no consensus could be reached on job-related disability coverage.

For emergency dispatchers, the plan should not provide enhanced disability benefits.

4. Prospective Coverage Only. The enhanced plan should cover prospective service only and past service will remain in the MSRS General Employees Retirement Plan and the PERA Coordinated Plan.
5. Coverage Groups. Coverage should only be extended to employees who meet a predetermined percentage of time working with criminals on probation. Coverage should only be extended to employees who meet a predetermined definition of emergency dispatcher. Coverage would be extended to part-time employees of both groups if they meet the requirements for coverage.
6. Mandatory Coverage. Coverage would be mandated for all employees of both groups and there would not be an option to remain in the existing plans.

### Subsequent Adaptation of the Advisory Task Force Proposal

During an October 23, 2003, meeting with Chris Cowen, AFSCME, and Sherry Munyon, Minnesota Association of County Probation Officers, some adaptations were made in the proposal assembled by the Advisory Task Force.

The adaptations suggested by Mr. Cowen and Ms. Munyon were as follows:

1. Benefit Accrual Rate. The benefit accrual rate formula percentage for the retirement annuity provided to emergency dispatchers and post-sentencing officers would be 1.9 percent per year of allowable service.
2. No Enhanced Disability Coverage. Emergency dispatchers and post-sentencing officers would have general employee-style disability benefit coverage rather than public safety-style disability benefit coverage, without the provision of larger disability benefits for duty-related or non-duty-related disabilities, and requiring the existence of a total and permanent disability rather than an inability to perform the duties of an emergency dispatcher or post-sentencing officers as the qualification for receipt of a disability benefit.
3. Majority of Employment Time in Emergency Dispatcher or Post-Sentencing Officer Duties Qualifies for Coverage. To qualify for the special retirement coverage, an emergency dispatcher or a post-sentencing officer would be required to spend a majority of their employment time in those types of duties.
4. Single Retirement Plan Administered by PERA. Instead of four retirement plans, one for State post-sentencing officers administered by the Minnesota State Retirement System (MSRS), one for local government post-sentencing officers administered by the Public Employees Retirement Association (PERA), one for State emergency dispatchers administered by MSRS, and one for local government emergency dispatchers administered by PERA, the special retirement coverage would be in the form of one retirement plan for all levels of government, with the plan administered by PERA.
5. Older Current Employee Opt Out Permitted. Older current governmental employees who serve as emergency dispatchers or post-sentencing officers are permitted to elect to retain Minnesota State Retirement System General State Employees Retirement Plan (MSRS-General) or Public Employees Retirement Association General Employees Retirement Plan (PERA-General) coverage rather than coverage by the proposed retirement plan.
6. State General Fund-funded Actuarial Study. An actuarial cost estimate of the new plan, funded from the State General Fund and prepared by the consulting actuary retained by the Legislative Commission on Pensions and Retirement would be prepared.
7. Effective Dates. The actuarial study funding would be effective for July 1, 2004, and the new plan would be effective on July 1, 2005.

#### Summary of Draft Proposed Legislation LCPR03-252

Draft proposed legislation LCPR03-252 creates Minnesota Statutes, new Chapter 353G, and makes conforming amendments to various provisions of Minnesota Statutes, Chapters 3, 352, 353, 355, and 356, by specifying the benefit plan and administrative provisions of the new Post-Sentencing Officers and Emergency Dispatchers Retirement Plan of the Public Employees Retirement Association (PERA-Dispatcher/Probation). The benefit plan is similar to a public safety employee retirement coverage, with an earlier normal retirement age (age 55), a higher benefit accrual rate (1.9 percent per year of allowable service), and higher member and employer contribution rates, but is similar to general employee retirement plans in its disability benefit coverage (requires total and permanent disability and has no minimum duty-related benefit) and in its survivor benefit coverage. The plan would be administered by PERA. Current emergency dispatchers and post-sentencing officers would become members of the new plan on a mandatory basis, unless they are age 45 on July 1, 2005, and elect to retain their current coverage, and would have that coverage for all prospective service. Pre-July 1, 2005, coverage and new plan coverage would result in a Combined Service Annuity under Minnesota Statutes, Section 356.30. Covered personnel would be governmental employees who spend a majority of their employment time as post-sentencing officers or primary emergency dispatchers, as certified by their employing units, including part-time employees. An actuarial cost estimate would be prepared during Fiscal Year 2005 and the plan would commence at the start of Fiscal Year 2006.

#### Discussion and Analysis

Draft proposed legislation LCPR03-252 creates a single new retirement plan in Fiscal Year 2006 for post-sentencing officers and emergency dispatchers employed by the state or by local government, largely replicating the local government correctional service retirement plan of the Public Employees Retirement Association (PERA-Correctional). The plan would cover most probation and parole officers and most "911" emergency communications dispatchers for prospective service, sets the normal retirement age at

age 55, increases the annual benefit accrual formula rate at 1.9 percent per year of service, and sets the member and employer contribution rates at an amount to be determined after an actuarial cost estimate prepared in Fiscal Year 2005.

If introduced during the 2004 Legislative Session and heard by the Legislative Commission on Pensions and Retirement, draft proposed legislation LCPR03-252 will raise the following pension and related public policy issues for potential Commission and legislative consideration:

1. Appropriateness of the Creation of Additional Statewide Public Pension Plans. The policy issue is the appropriateness of creating additional statewide public pension plans in Minnesota. The proposed legislation would create four additional statewide public pension plans, bringing the statewide and major local pension plan total for the state to 18. A substantial number of public pension plans already exist in Minnesota and the desirability of increasing that number is questionable. Minnesota is the 12<sup>th</sup> largest state in land area, the 20<sup>th</sup> largest state in population, the 6<sup>th</sup> largest state in the total number of local governmental units, 21<sup>st</sup> in the number of public employees per 10,000 population, but has the 2<sup>nd</sup> largest number of public employee pension plans (824). The Commonwealth of Pennsylvania (which is 33<sup>rd</sup> in land area, 5<sup>th</sup> in population, 2<sup>nd</sup> in local governmental units, and 50<sup>th</sup> in the number of public employees per 10,000 population) has the largest number, with 2,365 public pension plans. If the change sought in the proposed legislation is appropriate and if the change could be obtained through the inclusion of these employees in some existing pension plan, that would be preferable to the creation of a separate new pension plan.
2. Appropriateness of One Post-Sentencing Officers and Emergency Dispatchers Retirement Plan. The policy issue is the appropriateness of creating one retirement plan rather than four retirement plans for post-sentencing officers and emergency dispatchers, if separate pension plan coverage for these governmental employees is determined to be appropriate. The rationale for the creation of four separate pension plans for these employees appears to be concerns, insecurities, or rivalries between probation/parole officers and emergency dispatchers and between the Minnesota State Retirement System (MSRS) and the Public Employees Retirement Association (PERA). Post-sentencing officers appear to have little in common with emergency dispatchers as groups, present a different rationale for the acquisition of public safety employee-like pension coverage, and appear concerned that weaknesses in the policy argument for the proposed retirement coverage change of one group may damage the attempts for both. While post-sentencing officers deal with convicted law offenders, largely in person, as they reenter or remain in general society, emergency dispatchers deal with the members of the general public by telephone in crisis situations. Post-sentencing officers generally argue the physical danger and hazard of dealing with former offenders as the basis for their need for special pension coverage, while emergency dispatchers generally argue the negative impact of periodic stressful working circumstances as the basis for their need for special pension coverage. Although the pension benefit plan proposed for the two groups is essentially identical, the Advisory Task Force proposed separate plans, probably to avoid dealing with actual or perceived problems that arise in connection with the other group. The number of plans proposed by the Advisory Task Force is further multiplied by the unwillingness of MSRS and PERA as administrative entities to relinquish any current membership group to a plan run by the other retirement plan administration. Although MSRS primarily runs plans populated by employees of the state, and PERA primarily runs plans populated by local government employees, each plan deals with the other level of government and would be capable of administering a plan that included employees of both levels. The adaptation made by Chris Cowen and Sherry Munyon and reflected in Document LCPR03-252 proposes a single plan for both groups administered by PERA. If further Commission consideration of the proposal indicates that either group does not have a well-founded argument for quasi-public safety employee pension coverage or for quasi-public safety employee pension coverage with varied provisions, the appropriate response would be to drop the group with the weaker argument or to create separate pension plans for each group. If further Commission consideration of the proposal indicates that utilizing a single pension plan administration is inappropriate for one level of government or the other, the appropriate response would be to establish separate state-level and local-level pension plans. However, these choices could lead to four very small statewide pension plans rather than the proposed single small statewide pension plan.
3. Potential for Including Proposed Membership Groups in an Existing Plan. The policy issue is the existence of an alternative remedy to the benefit change underlying the proposed legislation, which is the potential for expanding the coverage of the Local Government Correctional Employees Retirement Plan of the Public Employees Retirement Association (PERA-Correctional). PERA-Correctional was established in 1999 and was the initial focus for this proposed pension coverage change in 2001. The PERA-Correctional Retirement Plan basically contains the benefit plan that is sought by the two employee groups and has the administrative support and operations structure for a plan that would not

require any great deal of alteration if a membership expansion were approved. The essential plan is a version of a public safety employee-like retirement plan. The following sets forth the 2002 actuarial valuation results for the current statewide public safety employee-like retirement plans, to provide a basis for membership size and actuarial cost comparisons:

	MSRS-Correctional 2002		PERA-Correctional 2002		State Patrol 2002		PERA-P&F 2002	
<u>Membership</u>								
Active Members		3,249		3,270		810		9,940
Service Retirees		754		35		577		4,191
Disabilitants		115		26		29		574
Survivors		69		2		156		1,206
Deferred Retirees		550		282		27		637
Nonvested Former Members		<u>268</u>		<u>488</u>		<u>11</u>		<u>663</u>
Total Membership		5,005		4,103		1,610		17,211
<u>Funded Status</u>								
Accrued Liability		\$446,426,000		\$42,144,000		\$510,344,000		\$3,886,311,000
Current Assets		<u>\$457,416,000</u>		<u>\$40,105,000</u>		<u>\$591,383,000</u>		<u>\$4,707,255,000</u>
Unfunded Accrued Liability		(\$10,990,000)		\$2,039,000		(\$81,039,000)		(\$820,944,000)
Funding Ratio	102.46%		95.16%		115.88%		121.12%	
<u>Financing Requirements</u>								
Covered Payroll		\$131,232,000		\$106,400,000		\$51,473,000		\$541,250,000
Benefits Payable		\$17,105,000		\$338,000		\$33,031,000		\$212,405,000
Normal Cost	14.97%	\$19,646,000	13.83%	\$14,717,000	22.62%	\$11,649,000	20.22%	\$109,474,000
Administrative Expenses	<u>0.21%</u>	<u>\$276,000</u>	<u>0.14%</u>	<u>\$149,000</u>	<u>0.20%</u>	<u>\$103,000</u>	<u>0.12%</u>	<u>\$650,000</u>
Normal Cost & Expense	15.18%	\$19,922,000	13.97%	\$14,866,000	22.82%	\$11,752,000	20.34%	\$110,124,000
Normal Cost & Expense	15.18%	\$19,922,000	13.97%	\$14,866,000	22.82%	\$11,752,000	20.34%	\$110,124,000
Amortization	<u>(0.45%)</u>	<u>(\$591,000)</u>	<u>0.12%</u>	<u>\$128,000</u>	<u>(8.48%)</u>	<u>(\$4,365,000)</u>	<u>(7.26%)</u>	<u>(\$39,295,000)</u>
Total Requirements	14.73%	\$19,331,000	14.09%	\$14,994,000	14.34%	\$7,387,000	13.08%	\$70,829,000
Employee Contributions	5.69%	\$7,467,000	5.83%	\$6,203,000	8.40%	\$4,324,000	6.20%	\$33,558,000
Employer Contributions	7.98%	\$10,472,000	8.75%	\$9,310,000	12.60%	\$6,486,000	9.30%	\$50,336,000
Employer Add'l Cont.	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0
Direct State Funding	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0
Other Govt. Funding	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0
Administrative Assessment	<u>0.00%</u>	<u>\$0</u>	<u>0.00%</u>	<u>\$0</u>	<u>0.00%</u>	<u>\$0</u>	<u>0.00%</u>	<u>\$0</u>
Total Contributions	13.67%	\$17,939,000	14.58%	\$15,513,000	21.00%	\$10,810,000	15.50%	\$83,894,000
Total Requirements	14.73%	\$19,331,000	14.09%	\$14,994,000	14.34%	\$7,387,000	13.08%	\$70,829,000
Total Contributions	<u>13.67%</u>	<u>\$17,939,000</u>	<u>14.58%</u>	<u>\$15,513,000</u>	<u>21.00%</u>	<u>\$10,810,000</u>	<u>15.50%</u>	<u>\$83,894,000</u>
Deficiency (Surplus)	1.06%	\$1,392,000	(0.49%)	(\$519,000)	(6.66%)	(\$3,423,000)	(2.42%)	(\$13,065,000)
Amortization Target Date	2032		2023		2032		2032	
Actuary	Milliman USA		Milliman USA		Milliman USA		Milliman USA	

4. Actuarial Cost of the Proposed Retirement Plan. The policy issue is the actuarial cost of the proposed new retirement plan for post-sentencing officers and emergency dispatchers. The Advisory Task Force was requested by the Legislative Commission on Pensions and Retirement also to identify the individuals who would be covered by the new plan, in order to allow for actuarial cost estimates to be prepared, but apparently was unable to fully delineate the specific definitions that would govern membership in the plans and consequently failed to produce any information about the demographic groups for coverage by the new plans. Hence, no actuarial cost estimates are currently available and no actuarial cost estimates will be able to be prepared in the near future. The proposed legislation requires the MSRS and PERA executive directors to assemble the demographic data necessary for an actuarial cost estimate to be prepared, with the estimate funded for preparation prior to the 2005 Legislative Session. The resulting actuarial cost estimate, if it follows the pattern of the actuarial work for the PERA-Local Correctional Retirement Plan, will likely produce results significantly at variance from the initial actuarial valuation prepared after the retirement plan is established, and from the second actuarial valuation prepared after the membership provisions of the retirement plan are refined after the plan’s first year of operation. If a single plan is not created, the situation becomes more complicated. A subdivision of the post-sentencing officers and emergency dispatchers group into four separate plans will result in four small membership plans, with likely highly variable actuarial cost results due to the impact of a small number of demographic differences. While no past service is

proposed to be transferred from the Public Employees Retirement Association General Employees Retirement Plan (PERA-General) or from the Minnesota State Retirement System General State Employees Retirement Plan (MSRS-General), the current (later than actual) entry ages will likely produce a higher initial normal cost than the plan will have in a few years, as true new entrants begin to predominate. Thus, any initial normal cost result from an actuarial cost estimate will likely constitute a poor basis for setting a long-term member contribution rate.

- Appropriateness of the Plan Design. The policy issues are the comparability of these post-sentencing officers and emergency dispatchers to current Minnesota public safety employee pension plan members generally and to the MSRS-Correctional Plan and PERA-Correctional Plan members specifically and the relative benefit adequacy of the proposed plan compared to the Public Employees Police and Fire plan (PERA-P&F) and the State Patrol Retirement Plan. The proposed legislation would create public safety-type pension plan for various post-sentencing officers and emergency dispatchers that would be adjusted for the existence of Social Security coverage, substantially similar to the MSRS-Correctional and PERA-Correctional plans. When the MSRS-Correctional plan was established in 1973 for prison guards, as a result of the one instance of formal collective bargaining over a statewide Minnesota public pension plan, and then was expanded in 1974 to adult correctional facility teachers and trades personnel, and finally was expanded in 1996 to juvenile correctional facility teachers, trades personnel, nurses, and other high-inmate-contact employees, the Legislative Commission on Pensions and Retirement required considerable verification of the amount of inmate contact, of the relative hazard of the employment duties of the applicable positions, and of the relative comparability of state correctional service with police or fire employment hazards. When the PERA-Correctional plan was established in 1999 and its membership requirements refined in 2000, the Commission also did take testimony about the nature of local government correctional employee inmate contact and of the employment hazards of local correctional facility employment, including the level of duty-related injuries and the related medical problems in the affected population, the position descriptions of proposed plan members, and the level of inmate contact for applicable positions. The Legislative Commission on Pensions and Retirement should take additional testimony on the nature of the employment of these two groups.

Largely by virtue of its Social Security coverage, the MSRS-Correctional plan and the proposed PERA-Local Correctional plan provide different levels of replacement of preretirement income than the PERA-P&F plan and the State Patrol Retirement Plan. A comparison of those replacement rates for a person retiring with 30 years of service credit with a \$40,000 final salary (\$36,300 highest five-year final average salary) at various ages is as follows:

	Age	PERA-P&F	State Patrol	MSRS-Correctional	PERA-Correctional	Proposed Post-Sentencing Officer/Emergency Dispatcher Plan
	Age 55					
Plan Benefit		\$32,670	\$32,670	\$26,136	\$20,691	\$19,603
Soc. Sec. Benefit		<u>0</u>	<u>0</u>	<u>0*</u>	<u>0**</u>	<u>0**</u>
Total Benefit		\$32,670	\$32,670	\$26,136*	\$20,691	\$19,603
Final Salary Replacement %		81.68%	81.68%	65.34%	51.73%	49.01%
	Age 62					
Plan Benefit		\$32,670	\$32,670	\$26,136	\$20,691	\$19,603
Soc. Sec. Benefit		<u>0</u>	<u>0</u>	<u>11,520</u>	<u>11,520</u>	<u>11,520</u>
Total Benefit		\$32,670	\$32,670	\$37,656	\$32,211	\$31,123
Final Salary Replacement %		81.68%	81.68%	94.14%	80.53%	77.81%
	Age 65					
Plan Benefit		\$32,670	\$32,670	\$26,136	\$20,691	\$19,603
Soc. Sec. Benefit		<u>0</u>	<u>0</u>	<u>14,400</u>	<u>14,400</u>	<u>14,400</u>
Total Benefit		\$32,670	\$32,670	\$40,536	\$35,091	\$34,003
Final Salary Replacement %		81.68%	81.68%	101.36%	87.73%	85.01%
Member Contribution Rates		6.2 + 1.45%	8.4% + 1.45%	5.69% + 7.65%	5.83% + 7.65%	

\* Social Security benefit would not be payable until age 62 (reduced benefit) or until 65, or later for individuals born after 1937 (full benefit). For MSRS-Correctional, at age 62, a benefit of approximately \$11,520 could be payable, for a total benefit of \$37,656 (2.4 percent rate). At age 65, a benefit of approximately \$14,400 would be payable, for a total benefit of \$40,536 (2.4 percent rate). A retiring employee could elect to receive an actuarial equivalent optional annuity that would pay a higher benefit amount until the early reduced or full benefit age and then would be reduced to a smaller benefit amount for the balance of the retiree’s lifetime.

\*\* Similar results would occur for PERA-Correctional and the proposed plan.

6. Comparability of Post-Sentencing Officer and Emergency Dispatcher Employment Conditions Throughout the State. The policy issue is how comparable the employment conditions are of the various post-sentencing officers and emergency dispatchers throughout the state. It is unlikely that the employment hazards and conditions that gave rise to the proposed legislation are experienced by post-sentencing officers and emergency dispatchers uniformly across the state. When the Commission attempted to gather information on the employment positions and personnel to be included in this type of public pension coverage during the 2001-2002 interim, with only partial cooperation from local government employing units and consequent incomplete reporting, 62 different occupational titles were identified as post-sentencing officers or emergency dispatchers, as follows:

911 Dispatchers

911 Call Taker  
 911 Center Coordinator  
 911 Database Manager  
 911 Dispatch Lieutenant  
 911 Dispatch Sergeant  
 911 Dispatcher  
 911 Dispatcher Supervisor  
 911 Dispatcher/Jailer  
 911 Dispatcher/Jailer/Clerk  
 911 Dispatcher/Records  
 911 Dispatcher/Records Supervisor  
 911 Lead Dispatcher  
 911 Public Safety Dispatcher  
 Assistant Jail Administrator  
 Asst. Dir. of Emergency Communications & Records  
 Chief 911 Dispatcher  
 Civilian Communication Officer  
 Communication Shift Supervisor  
 Communication/Dispatch Sergeant  
 Communications Sergeant  
 Confidential Exec Secy/911 Dispatcher  
 Director of Emergency Communications & Records  
 ECC Manager  
 ECC Shift Supervisor  
 Emergency Comm Specialist  
 Fire Dispatcher  
 Head 911 Dispatcher  
 Jail Administrator  
 Jailer/911 Dispatch Administrator  
 Lead 911 Dispatcher  
 Part-time 911 Dispatcher  
 Part-time 911 Dispatcher/Jailer  
 Part-time 911 Dispatcher/Jailer/Clerk  
 Part-time 911 Dispatcher/Records  
 Police Dispatcher  
 Public Safety Answering Point (PSAP) Supervisor  
 Public Safety Dispatcher  
 Radio Dispatcher 1  
 Sheriff's Telecommunicator  
 Telecommunicator  
 Terminal Agency Coordinator

Community Corrections/Probation Officers

Career Agent  
 Career Probation/Parole Officer  
 Comm Corr Wkr 1  
 Comm Corr Wkr 2  
 Comm Corr Wkr 3  
 Correctional Officer  
 Corrections Agent  
 Court Services Director  
 Court Services Officer  
 Part-time Correctional Officer  
 Part-time Probation Officer  
 Probation Agent  
 Probation Officer  
 Probation Officer I  
 Probation Officer II  
 Probation Officer III  
 Probation/Parole Officer  
 Program Coordinator  
 Senior Agent  
 Senior Probation Officer  
 Senior Probation/Parole Officer

Among emergency dispatchers, it is evident also that a sizable majority of the job positions involve multiple responsibilities. The individuals are dividing their time between handling emergency calls and various other tasks. In part, this may be a response by the employer to the stressful nature of handling emergency calls and, to help minimize that stress, other duties are assigned to the employees so only part of the workday involves handling these stressful calls. In other cases, there may not be enough emergency call activity to justify having one or more people concentrate entirely on that activity for a full workday. The individuals under the most stress, presumably, are the individuals who directly perform the emergency dispatching work. There are arguments, though, for including individuals who directly supervise these individuals. These supervisors may be next in line to handle 911 calls if the need arises. Even if higher-level managers and administrators were removed from the group, the remaining group includes many individuals with a portion of their employment appearing to have little direct connection with the 911 emergency dispatching activity. In part, this identification problem stems from the tendency for 911 dispatcher job descriptions to list numerous responsibilities or tasks, only some of which are related to emergency call activities, and only some of which may be significantly stressful.

Post-sentencing officer positions appear to involve a narrower range of employment responsibilities than emergency dispatchers, but the extent of the stress and physical threat danger throughout probation employment statewide is not clear. While dangerous occurrences undoubtedly do occur, employer representations in 2001 indicated that the level of danger and the frequency of occurrences was overstated by the post-sentencing officers and did not differ in their nature or severity when compared to governmental social workers, a group not yet proposed for enhanced retirement coverage.

7. Need for Age 55 Normal Retirement Age. The policy issue is the appropriateness of an age 55 normal retirement age for post-sentencing officers and emergency dispatchers. The argument appears to be that post-sentencing officers and emergency dispatchers have so much employment stress and are subject to such physical danger potential that they are unable to continue in that line of employment after age 55 and should consequently have an age 55 normal retirement age. However, in the 2001 survey of counties and cities on the nature of probation/parole officer and emergency dispatcher employment and employees, 22 employing units (45.8 percent) report having one or more emergency dispatcher at or over age 55 and 11 counties (45.8 percent) report having one or more community corrections or probation officer at or over age 55, as follows:

#### 911 Dispatcher

<u>Counties</u>	<u>Age Range</u>	<u>Avg. Age</u>
Aitkin County	22-55	38.1
Anoka County	21-52	38.3
Benton County	22-49	35.8
Blue Earth County	21-44	30.7
Brown County	30-55	43.0
Carver County	26-51	36.6
Cass County	25-59	42.2
Chippewa County	27-61	41.3
Chisago County	31-54	43.3
Dakota County	22-55	35.8
Douglas County	31-54	41.5
Faribault County	24-50	39.2
Fillmore County	29-54	41.0
Grant County	40-53	49.1
Hennepin County	23-51	37.2
Isanti County	34-51	43.2
Jackson County	24-51	34.5
Kandiyohi County	24-53	34.4
Kittson County	37-60	50.5
Lake of the Woods	44-59	51.0
McLeod County	23-57	39.0
Meeker County	25-57	46.3
Morrison County	30-55	41.0
Otter Tail County	23-61	42.4
Polk County	32-62	45.0
Pope County	22-42	32.1
Ramsey County	24-53	38.0
Scott County	24-58	43.2
Sherburne County	24-49	35.4
St. Louis County	22-61	43.1
Stearns County	23-56	37.7
Stevens County	32-52	44.2
Waseca County	24-61	38.4
Washington County	22-53	34.8
Watonwan County	43-60	50.2
Winona County	23-60	46.6
Wright County	22-48	36.7

#### Cities:

<u>Age Range</u>	<u>Avg. Age</u>
Albert Lea	23-54 36.7
Bloomington	25-47 36.3
Brooklyn Center	25-61 38.0
Burnsville	23-49 34.8
City of St. Paul	21-64 38.7
Hutchinson	19-56 39.8
Maplewood	28-53 41.8
Minneapolis	18-56 37.4
Minnetonka	31-50 42.6
Richfield	31-46 40.7
West St. Paul	40-51 45.6
<b>911 Dispatcher Total:</b>	<b>18-64 39.2</b>

#### Community Corrections/Probation Officer

<u>Counties</u>	<u>Age Range</u>	<u>Avg. Age</u>
Aitkin County	33-33	33.0
Anoka County	27-60	39.0
Blue Earth County	24-50	36.3
Brown County	25-41	33.7
Cass County	36-50	43.0
Chisago County	24-48	39.6
Dakota County	25-63	39.9
Freeborn County	31-59	41.6
Hennepin County	23-73	43.3
Jackson County	28-47	37.5
Kandiyohi County	30-50	38.2
Meeker County	19-56	43.6
Nobles County	27-53	41.2
Olmsted County	23-59	36.0
Otter Tail County	23-46	32.8
Pope County	32-32	32.0
Ramsey County	23-65	41.7
Red Lake/Polk/Norman	25-57	32.6
Rice County	24-55	31.7
Sherburne County	24-50	31.6
St. Louis County	28-59	41.8
Stearns County	26-53	38.6
Waseca County	24-31	27.5
Washington County	26-67	41.7

#### Community Corrections/

**Probation Officer Total: 19-73 41.1**

Since the proposed benefit plan does not include enhanced disability or survivorship coverage, an early retirement age and a consequent need for a greater retirement annuity amount to cover the pre-Social Security benefit receipt period is the primary distinctive feature of the proposed plan. If age 55 is not clearly the upper-end limit on the normal employability of post-sentencing officers and emergency dispatchers, the need for the proposed plan is likely to be in jeopardy.

8. Extent of Employing Unit Support. The policy issue is the extent of the support by the various employing units. Under its terms, coverage by the proposed plan eventually would be mandatory for every state or local governmental employee who meets one of the proposed statutory membership definitions. In the Advisory Task Force proceedings, based on the narrative of the reports, the employee groups see a clear need for the special retirement plan, but the employer representatives do not. If enacted, with the prospect of an employer contribution rate increase over either the current MSRS-General or PERA-General employer contribution rates, the proposed legislation would constitute the imposition of an unfunded mandate by state government on local governmental units.
9. Precedent. The policy issue is the precedent that exists for the proposed change and the potential for the proposed change to become a precedent for further extensions. The 1999 creation of the PERA-Correctional Retirement Plan clearly is the most recent and most significant precedent for the creation of the special retirement coverage for post-sentencing officers and emergency dispatchers. A number of governmental employees who have not traditionally been considered to be public safety employees have difficult employment, with considerable stress and physical hazard potential, including social workers, building and housing inspectors, public health personnel, construction zone flag persons, school bus drivers, and snow plow drivers. If successful, the proposed legislation will likely become the impetus for some or all of these groups to seek similar special retirement coverage.

cc: Chris Cowen, AFSCME

Sherry Munyon, Minnesota Association of County Probation Officers



## OFFICE MEMORANDUM

Date: February 26, 2003

To: Members of the Legislative Commission on Pensions and Retirement:

Senator Don Betzold	Representative Philip Krinkie
Senator Dean Johnson	Representative Ann Lenczewski
Senator Lawrence Pogemiller	Representative Mary Murphy
	Representative Steve Smith

Senator Jim Vickerman, Chair, State and Local Government Operations

Senator Jane Ranum, Chair, State Government Budget Division

Representative Jim Rhodes, Chair, Governmental Operations & Veterans Affairs

Representative William Haas, Chair, State Government Finance

From: Paige Purcell, Legislative Coordinator

Subject: **Mandated Study of Retirement Coverage for Emergency Dispatchers and Post-Sentencing Officers**

Enclosed for your review are two reports prepared by the Advisory Task Force appointed by the Legislative Commission on Pensions and Retirement (LCPR). The LCPR named Dave Bergstrom, the Executive Director of the Minnesota State Retirement as Chair of the Advisory Task Force. The task force was mandated to study the possibility of enhanced pension benefits for state and local emergency dispatchers and post-sentencing officers. The LCPR mandate also directed that the reports be forwarded to the aforementioned legislators.

As directed, enclosed are the two reports prepared by the Advisory Task Force. I have attached, for your convenience, a copy of the Executive Summary from each of the reports to this cover memorandum.

I would like to take this opportunity to thank Senator Betzold for volunteering to act as liaison between the advisory committee and the LCPR. I would also like to thank Advisory Task Force members for their hard work and commitment; without their input this report could not have been written.

cc: Ed Burek, LCPR

Encls.



Minnesota State Retirement System, 60 Empire Drive, Suite 300, St. Paul, MN 55103-1855  
Telephone: (651) 296-2761, Toll Free (800) 657-5757, Fax: (651) 297-5238

LCP & R FEB 27 2003

# CORRECTIONAL TASK FORCE STUDY ENHANCED BENEFITS FOR EMERGENCY DISPATCHERS

## Executive Summary

The Legislative Commission on Pensions and Retirement established a task force to gather information regarding covering the emergency dispatchers under the Minnesota State Retirement System or the Public Employee Retirement Association Correctional Plans. As expected, the employee representatives are interested in allowing the emergency dispatchers into the Correctional Plan and the employer representatives oppose inclusion. The Correctional Task Force Report is attached and this cover page serves as an Executive Summary of the report.

 <b>ARGUMENTS SUPPORTING</b>	 <b>ARGUMENTS AGAINST</b>
Emergency dispatchers are subject to increased stress levels.	Workers Compensation claims do not support the need for additional coverage.
The stress levels of increased workloads suggest enhanced retirement coverage.	Cities, counties and the state cannot afford the increased contributions required under the enhanced retirement program.
Several states have recognized the dangers and stress of emergency dispatchers and have provided enhanced retirement benefits.	Many different groups can make arguments for enhanced retirement benefits due to stress and increased workloads and other groups will be asking for enhanced benefits.



While clearly there is no consensus that emergency dispatchers should be covered by the Correctional Plan, the task force did reach some agreements if the Legislature and Governor agree enhanced retirement coverage is appropriate.

- 1) A new retirement plan should be created for emergency dispatchers, with state emergency dispatchers paying into a plan established under MSRS and city and county emergency dispatchers paying into a plan established under PERA. The two plans would provide the same benefit levels.
- 2) The normal retirement age should be age 55 and the retirement formula should be between 1.7 percent and 1.9 percent.
- 3) The plan should not provide enhanced disability benefits.
- 4) The enhanced plan should cover prospective service only and past service will remain in the PERA Coordinated Plan or the MSRS General Employees Retirement Plan.
- 5) Coverage should only be extended to employees who meet a pre-determined definition of emergency dispatcher.
- 6) Coverage would be extended to part-time employees if they meet the requirements under item 5 listed above.
- 7) Coverage would be mandated for all employees and there would not be an option to remain in the existing plans.

# CORRECTIONAL TASK FORCE STUDY ON ENHANCED BENEFITS FOR POST-SENTENCING OFFICERS

## Executive Summary

The Legislative Commission on Pensions and Retirement established a task force to gather information regarding covering the post-sentencing officers under the Minnesota State Retirement System or the Public Employee Retirement Association Correctional Plans. As expected, the employee representatives are interested in allowing the PSOs into the Correctional Plan and the employer representative opposes inclusion. The Correctional Task Force Report is attached and this cover page serves as an Executive Summary of the report.

 <u>ARGUMENTS SUPPORTING</u>	 <u>ARGUMENTS AGAINST</u>
<p>PSOs work with criminals who are on probation and are subject to dangerous situations.</p> <p>The stress levels of increased workloads suggest enhanced retirement coverage.</p> <p>Several states have recognized the dangers and stress of PSOs and have provided enhanced retirement benefits.</p>	<p>Workers Compensation claims do not support the need for additional coverage.</p> <p>Cities, counties and the state cannot afford the increased contributions required under the enhanced program.</p> <p>Many different groups can make arguments for enhanced retirement benefits due to stress, danger and increasing workloads and other groups will be asking for enhanced benefits.</p>

While clearly there is no consensus that PSOs should be covered by the Correctional Plan, the task force did reach some agreements if the Legislature and Governor agree enhanced retirement coverage is appropriate.

- 1) A new retirement plan should be created for PSOs, with state PSOs paying into a plan established under MSRS and city and county PSOs paying into a plan established under PERA. The two plans would provide the same benefit levels.
- 2) The normal retirement age should be age 55 and the retirement formula should be between 1.7 percent and 1.9 percent.
- 3) The plan should not provide enhanced non job-related disability benefits, but no consensus could be reached on job-related disability coverage.
- 4) The enhanced plan should cover prospective service only and past service will remain in the PERA Coordinated Plan or the MSRS General Employees Retirement Plan.
- 5) Coverage should only be extended to employees who meet a pre-determined percentage of time working with criminals on probation.
- 6) Coverage would be extended to part-time employees if they meet the requirements under item 5 listed above.
- 7) Coverage would be mandated for all employees and there would not be an option to remain in the existing plans.

1 A bill for an act

2 relating to retirement; Public Employees Retirement  
3 Association; creating a post-sentencing officers and  
4 emergency dispatchers retirement plan; amending  
5 Minnesota Statutes 2002, sections 3.85, subdivisions  
6 11 and 12; 352.01, subdivision 2b; 353.01, subdivision  
7 2b; 355.01, subdivisions 2e, 2f, 3j, 3k, 3l; 355.02,  
8 subdivision 3; 356.20, subdivision 2; 356.215,  
9 subdivisions 8 and 11; 356.30, subdivision 3; 356.302,  
10 subdivision 7; 356.303, subdivision 4; 356.315, by  
11 adding a subdivision; 356.465, subdivision 3; and  
12 356.555, subdivision 4; and proposing coding for new  
13 law as Minnesota Statutes, chapter 353G.

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

15 ARTICLE 1

16 POST-SENTENCING OFFICERS AND EMERGENCY

17 DISPATCHERS RETIREMENT PLAN CREATION

18 Section 1. [353G.01] [POST-SENTENCING OFFICERS AND  
19 EMERGENCY DISPATCHERS RETIREMENT PLAN; DEFINITIONS.]

20 Subdivision 1. [IN GENERAL.] For purposes of this chapter,  
21 unless the language or the context clearly indicates that a  
22 different meaning is intended, each of the following terms has  
23 the meaning ascribed.

24 Subd. 2. [ACCUMULATED CONTRIBUTIONS.] "Accumulated  
25 contributions" means the total of member contributions made by  
26 salary deductions or by assessments or payments made in lieu of  
27 salary deductions, if authorized, which are credited by the  
28 retirement plan and entered into the member's individual record.

29 Subd. 3. [ACTUARIAL EQUIVALENT.] "Actuarial equivalent"

1 means the condition of one annuity or benefit having an equal  
2 actuarial present value as another annuity or benefit,  
3 determined as of a given date with each actuarial present value  
4 based on the appropriate mortality table adopted by the board of  
5 trustees based on the experience of that retirement fund  
6 association as recommended by the actuary retained by the  
7 legislative commission on pensions and retirement and using the  
8 applicable preretirement or post-retirement interest rate  
9 assumption specified in section 356.215, subdivision 8.

10 Subd. 4. [ALLOWABLE SERVICE.] "Allowable service" means  
11 any service rendered by a post-sentencing officer or an  
12 emergency dispatcher during a period in which the officer or  
13 dispatcher receives salary from a public employer from which  
14 member contribution salary deductions are made to and credited  
15 by the post-sentencing officers and emergency dispatchers  
16 retirement plan.

17 Subd. 5. [ANNUITY.] "Annuity" means the payments made by  
18 the post-sentencing officers and emergency dispatchers  
19 retirement plan in the form of a retirement annuity or an  
20 optional annuity.

21 Subd. 6. [APPROVED ACTUARY.] "Approved actuary" means (1)  
22 any actuary who is either a fellow of the society of actuaries  
23 or who has at least 15 years of service to major public employee  
24 retirement funds; or (2) any firm which retains such an actuary  
25 on its staff.

26 Subd. 7. [AVERAGE SALARY.] "Average salary" means the  
27 average of the highest five successive years of salary which the  
28 post-sentencing officer or emergency dispatcher has made  
29 contributions to the retirement fund by payroll deduction. If  
30 the officer or dispatcher has less than five years of allowable  
31 service, the term means the average of salary for the entire  
32 period of allowable service.

33 Subd. 8. [BENEFIT.] "Benefit" means the allowance paid or  
34 payable by the post-sentencing officers and emergency  
35 dispatchers retirement plan to a surviving spouse, designated  
36 beneficiary, surviving child or estate or in periodic payments

1 to a member or former member of the retirement plan who is  
2 permanently and totally disabled.

3 Subd. 9. [BOARD.] "Board" means the board of trustees of  
4 the Public Employees Retirement Association.

5 Subd. 10. [DEPENDENT CHILD.] "Dependent child" means any  
6 biological or adopted child of a deceased post-sentencing  
7 officer or emergency dispatcher who has not reached the age of  
8 20 and is dependent on the officer or dispatcher for more than  
9 one-half of the child's support at the time of the death of the  
10 officer or dispatcher. It also means a child of the officer or  
11 dispatcher conceived during the lifetime of the officer or  
12 dispatcher and born after the death of the officer or the  
13 dispatcher.

14 Subd. 11. [DESIGNATED BENEFICIARY.] "Designated  
15 beneficiary" means the person who is designated by an active or  
16 retired post-sentencing officer or emergency dispatcher to  
17 receive the benefits to which a beneficiary is entitled to  
18 receive under this chapter. A beneficiary designation is valid  
19 only if it is made on the applicable form prescribed by the  
20 director, is properly completed and signed, and is received by  
21 the Public Employees Retirement Association or is postmarked on  
22 or before the date of the death of the officer or dispatcher.  
23 If no beneficiary is designated or if the designated beneficiary  
24 predeceases the officer or dispatcher, the term means the estate  
25 of the deceased officer or dispatcher.

26 Subd. 12. [DIRECTOR OR EXECUTIVE DIRECTOR.] "Director" or  
27 "executive director" means the executive director of the Public  
28 Employees Retirement Association.

29 Subd. 13. [DISABILITY.] "Disability" or "total and  
30 permanent disability" means the inability of a post-sentencing  
31 officer or emergency dispatcher to engage in any substantial  
32 gainful employment activity by reason of a medically  
33 determinable physical or mental impairment which is reasonably  
34 expected to be of a long-continued and indefinite duration,  
35 which in no event may be less than one year.

36 Subd. 14. [DISPATCHER.] "Dispatcher" means an emergency

1 dispatcher.

2 Subd. 15. [EMERGENCY DISPATCHER.] "Emergency dispatcher"  
3 means a governmental employee who is employed at a primary  
4 public safety answering point, whose primary employment  
5 responsibility is receiving emergency "911" telephone  
6 communications from the public which requires the subsequent  
7 contact with and the response by police, fire, or medical  
8 resources, and who is certified by the governmental employer as  
9 regularly and consistently spending at least a majority of the  
10 person's employment time in those duties.

11 Subd. 16. [MEMBER.] "Member" means a post-sentencing  
12 officer or an emergency dispatcher who makes regular member  
13 contributions to the retirement plan in that capacity.

14 Subd. 17. [NORMAL RETIREMENT AGE.] "Normal retirement age"  
15 means age 55.

16 Subd. 18. [NORMAL RETIREMENT ANNUITY.] "Normal retirement  
17 annuity" means a retirement annuity computed under section 7,  
18 subdivision 2, that is paid or is payable to a member upon  
19 meeting the age and service requirements specified in section 7,  
20 subdivision 1.

21 Subd. 19. [OFFICER.] "Officer" means a post-sentencing  
22 officer.

23 Subd. 20. [OPTIONAL ANNUITY FORM.] "Optional annuity form"  
24 means an alternate means for the receipt of an annuity  
25 established by the board under section 7, subdivision 5.

26 Subd. 21. [POST-SENTENCING OFFICER.] "Post-sentencing  
27 officer" means a governmental employee who is responsible for  
28 the control, supervision, and care of convicted offenders on  
29 probation in lieu of imprisonment or of offenders conditionally  
30 released on parole after imprisonment and who is certified by  
31 the governmental employer as regularly and consistently spending  
32 at least a majority of the person's employment time in the  
33 direct control, supervision, and care of convicted offenders who  
34 represent a risk of violence or physical harm to the employee.

35 Subd. 22. [PRIMARY PUBLIC SAFETY ANSWERING  
36 POINT.] "Primary public safety answering point" is a

1 communications facility that is operated by a governmental  
2 entity and that is operated on a 24-hour basis to be the initial  
3 emergency "911" telephone communications from persons in a 911  
4 service area and that is authorized, as appropriate, to directly  
5 dispatch public safety services or to extend, transfer, or relay  
6 the communications to the appropriate public safety agency.

7 Subd. 23. [REDUCED RETIREMENT ANNUITY.] "Reduced  
8 retirement annuity" means an annuity paid between age 50 and age  
9 55 under section 7, subdivision 3.

10 Subd. 24. [RETIREMENT.] "Retirement" means the time after  
11 the date of the cessation of active service by a post-sentencing  
12 officer or emergency dispatcher who is thereafter entitled to an  
13 accrued retirement annuity which is payable under an application  
14 filed by the former officer or dispatcher. The provisions of  
15 law in effect on the date that the officer or dispatcher ceases  
16 rendering active service in that capacity thereafter determines  
17 the rights of the person with respect to the plan.

18 Subd. 25. [RETIREMENT ANNUITY.] "Retirement annuity" means  
19 an annuity computed under section 7 and paid by the director to  
20 the retired post-sentencing officer or emergency dispatcher or  
21 to the specified remainder recipient under an optional annuity  
22 form.

23 Subd. 26. [SALARY OR COVERED SALARY.] (a) "Salary" or  
24 "covered salary" means:

25 (1) the wages paid to a post-sentencing officer or an  
26 emergency dispatcher before deductions for deferred  
27 compensation, supplemental retirement plans, or other voluntary  
28 salary reductions; or

29 (2) other periodic compensation, paid to an officer or  
30 dispatcher before deductions for deferred compensation,  
31 supplemental retirement plans, or other voluntary salary  
32 reductions; and

33 (3) during a period of receipt of worker's compensation  
34 while on a leave of absence, the differential between the salary  
35 that the officer or dispatcher would normally receive during the  
36 leave and the salary received, if any, on which the officer or

1 dispatcher makes a member contribution equivalent amount.

2 (b) "Salary" or "covered salary" does not mean:

3 (1) lump sum sick leave payments;

4 (2) severance payments;

5 (3) lump sum annual leave payments;

6 (4) overtime payments made at the time of separation from  
7 state service;

8 (5) payments in lieu of employer-paid group insurance  
9 coverage, including the difference between single rates and  
10 family rates for an officer or dispatcher with single coverage;

11 (6) employer contributions to a deferred compensation or  
12 tax-sheltered annuity program; and

13 (7) amounts contributed under a benevolent vacation or sick  
14 leave donation program.

15 Subd. 27. [SPOUSE.] "Spouse" means the person who was  
16 legally married to the post-sentencing officer or the emergency  
17 dispatcher immediately prior to the death of the officer or  
18 dispatcher.

19 Sec. 2. [353G.02] [RETIREMENT PLAN AND FUND.]

20 Subdivision 1. [ESTABLISHMENT.] The post-sentencing  
21 officers and emergency dispatchers retirement plan is  
22 established.

23 Subd. 2. [FUND.] (a) A post-sentencing officers and  
24 emergency dispatchers retirement fund is established within the  
25 state treasury.

26 (b) Member contributions under section 5, subdivision 1,  
27 employer contributions under section 5, subdivision 2, and  
28 revenue derived from the investment of fund assets must be  
29 deposited in the post-sentencing officers and emergency  
30 dispatchers retirement fund.

31 (c) Payable from the post-sentencing officers and emergency  
32 dispatchers retirement fund are refunds of member contributions  
33 under section 5, retirement annuities under section 7,  
34 disability benefits under section 9, survivorship benefits under  
35 section 10, and necessary and reasonable expenses of  
36 administering the plan and fund.

1        Subd. 3. [AUDIT.] The legislative auditor shall audit the  
2 plan and fund.

3        Sec. 3. [353G.03] [ADMINISTRATION.]

4        The post-sentencing officers and emergency dispatchers  
5 retirement plan and fund must be administered by the board of  
6 trustees and the executive director of the Public Employees  
7 Retirement Association. Fiduciary activities regarding the plan  
8 and the fund must be undertaken in a manner consistent with  
9 chapter 356A.

10       Sec. 4. [353G.04] [INVESTMENTS; PARTICIPATION IN THE POST  
11 RETIREMENT INVESTMENT FUND.]

12       Subdivision 1. [INVESTMENTS.] The State Board of  
13 Investment shall invest and reinvest the post-sentencing  
14 officers and emergency dispatchers retirement fund under  
15 chapters 11A and 356A.

16       Subd. 2. [TREASURER.] The commissioner of finance is the  
17 ex officio treasurer of the post-sentencing officers and  
18 emergency dispatchers retirement fund. The treasurer shall  
19 provide the executive director of the Public Employees  
20 Retirement Association with a detailed statement of revenues and  
21 disbursements.

22       Subd. 3. [POST RETIREMENT INVESTMENT FUND.] (a) The  
23 post-sentencing officers and emergency dispatchers retirement  
24 plan must participate in the Minnesota post retirement  
25 investment fund. Assets representing the retirement annuities  
26 payable by the plan must be deposited in the investment fund and  
27 necessary amounts must be withdrawn to pay annuity amounts due  
28 and payable. The amounts necessary are annually appropriated  
29 for this purpose.

30       (b) For former plan members beginning the receipt of  
31 annuities, the required reserves must be determined in  
32 accordance with the appropriate mortality table based on the  
33 experience of the plan as recommended by the actuary retained by  
34 the legislative commission on pensions and retirement and  
35 approved by the commission under section 356.215 and using the  
36 applicable post-retirement interest rate assumption specified in

1 section 356.215, subdivision 8. Assets representing the  
2 required reserves for those annuities must be transferred to the  
3 Minnesota post retirement investment fund as of the last  
4 business day of the month in which the retirement annuity begins  
5 as specified in section 11A.18.

6 Sec. 5. [353G.05] [CONTRIBUTION RATES.]

7 Subdivision 1. [MEMBER CONTRIBUTION; SALARY  
8 DEDUCTION.] (a) A member of the post-sentencing officers and  
9 emergency dispatchers retirement plan shall pay an amount equal  
10 to ... percent of the salary of the member, which constitutes  
11 the member contribution to the fund.

12 (b) Member contribution amounts must be deducted from the  
13 salary payable to the member each pay period by the department  
14 head. The employing agency shall have the deduction paid to the  
15 fund treasurer for deposit into the post-sentencing officers and  
16 emergency dispatchers retirement fund and shall make a detailed  
17 report of deductions made each pay period to the executive  
18 director of the Public Employees Retirement Association.

19 Subd. 2. [EMPLOYER CONTRIBUTION.] The employer of a member  
20 of the post-sentencing officers and emergency dispatchers  
21 retirement plan shall pay an amount equal to ... percent of the  
22 salary of the member, which constitutes the employer  
23 contribution to the fund.

24 Subd. 3. [OMITTED DEDUCTIONS.] (a) If the employer fails  
25 to take deductions which are past due for a period of less than  
26 61 days, those deductions must be taken from a later member  
27 salary payment.

28 (b) If the employer fails to take deductions which are past  
29 due for a period longer than 60 days or if the plan member is no  
30 longer employed in covered employment, the employer must pay the  
31 amount of the omitted deduction, the amount of any unpaid  
32 employer contribution, plus an amount equal to 8.5 percent of  
33 the total amount due if the failure to make a payment is of less  
34 than one year in duration and plus annual compound interest at  
35 the rate of 8.5 percent per annum if the failure to make a  
36 payment is a period of 12 months or greater.

1 Sec. 6. [353G.06] [PLAN MEMBERSHIP; SOCIAL SECURITY  
2 COVERAGE.]

3 (a) Except as provided in paragraph (b), a post-sentencing  
4 officer or an emergency dispatcher, by accepting employment in  
5 that capacity or by continuing employment in that capacity,  
6 accepts coverage by the post-sentencing officers and emergency  
7 dispatchers retirement plan in lieu of any other Minnesota  
8 public pension plan coverage.

9 (b) A person who was employed in a post-sentencing officer  
10 position or in an emergency dispatcher position on July 1, 2005,  
11 and who is at least 45 years of age on that date, may make a  
12 one-time election to retain the person's existing retirement  
13 coverage and to decline a transfer to coverage by the  
14 post-sentencing officers and emergency dispatchers retirement  
15 plan. The election must be made in writing on a form prescribed  
16 by the executive director and is irrevocable.

17 (c) Members of the post-sentencing officers and emergency  
18 dispatchers retirement plan must be covered by the federal old  
19 age, survivors, disability and health insurance program under  
20 chapter 355 by virtue of employment covered by the plan.

21 Sec. 7. [353G.07] [RETIREMENT ANNUITY.]

22 Subdivision 1. [ELIGIBILITY.] (a) After terminating  
23 employment, a former post-sentencing officer or a former  
24 emergency dispatcher who has attained the age of 55 years and  
25 who has credit for three years of allowable service under  
26 section 1, subdivision 4, is entitled, upon application, to a  
27 normal retirement annuity.

28 (b) In lieu of a normal retirement annuity, a retiring  
29 former post-sentencing officer or emergency dispatcher may elect  
30 to receive an optional annuity form under subdivision 5.

31 Subd. 2. [ANNUITY AMOUNT.] The retirement annuity amount  
32 is the average salary under section 1, subdivision 4, of the  
33 retiring post-sentencing officer or the retiring emergency  
34 dispatcher multiplied by the percentage amount specified in  
35 section 356.315, subdivision 5b, for each year of allowable  
36 service of the person and the appropriate fractional amount for

1 the number of months of allowable service less than a full year.

2 Subd. 3. [EARLY RETIREMENT.] A former post-sentencing  
3 officer or a former emergency dispatcher who has attained the  
4 age of at least 50 years and has credit for not less than three  
5 years of allowable service credit under section 1, subdivision  
6 4, is entitled, upon application, to a reduced retirement  
7 annuity. The reduced retirement annuity is an amount equal to  
8 the annuity calculated under subdivision 2 reduced so that the  
9 subsequent reduced annuity is the actuarial equivalent at that  
10 age of the annuity that would be payable if the person deferred  
11 receipt of the annuity from the day that the annuity begins to  
12 accrue until age 55.

13 Subd. 4. [ACCRUAL AND DURATION.] The retirement annuity  
14 under this section accrues on the first day of the first  
15 calendar month after the date on which the former  
16 post-sentencing officer or the former emergency dispatcher  
17 terminates covered service. The annuity must be paid in equal  
18 monthly installments each year and does not accrue beyond the  
19 end of the month in which entitlement to the annuity ends or is  
20 terminated. If the annuitant dies prior to negotiating the  
21 check for the month in which the annuitant's death occurs,  
22 payment must be made to the person's surviving spouse, or if  
23 none, to the designated beneficiary of the person, or if none,  
24 to the estate of the person. The retirement annuity is payable  
25 for the life of the recipient or in accord with the terms of any  
26 optional annuity form that was selected by the retiring plan  
27 member.

28 Subd. 5. [OPTIONAL ANNUITY FORMS.] (a) The board of  
29 trustees shall establish optional annuity forms, including a  
30 joint and survivor annuity. Except as provided in paragraph  
31 (b), the optional annuity forms must be the actuarial equivalent  
32 to the normal retirement annuity, the early reduced retirement  
33 annuity, or the disability benefit, whichever applies. In  
34 establishing the optional annuity forms, the board shall obtain  
35 the written recommendation of the consulting actuary retained by  
36 the legislative commission on pensions and retirement and must

1 retain those recommendations as part of the permanent records of  
2 the board. A retiring plan member may select an optional  
3 annuity form in lieu of any other available annuity or benefit  
4 form.

5 (b) If a retiring plan member or a disabilitant selects a  
6 joint and survivor optional annuity form under paragraph (a),  
7 the retiring plan member or disabilitant must receive a normal  
8 single life annuity if the designated optional annuity  
9 beneficiary dies before the primary annuity receipt. No  
10 reduction under this option may be made in the person's annuity  
11 to provide for the restoration of the normal single life annuity  
12 in the event of the death of the designated optional annuity  
13 beneficiary.

14 Sec. 8. [353G.08] [AUGMENTATION OF CERTAIN ANNUITIES.]

15 (a) Unless a combined service annuity under section 356.30  
16 has been elected, a person who becomes a member of this plan  
17 after having been a member of the general employees retirement  
18 plan of the Public Employees Retirement Association, of the  
19 public employees police and fire retirement plan, of the local  
20 government correctional service retirement plan of the public  
21 employee retirement association, of the general state employees  
22 retirement plan of the Minnesota State Retirement System, or of  
23 the correctional state employees retirement plan of the  
24 Minnesota State Retirement System is covered under section  
25 352.72, subdivision 2, or 353.71, subdivision 2, whichever  
26 applies, with respect to that prior service.

27 (b) A person who becomes a member of one of the retirement  
28 plans cited in paragraph (a) after having been a member of this  
29 plan is also covered under section 352.72, subdivision 2, or  
30 353.71, subdivision 2, whichever applies, with respect to that  
31 prior service, unless the annuity is calculated under section  
32 356.30.

33 Sec. 9. [353G.09] [DISABILITY BENEFITS.]

34 Subdivision 1. [AGE AND SERVICE REQUIREMENTS.] A  
35 post-sentencing officer or an emergency dispatcher who is  
36 covered by the plan, who is less than normal retirement age, and

1 who becomes totally and permanently disabled after rendering  
2 three or more years of allowable service is entitled to a  
3 disability benefit in an amount provided in subdivision 3. If  
4 the disabled officer or dispatcher's allowable service has  
5 terminated at any time, the officer or dispatcher must have  
6 rendered at least two years of allowable service after last  
7 becoming an officer or dispatcher covered by the plan. Refunds  
8 may be repaid under section 11 before the effective accrual date  
9 of the disability benefit under subdivision 2.

10 Subd. 2. [APPLICATION; ACCRUAL OF BENEFITS.] A  
11 post-sentencing officer or an emergency dispatcher making claim  
12 for a total and permanent disability benefit, or someone acting  
13 on behalf of the officer or dispatcher upon proof of authority  
14 satisfactory to the executive director of the Public Employees  
15 Retirement Association, shall file a written application for  
16 benefits in the office of the Public Employees Retirement  
17 Association. The application must be in a form and manner  
18 prescribed by the executive director of the Public Employees  
19 Retirement Association. The benefit begins to accrue on the day  
20 following the start of disability or on the day following the  
21 last day paid, whichever is later, but not earlier than 180 days  
22 before the date the application is filed with the director.

23 Subd. 3. [COMPUTATION OF BENEFITS.] The total and  
24 permanent disability benefit must be computed in the manner  
25 provided in section 6. The disability benefit is an amount  
26 equal to the normal annuity without reduction for each month the  
27 post-sentencing officer or emergency dispatcher is under the  
28 normal retirement age at the time of becoming disabled. A  
29 disabled officer or dispatcher may choose to receive the normal  
30 disability benefit or an optional annuity as provided in section  
31 7, subdivision 5. This choice must be made before the start of  
32 payment of the disability benefit and is effective the date on  
33 which the disability begins to accrue as provided in subdivision  
34 2.

35 Subd. 4. [MEDICAL OR PSYCHOLOGICAL EXAMINATIONS;  
36 AUTHORIZATION FOR PAYMENT OF BENEFIT.] (a) An applicant shall

1 provide medical or psychological evidence to support an  
2 application for total and permanent disability. The executive  
3 director of the Public Employees Retirement Association shall  
4 have the post-sentencing officer or emergency dispatcher  
5 examined by at least one additional licensed chiropractor,  
6 physician, or psychologist designated by the medical adviser.  
7 The examining chiropractors, physicians, or psychologists shall  
8 make written reports to the director concerning the officer or  
9 dispatcher's disability, including medical opinions as to  
10 whether the officer or dispatcher is permanently and totally  
11 disabled within the meaning of section 1, subdivision 13.

12 (b) The director shall also obtain written certification  
13 from the employer stating whether the employment has ceased or  
14 whether the officer or dispatcher is on a sick leave of absence  
15 because of a disability that will prevent further service to the  
16 employer and as a consequence the officer or dispatcher is not  
17 entitled to compensation from the employer.

18 (c) The medical adviser shall consider the reports of the  
19 physicians, psychologists, and chiropractors and any other  
20 evidence supplied by the officer or dispatcher or other  
21 interested parties. If the medical adviser finds the officer or  
22 dispatcher totally and permanently disabled, the adviser shall  
23 make the appropriate recommendation to the director in writing  
24 together with the date from which the officer or dispatcher has  
25 been totally disabled. The director shall then determine if the  
26 disability occurred within 180 days of filing the application,  
27 if the disability occurred while still in covered employment,  
28 and the propriety of authorizing payment of a disability benefit  
29 as provided in this section. A terminated officer or dispatcher  
30 may apply for a disability benefit within 180 days of the  
31 termination of covered employment as long as the disability  
32 occurred while in covered employment. The fact that the officer  
33 or dispatcher is placed on a leave of absence without  
34 compensation because of disability does not bar that officer or  
35 dispatcher from receiving a disability benefit.

36 Subd. 5. [DISABILITY BENEFIT TERMINATION.] Unless payment

1 of a disability benefit has terminated because the  
2 post-sentencing officer or the emergency dispatcher is no longer  
3 totally disabled, or because the officer or dispatcher has  
4 reached normal retirement age as provided in this section, the  
5 disability benefit must cease with the last payment which was  
6 received by the disabilitant or which had accrued during the  
7 lifetime of the disabilitant unless there is a spouse  
8 surviving. If there is a surviving spouse, the surviving spouse  
9 is entitled to the disability benefit payment for the calendar  
10 month in which the disabilitant died.

11 Subd. 6. [REGULAR MEDICAL OR PSYCHOLOGICAL EXAMINATIONS.]  
12 At least once each year during the first five years following  
13 the allowance of a disability benefit to any post-sentencing  
14 officer or emergency dispatcher, and at least once in every  
15 three-year period thereafter, the executive director of the  
16 Public Employees Retirement Association may require the  
17 disability benefit recipient to undergo a medical or  
18 psychological examination. The examination must be made at the  
19 place of residence of the disabilitant, or at any place mutually  
20 agreed upon by the disabilitant and the director, and must be  
21 made by a physician or physicians designated by the medical  
22 adviser and engaged by the director. If any examination  
23 indicates to the medical adviser that the disability benefit  
24 recipient is no longer permanently and totally disabled, or is  
25 engaged in or can engage in a gainful occupation, payments of  
26 the disability benefit by the plan must be discontinued. The  
27 payments must discontinue as soon as the officer or dispatcher  
28 is reinstated to the payroll following the sick leave, but in no  
29 case may the payment be made for more than 60 days after the  
30 medical adviser finds that the officer or dispatcher is no  
31 longer permanently and totally disabled.

32 Subd. 7. [PARTIAL REEMPLOYMENT.] If the disabilitant  
33 resumes a gainful occupation from which earnings are less than  
34 the salary of the post-sentencing officer or emergency  
35 dispatcher at the date of disability or the salary currently  
36 paid for similar positions, the director shall continue the

1 disability benefit in an amount which when added to earnings  
2 does not exceed the salary at the date of disability, provided  
3 that the disability benefit in this case does not exceed the  
4 disability benefit originally allowed. Deductions for the  
5 retirement fund must not be taken from the salary of a  
6 disabilitant who is receiving a disability benefit as provided  
7 in this subdivision.

8       Subd. 8. [REFUSAL OF EXAMINATION.] If a disability benefit  
9 recipient refuses to submit to a medical examination as  
10 required, disability benefit payments must be discontinued and  
11 the director shall revoke all rights of the post-sentencing  
12 officer or emergency dispatcher to any disability benefit.

13       Subd. 9. [RETURN TO STATE SERVICE.] Any disability benefit  
14 recipient who is restored to active service, except  
15 post-sentencing officers or emergency dispatchers receiving  
16 benefits as provided in subdivision 7, must have deductions  
17 taken for the retirement fund and, upon retirement, have the  
18 payable retirement annuity based upon all allowable service,  
19 including that allowable service upon which the disability  
20 benefits were based. No post-sentencing officer or emergency  
21 dispatcher is entitled to receive disability benefits and a  
22 retirement annuity at the same time.

23       Subd. 10. [DISABILITANT AGAIN DISABLED AFTER RESUMING  
24 EMPLOYMENT.] If a disabled benefit recipient resumes gainful  
25 employment and is not entitled to continued payment of a  
26 disability benefit as provided in subdivision 7, the right to a  
27 disability benefit ends when the post-sentencing officer or  
28 emergency dispatcher has been employed for one year thereafter.  
29 If the officer or dispatcher again becomes totally and  
30 permanently disabled before reaching the normal retirement age,  
31 an application for a disability benefit may again be made. If  
32 the officer or dispatcher is entitled to a disability benefit,  
33 it must be computed as provided in subdivision 9.

34       Subd. 11. [RECOMPUTATION OF BENEFIT.] If a disabled  
35 post-sentencing officer or emergency dispatcher who has resumed  
36 employment as provided in subdivision 10 is reemployed for more

1 than three months, but cannot continue employment for one year,  
2 the disability benefit must be recomputed allowing additional  
3 service credit for the period of reemployment. If the period of  
4 reemployment does not exceed three months, the deductions taken  
5 from salary after resuming employment must be returned to the  
6 officer or dispatcher. The officer or dispatcher is not  
7 entitled to service credit for the period covered by the  
8 returned deductions.

9 Subd. 12. [RETIREMENT STATUS AT NORMAL RETIREMENT AGE.]

10 The disability benefit paid to a disability benefit recipient  
11 under this section ends when the post-sentencing officer or  
12 emergency dispatcher reaches normal retirement age. If the  
13 disabled officer or dispatcher is still totally and permanently  
14 disabled when the officer or dispatcher reaches normal  
15 retirement age, the officer or dispatcher must be considered to  
16 be a retired member. If the officer or dispatcher had chosen an  
17 optional annuity under subdivision 3, the officer or dispatcher  
18 must receive an annuity in accordance with the terms of the  
19 optional annuity previously chosen. If the officer or  
20 dispatcher had not chosen an optional annuity under subdivision  
21 3, the officer or dispatcher may then choose to receive either a  
22 normal retirement annuity equal in amount to the disability  
23 benefit paid before the person reached normal retirement age or  
24 an optional annuity as provided in section 6, subdivision 5.  
25 The choice of an optional annuity must be made before reaching  
26 normal retirement age. If an optional annuity is chosen, the  
27 choice is effective on the date on which the person attains  
28 normal retirement age and the optional annuity must begin to  
29 accrue the first of the month next following the month in which  
30 the person attains this age.

31 Sec. 10. [353G.10] [DEATH AND SURVIVORSHIP BENEFITS.]

32 Subdivision 1. [DEATH BEFORE TERMINATION OF SERVICE.] If a  
33 post-sentencing officer or emergency dispatcher dies before  
34 active employment has terminated and neither a survivor annuity  
35 nor a reversionary annuity is payable, or if a former  
36 post-sentencing officer or emergency dispatcher who has

1 sufficient service credit to be entitled to an annuity dies  
2 before the benefit has become payable, the executive director of  
3 the Public Employees Retirement Association shall make a refund  
4 to the last designated beneficiary or, if there is none, to the  
5 surviving spouse or, if none, to the officer or dispatcher's  
6 surviving children in equal shares or, if none, to the officer  
7 or dispatcher's surviving parents in equal shares or, if none,  
8 to the representative of the estate in an amount equal to the  
9 accumulated member contributions, plus interest at the rate of  
10 six percent per annum compounded annually. Interest must be  
11 computed to the first day of the month in which the refund is  
12 processed. Upon the death of an officer or dispatcher who has  
13 received a refund that was later repaid in full, interest must  
14 be paid on the repaid refund only from the date of repayment.  
15 If the repayment was made in installments, interest must be paid  
16 only from the date installment payments began. The designated  
17 beneficiary, surviving spouse, or representative of the estate  
18 of an officer or dispatcher who had received a disability  
19 benefit is not entitled to interest upon any balance remaining  
20 to the decedent's credit in the fund at the time of death,  
21 unless the death occurred before any payment could be negotiated.

22 Subd. 2. [SURVIVING SPOUSE BENEFIT.] (a) If a  
23 post-sentencing officer or emergency dispatcher or former  
24 officer or dispatcher has credit for at least three years  
25 allowable service and dies before an annuity or disability  
26 benefit has become payable, notwithstanding any designation of  
27 beneficiary to the contrary, the surviving spouse of the officer  
28 or dispatcher may elect to receive, in lieu of the refund with  
29 interest under subdivision 1, an annuity equal to the joint and  
30 100 percent survivor annuity which the officer or dispatcher or  
31 former officer or dispatcher could have qualified for on the  
32 date of death.

33 (b) If the officer or dispatcher was under age 55 and has  
34 credit for at least 30 years of allowable service on the date of  
35 death, the surviving spouse may elect to receive a 100 percent  
36 joint and survivor annuity based on the age of the officer or

1 dispatcher and surviving spouse on the date of death. The  
2 annuity is payable using the full early retirement reduction  
3 under section 6, subdivision 3, to age 55 and one-half of the  
4 early retirement reduction from age 55 to the age at which  
5 payment begins.

6 (c) If the officer or dispatcher was under age 55 and has  
7 credit for at least three years of allowable service credit on  
8 the date of death but did not yet qualify for retirement, the  
9 surviving spouse may elect to receive a 100 percent joint and  
10 survivor annuity based on the age of the person and surviving  
11 spouse at the time of death. The annuity is payable using the  
12 full early retirement reduction under section 6, subdivision 3,  
13 to age 55 and one-half of the early retirement reduction from  
14 age 55 to the age payment begins.

15 (d) The surviving spouse eligible for benefits under  
16 paragraph (a) may apply for the annuity at any time after the  
17 date on which the officer or dispatcher or former officer or  
18 dispatcher would have attained the required age for retirement  
19 based on the allowable service earned. The surviving spouse  
20 eligible for surviving spouse benefits under paragraph (b) or  
21 (c) may apply for the annuity at any time after the officer or  
22 dispatcher's death. The annuity must be computed under section  
23 6. Section 7 applies to a deferred annuity or surviving spouse  
24 benefit payable under this subdivision. The annuity must cease  
25 with the last payment received by the surviving spouse in the  
26 lifetime of the surviving spouse, or upon expiration of a term  
27 certain benefit payment to a surviving spouse under subdivision  
28 2a. An amount equal to the excess, if any, of the accumulated  
29 contributions credited to the account of the deceased officer or  
30 dispatcher in excess of the total of the benefits paid and  
31 payable to the surviving spouse must be paid to the last  
32 designated beneficiary of the officer or the dispatcher or of  
33 the former officer or former dispatcher or, if none, as  
34 specified under subdivision 1.

35 (e) An officer or former officer or a dispatcher or former  
36 dispatcher may request in writing that this subdivision not

1 apply and that payment be made only to a designated beneficiary  
2 as otherwise provided by this chapter.

3       Subd. 2a. [SURVIVING SPOUSE COVERAGE TERM CERTAIN.] (a) In  
4 lieu of the 100 percent optional annuity under subdivision 2, or  
5 refund under subdivision 1, the surviving spouse of a deceased  
6 officer or dispatcher or former officer or dispatcher may elect  
7 to receive survivor coverage in a term certain of five, ten, 15,  
8 or 20 years, but monthly payments must not exceed 75 percent of  
9 the average high-five monthly salary of the decedent. The  
10 monthly term certain annuity must be actuarially equivalent to  
11 the 100 percent optional annuity under subdivision 2.

12       (b) If a survivor elects a term certain annuity and dies  
13 before the expiration of the specified term certain period, the  
14 commuted value of the remaining annuity payments must be paid in  
15 a lump sum to the survivor's estate.

16       Subd. 2b. [DEPENDENT CHILD SURVIVOR COVERAGE.] If there is  
17 no surviving spouse eligible for benefits under subdivision 2, a  
18 dependent child or children as defined in section 1, subdivision  
19 10, is eligible for monthly payments. Payments to a dependent  
20 child must be paid from the date of the post-sentencing officer  
21 or emergency dispatcher's death to the date on which the  
22 dependent child attains age 20 if the child is under age 15 on  
23 the date of death. If the child is 15 years or older on the  
24 date of death, payment must be made for five years. The payment  
25 to a dependent child is an amount actuarially equivalent to the  
26 value of a 100 percent optional annuity under subdivision 2  
27 using the age of the officer or dispatcher and age of the  
28 dependent child at the date of death in lieu of the age of the  
29 surviving spouse. If there is more than one dependent child,  
30 each dependent child shall be entitled to receive a  
31 proportionate share of the actuarial value of the account of the  
32 officer or dispatcher.

33       Subd. 3. [REFUND OF \$3,000 OR LESS.] If a post-sentencing  
34 officer or emergency dispatcher or a former officer or  
35 dispatcher dies without having designated a beneficiary, or if  
36 the beneficiary dies before applying for refund of the sum to

1 the credit of the deceased officer or dispatcher or former  
2 officer or dispatcher, and there is no surviving spouse, and the  
3 amount of the refund does not exceed \$3,000, exclusive of  
4 interest, the executive director of the Public Employees  
5 Retirement Association may refund the amount to the deceased  
6 person's next of kin. The amount may be refunded 90 days after  
7 the date of death of the person in the absence of probate  
8 proceedings, and upon proper application. The next of kin must  
9 be determined by the director with the concurrence of the board  
10 and is entitled to the refund consistent with the laws of  
11 descent. A determination and payment without notice are  
12 conclusive and final and are a bar against claims of all other  
13 persons.

14 Subd. 4. [REFUND TO MINOR BENEFICIARY.] If a  
15 post-sentencing officer or emergency dispatcher or former  
16 officer or dispatcher dies having named as a beneficiary a  
17 person who is a minor at the time of the application for refund,  
18 and the amount of the refund does not exceed \$3,000, exclusive  
19 of interest, the executive director of the Public Employees  
20 Retirement Association in the absence of guardianship or probate  
21 proceedings may make payment to the natural guardian having  
22 custody of the minor beneficiary, for the benefit of the child.  
23 Any annuity, retirement allowance, or disability benefit accrued  
24 at the time of death of a disabled or retired person, payable to  
25 a minor beneficiary, may similarly be paid. Payment is a bar to  
26 recovery by any other person or persons.

27 Subd. 5. [RECOVERY BAR.] A determination and a payment  
28 under subdivision 3 or a payment under subdivision 4 is a bar to  
29 a recovery by any other person, whether the person had notice or  
30 otherwise.

31 Subd. 6. [DEATH AFTER SERVICE TERMINATION.] Except as  
32 provided in subdivision 1, if a former post-sentencing officer  
33 or emergency dispatcher covered by the plan dies and has not  
34 received an annuity or a disability benefit, a refund must be  
35 made to the last designated beneficiary or, if there is none, to  
36 the surviving spouse or, if none, to the person's surviving

1 children in equal shares or, if none, to the person's surviving  
2 parents in equal shares or, if none, to the representative of  
3 the estate in an amount equal to accumulated member  
4 contributions. The refund must include interest at the rate of  
5 six percent per year compounded annually. The interest must be  
6 computed as provided in section 352.22, subdivision 2.

7 Subd. 7. [ABSENCE OF OPTIONAL OR REVERSIONARY ANNUITY.]

8 Upon the death of a retired post-sentencing officer or emergency  
9 dispatcher who selected neither an optional annuity or a  
10 reversionary annuity, a refund must be paid in an amount equal  
11 to the excess, if any, of the accumulated contributions to the  
12 credit of the former officer or dispatcher immediately before  
13 retirement in excess of the sum of (1) all annuities and  
14 disability benefits that had been received and had accrued in  
15 the lifetime of the decedent, and (2) the annuity or disability  
16 benefit, if not negotiated, payable to the surviving spouse  
17 under section 6, for the calendar month in which the retired  
18 officer or dispatcher died. The refund must be paid to the  
19 named beneficiary or, if there be none, to the surviving spouse  
20 or, if none, to the person's surviving children in equal shares  
21 or, if none, to the person's surviving parents in equal shares  
22 or, if none, to the representative of the estate.

23 Subd. 8. [OPTIONAL OR REVERSIONARY ANNUITY.] If the last  
24 eligible recipient of an optional annuity dies and the total  
25 amounts paid under it are less than the accumulated  
26 contributions to the credit of the retired post-sentencing  
27 officer or emergency dispatcher immediately before retirement,  
28 the balance of accumulated contributions must be paid to the  
29 person designated by the retired officer or dispatcher in  
30 writing to receive payment. If no designation has been made by  
31 the retired officer or dispatcher, the remaining balance of  
32 accumulated contributions must be paid to the surviving children  
33 of the deceased recipient of the optional annuity in equal  
34 shares. If there are no surviving children, payment must be  
35 made to the deceased recipient's parents or, if none, to the  
36 representative of the deceased recipient's estate.

1        Subd. 9. [BENEFICIARY DESIGNATION.] The designation of a  
2        beneficiary or person to receive any accumulated contributions  
3        remaining to the credit of a post-sentencing officer or  
4        emergency dispatcher, a former officer or dispatcher, or a  
5        retired officer or dispatcher, at the time of death, as provided  
6        in this section, must be in writing and must be filed with the  
7        director before the death of the officer or dispatcher, former  
8        officer or dispatcher, or retired officer or dispatcher.

9        Subd. 10. [DEATH OF BENEFICIARY BEFORE REFUND.] If the  
10       last designated beneficiary or beneficiaries and the surviving  
11       spouse of a deceased officer or dispatcher, former officer or  
12       dispatcher, or retired officer or dispatcher dies before  
13       receiving a refund of the sum to the credit of the deceased  
14       person at the time of death, the refund must be made to the  
15       estate of the deceased person or as provided in subdivision 3 if  
16       the amount of the refund does not exceed \$3,000, exclusive of  
17       interest.

18       Subd. 11. [DEATH OF DISABILITY ANNUITANT.] If a  
19       post-sentencing officer or emergency dispatcher who has received  
20       a disability benefit dies, a payment must be made of an amount  
21       equal to the excess, if any, of the accumulated contributions to  
22       the credit of the officer or dispatcher at the time the  
23       disability benefit began to accrue over and above the aggregate  
24       of (1) all disability benefits received and which had accrued  
25       during the person's life, and (2) the benefit for the month in  
26       which the disabled person died, payable, if applicable, to the  
27       surviving spouse under section 8. The payment must be paid,  
28       upon a written application, to the last designated beneficiary  
29       or, if there be none, to the surviving spouse, or if none, to  
30       the officer or dispatcher's surviving children in equal shares  
31       or, if none, to the officer or dispatcher's surviving parents in  
32       equal shares or, if none, to the representative of the estate.

33       Subd. 12. [REFUND, FAILURE TO REQUEST.] If the last  
34       designated beneficiary, surviving spouse, legal representative,  
35       or next of kin, as determined by the executive director of the  
36       Public Employees Retirement Association, with the concurrence of

1 the board, fails to claim the refund as provided in this section  
2 (1) within five years from the date of death of a retired  
3 post-sentencing officer or emergency dispatcher or the disabled  
4 officer or dispatcher, or (2) within five years after the last  
5 deduction was taken from the salary of a deceased officer or  
6 dispatcher or deceased former officer or dispatcher, the  
7 accumulated contributions of the deceased person must be  
8 credited to the retirement fund. However, if the claim to  
9 refund is made within ten years after the transfer of  
10 accumulated contributions to the fund or within ten years after  
11 the date of death, whichever is later, and the amount  
12 transferred to the fund is over \$25, the sum must be restored to  
13 the account of the deceased person. The refund must then be  
14 paid, upon a written application, to the surviving spouse or, if  
15 none, to the legal representative of the estate irrespective of  
16 any designation of beneficiary made by the deceased person.

17 Subd. 13. [REFUND, BENEFICIARY.] If upon death a former  
18 post-sentencing officer or emergency dispatcher has in  
19 possession a commissioner of finance's warrant which does not  
20 exceed \$1,000, covering a refund of accumulated contributions in  
21 the retirement fund, in the absence of probate proceedings the  
22 commissioner of finance's warrant may be returned for  
23 cancellation, and then, upon application made by the last  
24 designated beneficiary of the deceased former officer or  
25 dispatcher, a refund of the accumulated contributions must be  
26 paid, upon a written application, to the last designated  
27 beneficiary. Payments made under this subdivision are a bar to  
28 recovery by any other person or persons.

29 Sec. 11. [353G.11] [EXEMPTION FROM PROCESS AND TAXATION.]

30 Subdivision 1. [EXEMPTION; EXCEPTIONS.] None of the money,  
31 annuities, or other benefits mentioned in this chapter is  
32 assignable either in law or in equity or subject to state estate  
33 tax, or to execution, levy, attachment, garnishment, or other  
34 legal process, except as provided in subdivision 1a or section  
35 518.58, 518.581, or 518.6111.

36 Subd. 1a. [AUTOMATIC DEPOSITS.] The executive director may

1 remit, through an automatic deposit system, annuity, benefit, or  
2 refund payments only to a financial institution associated with  
3 the National Automated Clearinghouse Association or a comparable  
4 successor organization that is trustee for a person eligible to  
5 receive the annuity, benefit, or refund. Upon the request of  
6 the retiree, disabilitant, survivor, or former officer or  
7 dispatcher, the executive director may remit the annuity,  
8 benefit, or refund check to the applicable financial institution  
9 for deposit in the person's account or joint account. The board  
10 of trustees may prescribe the conditions under which payments  
11 will be made.

12       Sec. 12. [353G.12] [REFUND OR DEFERRED ANNUITY.]

13       Subdivision 1. [REFUND.] A post-sentencing officer or an  
14 emergency dispatcher who terminates that employment or who is  
15 laid off from that employment is entitled, upon application, to  
16 a refund if the person is not reemployed by the person's prior  
17 employer, by another employer covered by the retirement plan, or  
18 by the state. The refund is an amount equal to the accumulated  
19 member contributions of the officer or the dispatcher, plus  
20 interest at an annual compound rate of six percent per year.  
21 The refund must include the interest that was paid as part of a  
22 previous repayment of a prior refund, plus interest from the  
23 date of that repayment. Interest must be computed to the first  
24 day of the month in which the refund is processed and must be  
25 based on fiscal year or monthly balances, whichever applies.  
26 Acceptance of a refund under this subdivision terminates all  
27 allowable service and salary credit of the person in the  
28 retirement plan and terminates all entitlement to rights or  
29 benefits under this chapter.

30       Subd. 2. [DEFERRED ANNUITY.] A post-sentencing officer or  
31 an emergency dispatcher who terminates that employment may elect  
32 to have the accumulated member contributions in the retirement  
33 fund and to remain entitled to a deferred retirement annuity.  
34 The deferred retirement annuity must be computed under the law  
35 in effect when the employment of the officer or dispatcher  
36 terminated on the basis of the allowable service credited before

the termination of employment. No application for a deferred retirement annuity may be made more than 60 days before the date when the former officer or the former dispatcher reaches the required age for annuity entitlement. The deferred annuity begins to accrue no earlier than 60 days before the date when the retirement annuity application is filed with the executive director of the Public Employees Retirement Association, but not before the date on which the officer or dispatcher reaches the annuity entitlement required age or before the termination of employment.

Sec. 13. [353G.13] [SERVICE IN MORE THAN ONE RETIREMENT PLAN.]

(a) A post-sentencing officer or emergency dispatcher who also has been a member of one retirement plan or a combination of retirement plans listed in paragraph (b) is entitled, when qualified, to an annuity from each plan if the total allowable service credit in all retirement plans totals at least three years.

(b) Applicable retirement plans are any retirement plan administered by the Minnesota State Retirement System, any retirement plan administered by the Public Employees Retirement Association, the teachers retirement association, the Minneapolis employees retirement fund, the Duluth teachers retirement fund association, the Minneapolis teachers retirement fund association, or the St. Paul teachers retirement fund association.

(c) No portion of the allowable service upon which the retirement annuity from one retirement plan is based may be again used in the computation for benefits from another retirement plan. No refund may have been taken from any one of these retirement plans since service entitling the person to coverage under the plan or the person's membership in any of the plans last terminated. The annuity from each retirement plan must be determined by the appropriate provisions of the law except that the requirement that a person must have at least three years allowable service in the respective retirement plan

1 does not apply for the purposes of this section if the combined  
2 service in two or more of these retirement plans equals three or  
3 more years.

4 Sec. 14. [353G.14] [DEFERRED ANNUITY AUGMENTATION.]

5 (a) The deferred annuity must be computed as provided in  
6 section 7 on the basis of allowable service rendered before the  
7 termination of covered service and augmented as provided in  
8 paragraph (b).

9 (b) The required reserves applicable to a deferred annuity,  
10 to an annuity for which a former post-sentencing officer or  
11 emergency dispatcher was eligible but had not applied, or to any  
12 deferred segment of an annuity must be determined as of the date  
13 the benefit begins to accrue and augmented by interest  
14 compounded annually from the first day of the month following  
15 the month in which the officer or dispatcher ceased to be an  
16 officer or dispatcher to the first day of the month in which the  
17 annuity begins to accrue. The rates of interest used for this  
18 purpose must be three percent compounded annually until January  
19 1 of the year following the year in which the former officer or  
20 dispatcher attains age 55. From that date to the effective date  
21 of retirement, the rate is five percent compounded annually. If  
22 a person has more than one period of uninterrupted service, the  
23 required reserves related to each period must be augmented by  
24 interest under this subdivision. The sum of the augmented  
25 required reserves so determined is the present value of the  
26 annuity. "Uninterrupted service" for the purpose of this  
27 subdivision means periods of covered employment during which the  
28 officer or dispatcher has not been separated from covered  
29 employment for more than two years. If a person repays a  
30 refund, the service restored by the repayment must be considered  
31 continuous with the next period of service for which the officer  
32 or dispatcher has credit with this system. The formula  
33 percentages used for each period of uninterrupted service must  
34 be those applicable to a new officer or dispatcher. The  
35 mortality table and interest assumption used to compute the  
36 annuity must be those in effect when the officer or dispatcher

1 files application for annuity. This section may not cause a  
2 reduction in the annuity otherwise payable under this chapter.

3 Sec. 15. [EFFECTIVE DATE.]

4 Sections 1 to 14 are effective on July 1, 2005.

5 ARTICLE 2

6 CONFORMING CHANGES

7 Section 1. Minnesota Statutes 2002, section 3.85,  
8 subdivision 11, is amended to read:

9 Subd. 11. [VALUATIONS AND REPORTS TO LEGISLATURE.] (a) The  
10 commission shall contract with an established actuarial  
11 consulting firm to conduct annual actuarial valuations for the  
12 retirement plans named in paragraph (b). The contract must  
13 include provisions for performing cost analyses of proposals for  
14 changes in benefit and funding policies.

15 (b) The contract for actuarial valuation must include the  
16 following retirement plans:

17 (1) the teachers retirement plan, teachers retirement  
18 association;

19 (2) the general state employees retirement plan, Minnesota  
20 state retirement system;

21 (3) the correctional employees retirement plan, Minnesota  
22 state retirement system;

23 (4) the state patrol retirement plan, Minnesota state  
24 retirement system;

25 (5) the judges retirement plan, Minnesota state retirement  
26 system;

27 (6) the Minneapolis employees retirement plan, Minneapolis  
28 employees retirement fund;

29 (7) the public employees retirement plan, public employees  
30 retirement association;

31 (8) the public employees police and fire plan, public  
32 employees retirement association;

33 (9) the Duluth teachers retirement plan, Duluth teachers  
34 retirement fund association;

35 (10) the Minneapolis teachers retirement plan, Minneapolis  
36 teachers retirement fund association;

1 (11) the St. Paul teachers retirement plan, St. Paul  
2 teachers retirement fund association;

3 (12) the legislators retirement plan, Minnesota state  
4 retirement system;

5 (13) the elective state officers retirement plan, Minnesota  
6 state retirement system; and

7 (14) the local government correctional service retirement  
8 plan, public employees retirement association; and

9 (15) the post-sentencing officers and emergency dispatchers  
10 retirement plan, Public Employees Retirement Association.

11 (c) The contract must specify completion of annual  
12 actuarial valuation calculations on a fiscal year basis with  
13 their contents as specified in section 356.215, and the  
14 standards for actuarial work adopted by the commission.

15 The contract must specify completion of annual experience  
16 data collection and processing and a quadrennial published  
17 experience study for the plans listed in paragraph (b), clauses  
18 (1), (2), and (7), as provided for in the standards for  
19 actuarial work adopted by the commission. The experience data  
20 collection, processing, and analysis must evaluate the following:

21 (1) individual salary progression;

22 (2) rate of return on investments based on current asset  
23 value;

24 (3) payroll growth;

25 (4) mortality;

26 (5) retirement age;

27 (6) withdrawal; and

28 (7) disablement.

29 (d) The actuary retained by the commission shall annually  
30 prepare a report to the legislature, including the commentary on  
31 the actuarial valuation calculations for the plans named in  
32 paragraph (b) and summarizing the results of the actuarial  
33 valuation calculations. The commission-retained actuary shall  
34 include with the report the actuary's recommendations concerning  
35 the appropriateness of the support rates to achieve proper  
36 funding of the retirement funds by the required funding dates.

1 The commission-retained actuary shall, as part of the  
2 quadrennial published experience study, include recommendations  
3 to the legislature on the appropriateness of the actuarial  
4 valuation assumptions required for evaluation in the study.

5 (e) If the actuarial gain and loss analysis in the  
6 actuarial valuation calculations indicates a persistent pattern  
7 of sizable gains or losses, as directed by the commission, the  
8 actuary retained by the commission shall prepare a special  
9 experience study for a plan listed in paragraph (b), clause (3),  
10 (4), (5), (6), (8), (9), (10), (11), (12), (13), (14), or  
11 ~~(14)~~ (15), in the manner provided for in the standards for  
12 actuarial work adopted by the commission.

13 (f) The term of the contract between the commission and the  
14 actuary retained by the commission is four years. The contract  
15 is subject to competitive bidding procedures as specified by the  
16 commission.

17 Sec. 2. Minnesota Statutes 2002, section 3.85, subdivision  
18 12, is amended to read:

19 Subd. 12. [ALLOCATION OF ACTUARIAL COST.] (a) The  
20 commission shall assess each retirement plan specified in  
21 subdivision 11, paragraph (b), its appropriate portion of the  
22 compensation paid to the actuary retained by the commission for  
23 the actuarial valuation calculations, quadrennial projection  
24 valuations, and quadrennial experience studies. The total  
25 assessment is 100 percent of the amount of contract compensation  
26 for the actuarial consulting firm retained by the commission for  
27 actuarial valuation calculations, including any public employees  
28 police and fire plan consolidation accounts of the public  
29 employees retirement association established ~~before-March-27-~~  
30 ~~1999--for-which-the-municipality-declined-merger-under-section~~  
31 ~~353-6657--subdivision-17--or-established~~ after March 1, 1999,  
32 annual experience data collection and processing, and  
33 quadrennial experience studies and quadrennial projection  
34 valuations.

35 The portion of the total assessment payable by each  
36 retirement system or pension plan must be determined based on

1 each plan's proportion of the actuarial services required, as  
2 determined by the commission's retained actuary, to complete the  
3 actuarial valuation calculations, annual experience data  
4 collection and processing, and quadrennial experience studies  
5 for all plans.

6 (b) The assessment must be made within 30 days following  
7 the end of the fiscal year and must be reported to the executive  
8 director of the legislative commission on pensions and  
9 retirement and to the chief administrative officers of the  
10 applicable retirement plans. The amount of the assessment is  
11 appropriated from the retirement fund applicable to the  
12 retirement plan. Receipts from assessments must be transmitted  
13 to the executive director of the legislative commission on  
14 pensions and retirement and must be deposited in the state  
15 treasury and credited to the general fund.

16 Sec. 3. Minnesota Statutes 2002, section 352.01,  
17 subdivision 2b, is amended to read:

18 Subd. 2b. [EXCLUDED EMPLOYEES.] "State employee" does not  
19 include:

20 (1) students employed by the University of Minnesota, or  
21 the state colleges and universities, unless approved for  
22 coverage by the Board of Regents or the Board of Trustees of the  
23 Minnesota State Colleges and Universities, as the case may be;

24 (2) employees who are eligible for membership in the state  
25 Teachers Retirement Association, except employees of the  
26 Department of ~~Children,--Families,--and-Learning~~ Education who  
27 have chosen or may choose to be covered by the general state  
28 employees retirement plan of the Minnesota State Retirement  
29 System instead of the Teachers Retirement Association;

30 (3) employees of the University of Minnesota who are  
31 excluded from coverage by action of the Board of Regents;

32 (4) officers and enlisted personnel in the National Guard  
33 and the naval militia who are assigned to permanent peacetime  
34 duty and who under federal law are or are required to be members  
35 of a federal retirement system;

36 (5) election officers;

1 (6) persons who are engaged in public work for the state  
2 but who are employed by contractors when the performance of the  
3 contract is authorized by the legislature or other competent  
4 authority;

5 (7) officers and employees of the senate, or of the house  
6 of representatives, or of a legislative committee or commission  
7 who are temporarily employed;

8 (8) receivers, jurors, notaries public, and court employees  
9 who are not in the judicial branch as defined in section 43A.02,  
10 subdivision 25, except referees and adjusters employed by the  
11 Department of Labor and Industry;

12 (9) patient and inmate help in state charitable, penal, and  
13 correctional institutions including the Minnesota Veterans Home;

14 (10) persons who are employed for professional services  
15 where the service is incidental to their regular professional  
16 duties and whose compensation is paid on a per diem basis;

17 (11) employees of the Sibley House Association;

18 (12) the members of any state board or commission who serve  
19 the state intermittently and are paid on a per diem basis; the  
20 secretary, secretary-treasurer, and treasurer of those boards if  
21 their compensation is \$5,000 or less per year, or, if they are  
22 legally prohibited from serving more than three years; and the  
23 board of managers of the State Agricultural Society and its  
24 treasurer unless the treasurer is also its full-time secretary;

25 (13) state troopers;

26 (14) temporary employees of the Minnesota state fair who  
27 are employed on or after July 1 for a period not to extend  
28 beyond October 15 of that year; and persons who are employed at  
29 any time by the state fair administration for special events  
30 held on the fairgrounds;

31 (15) emergency employees who are in the classified service;  
32 except that if an emergency employee, within the same pay  
33 period, becomes a provisional or probationary employee on other  
34 than a temporary basis, the employee shall be considered a  
35 "state employee" retroactively to the beginning of the pay  
36 period;

1 (16) persons who are described in section 352B.01,  
2 subdivision 2, clauses (2) to (6);

3 (17) temporary employees in the classified service, and  
4 temporary employees in the unclassified service who are  
5 appointed for a definite period of not more than six months and  
6 who are employed less than six months in any one-year period;

7 (18) trainee employees, except those listed in subdivision  
8 2a, clause (10);

9 (19) persons whose compensation is paid on a fee basis;

10 (20) state employees who are employed by the Board of  
11 Trustees of the Minnesota State Colleges and Universities in  
12 unclassified positions enumerated in section 43A.08, subdivision  
13 1, clause (9);

14 (21) state employees who in any year have credit for 12  
15 months service as teachers in the public schools of the state  
16 and as teachers are members of the Teachers Retirement  
17 Association or a retirement system in St. Paul, Minneapolis, or  
18 Duluth;

19 (22) employees of the adjutant general who are employed on  
20 an unlimited intermittent or temporary basis in the classified  
21 or unclassified service for the support of army and air national  
22 guard training facilities;

23 (23) chaplains and nuns who are excluded from coverage  
24 under the federal Old Age, Survivors, Disability, and Health  
25 Insurance Program for the performance of service as specified in  
26 United States Code, title 42, section 410(a)(8)(A), as amended,  
27 if no irrevocable election of coverage has been made under  
28 section 3121(r) of the Internal Revenue Code of 1986, as amended  
29 through December 31, 1992;

30 (24) examination monitors who are employed by departments,  
31 agencies, commissions, and boards to conduct examinations  
32 required by law;

33 (25) persons who are appointed to serve as members of  
34 fact-finding commissions or adjustment panels, arbitrators, or  
35 labor referees under chapter 179;

36 (26) temporary employees who are employed for limited

1 periods under any state or federal program for training or  
2 rehabilitation, including persons who are employed for limited  
3 periods from areas of economic distress, but not including  
4 skilled and supervisory personnel and persons having civil  
5 service status covered by the system;

6 (27) full-time students who are employed by the Minnesota  
7 Historical Society intermittently during part of the year and  
8 full-time during the summer months;

9 (28) temporary employees who are appointed for not more  
10 than six months, of the Metropolitan Council and of any of its  
11 statutory boards, if the board members are appointed by the  
12 Metropolitan Council;

13 (29) persons who are employed in positions designated by  
14 the Department of Employee Relations as student workers;

15 (30) members of trades who are employed by the successor to  
16 the Metropolitan Waste Control Commission, who have trade union  
17 pension plan coverage under a collective bargaining agreement,  
18 and who are first employed after June 1, 1977;

19 ~~(31) persons who are employed in subsidized on-the-job~~  
20 ~~training, work experience, or public service employment as~~  
21 ~~enrollees under the federal Comprehensive Employment and~~  
22 ~~Training Act after March 30, 1978, unless the person has as of~~  
23 ~~the later of March 30, 1978, or the date of employment~~  
24 ~~sufficient service credit in the retirement system to meet the~~  
25 ~~minimum vesting requirements for a deferred annuity, or the~~  
26 ~~employer agrees in writing on forms prescribed by the director~~  
27 ~~to make the required employer contributions, including any~~  
28 ~~employer additional contributions, on account of that person~~  
29 ~~from revenue sources other than funds provided under the federal~~  
30 ~~Comprehensive Employment and Training Act, or the person agrees~~  
31 ~~in writing on forms prescribed by the director to make the~~  
32 ~~required employer contribution in addition to the required~~  
33 ~~employee contribution~~ state employees who, in the capacity of  
34 post-sentencing officers or emergency dispatchers, are members  
35 of the post-sentencing officers and emergency dispatchers  
36 retirement plan;

1 (32) off-duty peace officers while employed by the  
2 Metropolitan Council;

3 (33) persons who are employed as ~~full-time~~ police officers  
4 by the Metropolitan Council and, as police officers, are members  
5 of the public employees police and fire fund;

6 (34) persons who are employed as full-time firefighters by  
7 the Department of Military Affairs and as firefighters are  
8 members of the public employees police and fire fund;

9 (35) foreign citizens with a work permit of less than three  
10 years, or an H-1b/JV visa valid for less than three years of  
11 employment, unless notice of extension is supplied which allows  
12 them to work for three or more years as of the date the  
13 extension is granted, in which case they are eligible for  
14 coverage from the date extended; and

15 (36) persons who are employed by the Board of Trustees of  
16 the Minnesota State Colleges and Universities and who elect to  
17 remain members of the Public Employees Retirement Association or  
18 the Minneapolis employees retirement fund, whichever applies,  
19 under section 136C.75.

20 Sec. 4. Minnesota Statutes 2002, section 353.01,  
21 subdivision 2b, is amended to read:

22 Subd. 2b. [EXCLUDED EMPLOYEES.] The following public  
23 employees are not eligible to participate as members of the  
24 association with retirement coverage by the public employees  
25 retirement plan, the local government correctional employees  
26 retirement plan under chapter 353E, or the public employees  
27 police and fire retirement plan:

28 (1) public officers, other than county sheriffs, who are  
29 elected to a governing body, or persons who are appointed to  
30 fill a vacancy in an elective office of a governing body, whose  
31 term of office first commences on or after July 1, 2002, for the  
32 service to be rendered in that elective position. Elected  
33 governing body officials who were active members of the  
34 association's coordinated or basic retirement plans as of June  
35 30, 2002, continue participation throughout incumbency in office  
36 until termination of public service occurs as defined in

1 subdivision 11a;

2 (2) election officers or election judges;

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

5 (4) employees who are hired for a temporary position under  
6 subdivision 12a, and employees who resign from a nontemporary  
7 position and accept a temporary position within 30 days in the  
8 same governmental subdivision. An employer must not apply the  
9 definition of temporary position so as to exclude employees who  
10 are hired to fill positions that are permanent or that are for  
11 an unspecified period but who are serving a probationary period  
12 at the start of the employment. If the period of employment  
13 extends beyond six consecutive months and the employee earns  
14 more than \$425 from one governmental subdivision in any calendar  
15 month, the department head shall report the employee for  
16 membership and require employee deductions be made on behalf of  
17 the employee under section 353.27, subdivision 4.

18 The membership eligibility of an employee who resigns or is  
19 dismissed from a temporary position and within 30 days accepts  
20 another temporary position in the same governmental subdivision  
21 is determined on the total length of employment rather than on  
22 each separate position. Membership eligibility of an employee  
23 who holds concurrent temporary and nontemporary positions in one  
24 governmental subdivision is determined by the length of  
25 employment and salary of each separate position;

26 (5) employees who are employed by reason of work emergency  
27 caused by fire, flood, storm, or similar disaster;

28 (6) employees who by virtue of their employment in one  
29 governmental subdivision are required by law to be a member of  
30 and to contribute to any of the plans or funds administered by  
31 the Minnesota State Retirement System, the Teachers Retirement  
32 Association, the Duluth Teachers Retirement Fund Association,  
33 the Minneapolis Teachers Retirement Association, the St. Paul  
34 Teachers Retirement Fund Association, the Minneapolis employees  
35 retirement fund, or any police or firefighters relief  
36 association governed by section 69.77 that has not consolidated

1 with the Public Employees Retirement Association, or any local  
2 police or firefighters consolidation account but who have not  
3 elected the type of benefit coverage provided by the public  
4 employees police and fire fund under sections 353A.01 to  
5 353A.10, or any persons covered by section 353.665, subdivision  
6 4, 5, or 6, who have not elected public employees police and  
7 fire plan benefit coverage. This clause must not be construed  
8 to prevent a person from being a member of and contributing to  
9 the Public Employees Retirement Association and also belonging  
10 to and contributing to another public pension fund for other  
11 service occurring during the same period of time. A person who  
12 meets the definition of "public employee" in subdivision 2 by  
13 virtue of other service occurring during the same period of time  
14 becomes a member of the association unless contributions are  
15 made to another public retirement fund on the salary based on  
16 the other service or to the Teachers Retirement Association by a  
17 teacher as defined in section 354.05, subdivision 2;

18 (7) persons who are members of a religious order and are  
19 excluded from coverage under the federal Old Age, Survivors,  
20 Disability, and Health Insurance Program for the performance of  
21 service as specified in United States Code, title 42, section  
22 410(a)(8)(A), as amended through January 1, 1987, if no  
23 irrevocable election of coverage has been made under section  
24 3121(r) of the Internal Revenue Code of 1954, as amended;

25 (8) employees of a governmental subdivision who have not  
26 reached the age of 23 and are enrolled on a full-time basis to  
27 attend or are attending classes on a full-time basis at an  
28 accredited school, college, or university in an undergraduate,  
29 graduate, or professional-technical program, or a public or  
30 charter high school;

31 (9) resident physicians, medical interns, and pharmacist  
32 residents and pharmacist interns who are serving in a degree or  
33 residency program in public hospitals;

34 (10) students who are serving in an internship or residency  
35 program sponsored by an accredited educational institution;

36 (11) persons who hold a part-time adult supplementary

1 technical college license who render part-time teaching service  
2 in a technical college;

3 (12) except for employees of Hennepin County, foreign  
4 citizens working for a governmental subdivision with a work  
5 permit of less than three years, or an H-1b visa valid for less  
6 than three years of employment. Upon notice to the association  
7 that the work permit or visa extends beyond the three-year  
8 period, the foreign citizens are to be reported for membership  
9 from the date of the extension;

10 (13) public hospital employees who elected not to  
11 participate as members of the association before 1972 and who  
12 did not elect to participate from July 1, 1988, to October 1,  
13 1988;

14 (14) except as provided in section 353.86, volunteer  
15 ambulance service personnel, as defined in subdivision 35, but  
16 persons who serve as volunteer ambulance service personnel may  
17 still qualify as public employees under subdivision 2 and may be  
18 members of the Public Employees Retirement Association and  
19 participants in the public employees retirement fund or the  
20 public employees police and fire fund, whichever applies, on the  
21 basis of compensation received from public employment service  
22 other than service as volunteer ambulance service personnel;

23 (15) except as provided in section 353.87, volunteer  
24 firefighters, as defined in subdivision 36, engaging in  
25 activities undertaken as part of volunteer firefighter duties;  
26 provided that a person who is a volunteer firefighter may still  
27 qualify as a public employee under subdivision 2 and may be a  
28 member of the Public Employees Retirement Association and a  
29 participant in the public employees retirement fund or the  
30 public employees police and fire fund, whichever applies, on the  
31 basis of compensation received from public employment activities  
32 other than those as a volunteer firefighter;

33 (16) pipefitters and associated trades personnel employed  
34 by Independent School District No. 625, St. Paul, with coverage  
35 under a collective bargaining agreement by the pipefitters local  
36 455 pension plan who were either first employed after May 1,

1 1997, or, if first employed before May 2, 1997, elected to be  
2 excluded under Laws 1997, chapter 241, article 2, section 12;  
3 (17) electrical workers, plumbers, carpenters, and  
4 associated trades personnel employed by Independent School  
5 District No. 625, St. Paul, or the city of St. Paul, who have  
6 retirement coverage under a collective bargaining agreement by  
7 the electrical workers local 110 pension plan, the United  
8 Association Plumbers Local 34 pension plan, or the Carpenters  
9 Local 87 pension plan who were either first employed after May  
10 1, 2000, or, if first employed before May 2, 2000, elected to be  
11 excluded under Laws 2000, chapter 461, article 7, section 5;  
12 (18) bricklayers, allied craftworkers, cement masons,  
13 glaziers, glassworkers, painters, allied tradesworkers, and  
14 plasterers employed by the city of St. Paul or Independent  
15 School District No. 625, St. Paul, with coverage under a  
16 collective bargaining agreement by the bricklayers and allied  
17 craftworkers local 1 pension plan, the cement masons local 633  
18 pension plan, the glaziers and glassworkers local L-1324 pension  
19 plan, the painters and allied trades local 61 pension plan, or  
20 the Twin Cities plasterers local 265 pension plan who were  
21 either first employed after May 1, 2001, or if first employed  
22 before May 2, 2001, elected to be excluded under Laws 2001,  
23 First Special Session chapter 10, article 10, section 6;  
24 (19) plumbers employed by the metropolitan airports  
25 commission, with coverage under a collective bargaining  
26 agreement by the plumbers local 34 pension plan, who either were  
27 first employed after May 1, 2001, or if first employed before  
28 May 2, 2001, elected to be excluded under Laws 2001, First  
29 Special Session chapter 10, article 10, section 6;  
30 (20) employees who are hired after June 30, 2002, to fill  
31 seasonal positions under subdivision 12b which are limited in  
32 duration by the employer to 185 consecutive calendar days or  
33 less in each year of employment with the governmental  
34 subdivision;  
35 (21) persons who are provided supported employment or  
36 work-study positions by a governmental subdivision and who

1 participate in an employment or industries program maintained  
2 for the benefit of these persons where the governmental  
3 subdivision limits the position's duration to three years or  
4 less, including persons participating in a federal or state  
5 subsidized on-the-job training, work experience, senior citizen,  
6 youth, or unemployment relief program where the training or work  
7 experience is not provided as a part of, or for, future  
8 permanent public employment;

9 (22) independent contractors and the employees of  
10 independent contractors; and

11 (23) local governmental employees who, in the capacity of  
12 post-sentencing officers or emergency dispatchers, are members  
13 of the post-sentencing officers and emergency dispatchers  
14 retirement plan; and

15 (24) reemployed annuitants of the association during the  
16 course of that reemployment.

17 Sec. 5. Minnesota Statutes 2002, section 355.01,  
18 subdivision 2e, is amended to read:

19 Subd. 2e. [EMERGENCY DISPATCHER.] "Emergency dispatcher"  
20 means a full-time employee of the state or of a local  
21 governmental unit who is employed at a primary public safety  
22 answering point, whose primary employment responsibility is  
23 receiving emergency "911" telephone communications from the  
24 public which requires the subsequent contact with and the  
25 response by police, fire, or medical resources, who is certified  
26 by the governmental employer as regularly and consistently  
27 spending at least 75 percent of the person's employment time in  
28 these duties, and who, in that capacity, is a member of the  
29 post-sentencing officers and emergency dispatchers retirement  
30 plan under chapter 353G.

31 Subd. 2f. [EMPLOYEE.] "Employee" means a person employed by  
32 the state of Minnesota or by a political subdivision of the  
33 state and includes an officer of the state of Minnesota or of a  
34 political subdivision of the state.

35 Sec. 6. Minnesota Statutes 2002, section 355.01,  
36 subdivision 2f, is amended to read:

1 Subd. 2f 2g. [EMPLOYEE TAX.] "Employee tax" means the tax  
2 imposed by section 3101 of the Internal Revenue Code of 1986.

3 Sec. 7. Minnesota Statutes 2002, section 355.01,  
4 subdivision 3j, is amended to read:

5 Subd. 3j. [POST-SENTENCING OFFICER.] "Post-sentencing  
6 officer" means a full-time employee of the state or of a local  
7 governmental unit who is responsible for the control,  
8 supervision, and care of convicted offenders on probation in  
9 lieu of imprisonment or of offenders conditionally released on  
10 parole after imprisonment where the employee is certified by the  
11 governmental employer as regularly and consistently spending at  
12 least 75 percent of the person's employment time in the direct  
13 control, supervision, and care of convicted offenders who  
14 represent a risk of violence or physical harm to the employee  
15 and who, in that capacity, is a member of the post-sentencing  
16 officers and emergency dispatchers retirement plan under chapter  
17 353G.

18 Subd. 3k. [PUBLIC EMPLOYEE.] "Public employee" means an  
19 officer or an employee of a local governmental subdivision of  
20 the state who performs services in a position covered by the  
21 Public Employees Retirement Association established under  
22 chapter 353.

23 Sec. 8. Minnesota Statutes 2002, section 355.01,  
24 subdivision 3k, is amended to read:

25 Subd. 3k 3l. [PUBLIC HOSPITAL.] "Public hospital" means a  
26 hospital that is owned or operated by a governmental employer or  
27 a combination of governmental employers, or a hospital that is  
28 an integral part of a governmental employer or of a combination  
29 of governmental employers.

30 Sec. 9. Minnesota Statutes 2002, section 355.01,  
31 subdivision 3l, is amended to read:

32 Subd. 3l 3m. [ST. PAUL TEACHER.] "St. Paul teacher" means  
33 a person employed by Independent School District No. 625, St.  
34 Paul, who holds a position covered by the St. Paul teachers  
35 retirement fund association established under chapter 354A.

36 Sec. 10. Minnesota Statutes 2002, section 355.02,

1 subdivision 3, is amended to read:

2 Subd. 3. [GROUPS COVERED BY SOCIAL SECURITY.] The  
3 following groups must be covered by an agreement or a  
4 modification to an agreement between the director and the  
5 federal Secretary of Health and Human Services:

- 6 (1) constitutional officers;
- 7 (2) Duluth teachers;
- 8 (3) educational employees;
- 9 (4) higher education employees;
- 10 (5) hospital employees;
- 11 (6) judges;
- 12 (7) legislators;
- 13 (8) Minneapolis teachers;
- 14 (9) public employees, including members of the local  
15 government correctional service retirement plan;
- 16 (10) St. Paul teachers;
- 17 (11) special authority or district employees; and
- 18 (12) state employees;
- 19 (13) emergency dispatchers; and
- 20 (14) post-sentencing officers.

21 Sec. 11. Minnesota Statutes 2002, section 356.20,  
22 subdivision 2, is amended to read:

23 Subd. 2. [COVERED PUBLIC PENSION PLANS AND FUNDS.] This  
24 section applies to the following public pension plans:

- 25 (1) the general state employees retirement plan of the  
26 Minnesota State Retirement System;
- 27 (2) the general employees retirement plan of the Public  
28 Employees Retirement Association;
- 29 (3) the Teachers Retirement Association;
- 30 (4) the state patrol retirement plan;
- 31 (5) the Minneapolis Teachers Retirement Fund Association;
- 32 (6) the St. Paul Teachers Retirement Fund Association;
- 33 (7) the Duluth Teachers Retirement Fund Association;
- 34 (8) the Minneapolis employees retirement fund;
- 35 (9) the University of Minnesota faculty retirement plan;
- 36 (10) the University of Minnesota faculty supplemental

1 retirement plan;

2 (11) the judges retirement fund;

3 (12) a police or firefighter's relief association specified  
4 or described in section 69.77, subdivision 1a, or 69.771,  
5 subdivision 1;

6 (13) the public employees police and fire plan of the  
7 Public Employees Retirement Association;

8 (14) the correctional state employees retirement plan of  
9 the Minnesota State Retirement System; and

10 (15) the local government correctional service retirement  
11 plan of the Public Employees Retirement Association; and

12 (16) the post-sentencing officers and emergency dispatchers  
13 retirement plan of the Public Employees Retirement Association.

14 Sec. 12. Minnesota Statutes 2002, section 356.215,  
15 subdivision 8, is amended to read:

16 Subd. 8. [INTEREST AND SALARY ASSUMPTIONS.] (a) The  
17 actuarial valuation must use the applicable following  
18 preretirement interest assumption and the applicable following  
19 postretirement interest assumption:

20		preretirement	postretirement
21		interest rate	interest rate
22	plan	assumption	assumption
23	general state employees		
24	retirement plan	8.5%	6.0%
25	correctional state employees		
26	retirement plan	8.5	6.0
27	state patrol retirement plan	8.5	6.0
28	legislators retirement plan	8.5	6.0
29	elective state officers		
30	retirement plan	8.5	6.0
31	judges retirement plan	8.5	6.0
32	general public employees		
33	retirement plan	8.5	6.0
34	public employees police and fire		
35	retirement plan	8.5	6.0
36	local government correctional		
37	service retirement plan	8.5	6.0
38	<u>post-sentencing officers and</u>		
39	<u>emergency dispatchers</u>		
40	<u>retirement plan</u>	8.5	6.0
41	teachers retirement plan	8.5	6.0
42	Minneapolis employees		
43	retirement plan	6.0	5.0
44	Duluth teachers retirement plan	8.5	8.5
45	Minneapolis teachers retirement		
46	plan	8.5	8.5
47	St. Paul teachers retirement		
48	plan	8.5	8.5
49	Minneapolis Police Relief		
50	Association	6.0	6.0
51	Fairmont Police Relief		
52	Association	5.0	5.0

1	Minneapolis Fire Department		
2	Relief Association	6.0	6.0
3	Virginia Fire Department		
4	Relief Association	5.0	5.0
5	local monthly benefit volunteer		
6	firefighters relief associations	5.0	5.0

7 (b) The actuarial valuation must use the applicable  
 8 following single rate future salary increase assumption, the  
 9 applicable following modified single rate future salary increase  
 10 assumption, or the applicable following graded rate future  
 11 salary increase assumption:

12 (1) single rate future salary increase assumption

13		future salary
14	plan	increase assumption
15	legislators retirement plan	5.0%
16	elective state officers retirement	
17	plan	5.0
18	judges retirement plan	5.0
19	Minneapolis Police Relief Association	4.0
20	Fairmont Police Relief	
21	Association	3.5
22	Minneapolis Fire Department Relief	
23	Association	4.0
24	Virginia Fire Department	
25	Relief Association	3.5

26 (2) modified single rate future salary increase assumption

27		future salary
28	plan	increase assumption
29	Minneapolis employees	the prior calendar year
30	retirement plan	amount increased first by
31		1.0198 percent to prior
32		fiscal year date and
33		then increased by 4.0
34		percent annually for
35		each future year

36 (3) select and ultimate future salary increase assumption  
 37 or graded rate future salary increase assumption

38		future salary
39	plan	increase assumption
40	general state employees	select calculation and
41	retirement plan	assumption A
42	correctional state employees	
43	retirement plan	assumption H
44	state patrol retirement plan	assumption H
45	general public employees	select calculation and
46	retirement plan	assumption B
47	public employees police and fire	
48	fund retirement plan	assumption C
49	local government correctional service	
50	retirement plan	assumption H
51	<u>post-sentencing officers and</u>	
52	<u>emergency dispatchers</u>	
53	<u>retirement plan</u>	assumption H
54	teachers retirement plan	assumption D
55	Duluth teachers retirement plan	assumption E
56	Minneapolis teachers retirement plan	assumption F
57	St. Paul teachers retirement plan	assumption G
58		

59 The select calculation is:

during the ten-year select period, a designated percent is multiplied by the result of ten minus T, where T is the number of completed years of service, and is added to the applicable future salary increase assumption. The designated percent is 0.2 percent for the correctional state employees retirement plan, the state patrol retirement plan, the public employees police and fire plan, and the local government correctional service plan, and the post-sentencing officers and emergency dispatchers retirement plan; 0.3 percent for the general state employees retirement plan, the general public employees retirement plan, the teachers retirement plan, the Duluth Teachers Retirement Fund Association, and the St. Paul Teachers Retirement Fund Association; and 0.4 percent for the Minneapolis Teachers Retirement Fund Association.

The ultimate future salary increase assumption is:

age	A	B	C	D	E	F	G	H
16	6.95%	6.95%	11.50%	8.20%	8.00%	6.50%	6.90%	7.7500
17	6.90	6.90	11.50	8.15	8.00	6.50	6.90	7.7500
18	6.85	6.85	11.50	8.10	8.00	6.50	6.90	7.7500
19	6.80	6.80	11.50	8.05	8.00	6.50	6.90	7.7500
20	6.75	6.40	11.50	6.00	6.90	6.50	6.90	7.7500
21	6.75	6.40	11.50	6.00	6.90	6.50	6.90	7.1454
22	6.75	6.40	11.00	6.00	6.90	6.50	6.90	7.0725
23	6.75	6.40	10.50	6.00	6.85	6.50	6.85	7.0544
24	6.75	6.40	10.00	6.00	6.80	6.50	6.80	7.0363
25	6.75	6.40	9.50	6.00	6.75	6.50	6.75	7.0000
26	6.75	6.36	9.20	6.00	6.70	6.50	6.70	7.0000
27	6.75	6.32	8.90	6.00	6.65	6.50	6.65	7.0000
28	6.75	6.28	8.60	6.00	6.60	6.50	6.60	7.0000
29	6.75	6.24	8.30	6.00	6.55	6.50	6.55	7.0000
30	6.75	6.20	8.00	6.00	6.50	6.50	6.50	7.0000
31	6.75	6.16	7.80	6.00	6.45	6.50	6.45	7.0000
32	6.75	6.12	7.60	6.00	6.40	6.50	6.40	7.0000
33	6.75	6.08	7.40	6.00	6.35	6.50	6.35	7.0000
34	6.75	6.04	7.20	6.00	6.30	6.50	6.30	7.0000
35	6.75	6.00	7.00	6.00	6.25	6.50	6.25	7.0000
36	6.75	5.96	6.80	6.00	6.20	6.50	6.20	6.9019
37	6.75	5.92	6.60	6.00	6.15	6.50	6.15	6.8074
38	6.75	5.88	6.40	5.90	6.10	6.50	6.10	6.7125
39	6.75	5.84	6.20	5.80	6.05	6.50	6.05	6.6054
40	6.75	5.80	6.00	5.70	6.00	6.50	6.00	6.5000
41	6.75	5.76	5.90	5.60	5.90	6.50	5.95	6.3540
42	6.75	5.72	5.80	5.50	5.80	6.50	5.90	6.2087
43	6.65	5.68	5.70	5.40	5.70	6.50	5.85	6.0622
44	6.55	5.64	5.60	5.30	5.60	6.50	5.80	5.9048
45	6.45	5.60	5.50	5.20	5.50	6.50	5.75	5.7500
46	6.35	5.56	5.45	5.10	5.40	6.40	5.70	5.6940
47	6.25	5.52	5.40	5.00	5.30	6.30	5.65	5.6375
48	6.15	5.48	5.35	5.00	5.20	6.20	5.60	5.5822
49	6.05	5.44	5.30	5.00	5.10	6.10	5.55	5.5404
50	5.95	5.40	5.25	5.00	5.00	6.00	5.50	5.5000
51	5.85	5.36	5.25	5.00	5.00	5.90	5.45	5.4384
52	5.75	5.32	5.25	5.00	5.00	5.80	5.40	5.3776
53	5.65	5.28	5.25	5.00	5.00	5.70	5.35	5.3167
54	5.55	5.24	5.25	5.00	5.00	5.60	5.30	5.2826
55	5.45	5.20	5.25	5.00	5.00	5.50	5.25	5.2500
56	5.35	5.16	5.25	5.00	5.00	5.40	5.20	5.2500
57	5.25	5.12	5.25	5.00	5.00	5.30	5.15	5.2500
58	5.25	5.08	5.25	5.10	5.00	5.20	5.10	5.2500
59	5.25	5.04	5.25	5.20	5.00	5.10	5.05	5.2500
60	5.25	5.00	5.25	5.30	5.00	5.00	5.00	5.2500
61	5.25	5.00	5.25	5.40	5.00	5.00	5.00	5.2500
62	5.25	5.00	5.25	5.50	5.00	5.00	5.00	5.2500
63	5.25	5.00	5.25	5.60	5.00	5.00	5.00	5.2500
64	5.25	5.00	5.25	5.70	5.00	5.00	5.00	5.2500
65	5.25	5.00	5.25	5.70	5.00	5.00	5.00	5.2500
66	5.25	5.00	5.25	5.70	5.00	5.00	5.00	5.2500
67	5.25	5.00	5.25	5.70	5.00	5.00	5.00	5.2500

1	68	5.25	5.00	5.25	5.70	5.00	5.00	5.00	5.2500
2	69	5.25	5.00	5.25	5.70	5.00	5.00	5.00	5.2500
3	70	5.25	5.00	5.25	5.70	5.00	5.00	5.00	5.2500
4	71	5.25	5.00		5.70				

5 (c) The actuarial valuation must use the applicable  
6 following payroll growth assumption for calculating the  
7 amortization requirement for the unfunded actuarial accrued  
8 liability where the amortization retirement is calculated as a  
9 level percentage of an increasing payroll:

10		payroll growth
11	plan	assumption
12	general state employees retirement plan	5.00%
13	correctional state employees retirement plan	5.00
14	state patrol retirement plan	5.00
15	legislators retirement plan	5.00
16	elective state officers retirement plan	5.00
17	judges retirement plan	5.00
18	general public employees retirement plan	6.00
19	public employees police and fire	
20	retirement plan	6.00
21	local government correctional service	
22	retirement plan	6.00
23	<u>post-sentencing officers and emergency</u>	
24	<u>dispatchers retirement plan</u>	5.00
25	teachers retirement plan	5.00
26	Duluth teachers retirement plan	5.00
27	Minneapolis teachers retirement plan	5.00
28	St. Paul teachers retirement plan	5.00

29 Sec. 13. Minnesota Statutes 2002, section 356.215,  
30 subdivision 11, is amended to read:

31 Subd. 11. [AMORTIZATION CONTRIBUTIONS.] (a) In addition to  
32 the exhibit indicating the level normal cost, the actuarial  
33 valuation must contain an exhibit indicating the additional  
34 annual contribution sufficient to amortize the unfunded  
35 actuarial accrued liability. For funds governed by chapters 3A,  
36 352, 352B, 352C, 353, 353G, 354, 354A, and 490, the additional  
37 contribution must be calculated on a level percentage of covered  
38 payroll basis by the established date for full funding in effect  
39 when the valuation is prepared. For funds governed by chapter  
40 3A, sections 352.90 through 352.951, chapters 352B, 352C,  
41 sections 353.63 through 353.68, and chapters 353C, 353G, 354A,  
42 and 490, the level percent additional contribution must be  
43 calculated assuming annual payroll growth of 6.5 percent. For  
44 funds governed by sections 352.01 through 352.86 and chapter  
45 354, the level percent additional contribution must be  
46 calculated assuming an annual payroll growth of five percent.

1 For the fund governed by sections 353.01 through 353.46, the  
2 level percent additional contribution must be calculated  
3 assuming an annual payroll growth of six percent. For all other  
4 funds, the additional annual contribution must be calculated on  
5 a level annual dollar amount basis.

6 (b) For any fund other than the Minneapolis employees  
7 retirement fund and the Public Employees Retirement Association  
8 general plan, if there has not been a change in the actuarial  
9 assumptions used for calculating the actuarial accrued liability  
10 of the fund, a change in the benefit plan governing annuities  
11 and benefits payable from the fund, a change in the actuarial  
12 cost method used in calculating the actuarial accrued liability  
13 of all or a portion of the fund, or a combination of the three,  
14 which change or changes by itself or by themselves without  
15 inclusion of any other items of increase or decrease produce a  
16 net increase in the unfunded actuarial accrued liability of the  
17 fund, the established date for full funding is the first  
18 actuarial valuation date occurring after June 1, 2020.

19 (c) For any fund or plan other than the Minneapolis  
20 employees retirement fund and the Public Employees Retirement  
21 Association general plan, if there has been a change in any or  
22 all of the actuarial assumptions used for calculating the  
23 actuarial accrued liability of the fund, a change in the benefit  
24 plan governing annuities and benefits payable from the fund, a  
25 change in the actuarial cost method used in calculating the  
26 actuarial accrued liability of all or a portion of the fund, or  
27 a combination of the three, and the change or changes, by itself  
28 or by themselves and without inclusion of any other items of  
29 increase or decrease, produce a net increase in the unfunded  
30 actuarial accrued liability in the fund, the established date  
31 for full funding must be determined using the following  
32 procedure:

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

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

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

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

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

27 (vi) the period in which the unfunded actuarial accrued  
28 liability amount determined in item (iii) is amortized by the  
29 total level annual dollar or level percentage amortization  
30 contribution computed under item (v) must be calculated using  
31 the interest assumption specified in subdivision 8 in effect  
32 after any applicable change, rounded to the nearest integral  
33 number of years, but not to exceed 30 years from the end of the  
34 plan year in which the determination of the established date for  
35 full funding using the procedure set forth in this clause is  
36 made and not to be less than the period of years beginning in

1 the plan year in which the determination of the established date  
2 for full funding using the procedure set forth in this clause is  
3 made and ending by the date for full funding in effect before  
4 the change; and

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

8 (d) For the Minneapolis employees retirement fund, the  
9 established date for full funding is June 30, 2020.

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

13 (f) For the retirement plans for which the annual actuarial  
14 valuation indicates an excess of valuation assets over the  
15 actuarial accrued liability, the valuation assets in excess of  
16 the actuarial accrued liability must be recognized as a  
17 reduction in the current contribution requirements by an amount  
18 equal to the amortization of the excess expressed as a level  
19 percentage of pay over a 30-year period beginning anew with each  
20 annual actuarial valuation of the plan.

21 Sec. 14. Minnesota Statutes 2002, section 356.30,  
22 subdivision 3, is amended to read:

23 Subd. 3. [COVERED PLANS.] This section applies to the  
24 following retirement plans:

25 (1) the general state employees retirement plan of the  
26 Minnesota State Retirement System, established under chapter  
27 352;

28 (2) the correctional state employees retirement plan of the  
29 Minnesota State Retirement System, established under chapter  
30 352;

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

33 (4) the state patrol retirement plan, established under  
34 chapter 352B;

35 (5) the legislators retirement plan, established under  
36 chapter 3A;

(6) the elective state officers' retirement plan,  
established under chapter 352C;

(7) the general employees retirement plan of the Public  
Employees Retirement Association, established under chapter 353;

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

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

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

(11) the Minneapolis employees retirement fund, established  
under chapter 422A;

(12) the Minneapolis Teachers Retirement Fund Association,  
established under chapter 354A;

(13) the St. Paul Teachers Retirement Fund Association,  
established under chapter 354A;

(14) the Duluth Teachers Retirement Fund Association,  
established under chapter 354A; and

(15) the judges' retirement fund, established by sections  
490.121 to 490.132; and

(16) the post-sentencing officers and emergency dispatchers  
retirement plan established under chapter 353G.

Sec. 15. Minnesota Statutes 2002, section 356.302,  
subdivision 7, is amended to read:

Subd. 7. [COVERED RETIREMENT PLANS.] This section applies  
to the following retirement plans:

(1) the general state employees retirement plan of the  
Minnesota state retirement system, established by chapter 352;

(2) the unclassified state employees retirement program of  
the Minnesota state retirement system, established by chapter  
352D;

(3) the general employees retirement plan of the Public  
Employees Retirement Association, established by chapter 353;

(4) the Teachers Retirement Association, established by

1 chapter 354;

2 (5) the Duluth Teachers Retirement Fund Association,  
3 established by chapter 354A;

4 (6) the Minneapolis Teachers Retirement Fund Association,  
5 established by chapter 354A;

6 (7) the St. Paul Teachers Retirement Fund Association,  
7 established by chapter 354A;

8 (8) the Minneapolis employees retirement fund, established  
9 by chapter 422A;

10 (9) the state correctional employees retirement plan of the  
11 Minnesota State Retirement System, established by chapter 352;

12 (10) the state patrol retirement plan, established by  
13 chapter 352B;

14 (11) the public employees police and fire plan of the  
15 Public Employees Retirement Association, established by chapter  
16 353;

17 (12) the local government correctional service retirement  
18 plan of the Public Employees Retirement Association, established  
19 by chapter 353E; and

20 (13) the judges' retirement plan, established by sections  
21 490.121 to 490.132; and

22 (14) the post-sentencing officers and emergency dispatchers  
23 retirement plan established under chapter 353G.

24 Sec. 16. Minnesota Statutes 2002, section 356.303,  
25 subdivision 4, is amended to read:

26 Subd. 4. [COVERED RETIREMENT PLANS.] This section applies  
27 to the following retirement plans:

28 (1) the legislators retirement plan, established by chapter  
29 3A;

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

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

34 (4) the state patrol retirement plan, established by  
35 chapter 352B;

36 (5) the elective state officers retirement plan,

1 established by chapter 352C;

2 (6) the unclassified state employees retirement program,  
3 established by chapter 352D;

4 (7) the general employees retirement plan of the Public  
5 Employees Retirement Association, established by chapter 353;

6 (8) the public employees police and fire plan of the Public  
7 Employees Retirement Association, established by chapter 353;

8 (9) the local government correctional service retirement  
9 plan of the Public Employees Retirement Association, established  
10 by chapter 353E;

11 (10) the Teachers Retirement Association, established by  
12 chapter 354;

13 (11) the Duluth Teachers Retirement Fund Association,  
14 established by chapter 354A;

15 (12) the Minneapolis Teachers Retirement Fund Association,  
16 established by chapter 354A;

17 (13) the St. Paul Teachers Retirement Fund Association,  
18 established by chapter 354A;

19 (14) the Minneapolis employees retirement fund, established  
20 by chapter 422A; and

21 (15) the judges' retirement fund, established by sections  
22 490.121 to 490.132; and

23 (16) the post-sentencing officers and emergency dispatchers  
24 retirement plan established under chapter 353G.

25 Sec. 17. Minnesota Statutes 2002, section 356.315, is  
26 amended by adding a subdivision to read:

27 Subd. 5b. [POST-SENTENCING OFFICERS AND EMERGENCY  
28 DISPATCHERS.] The applicable benefit accrual rate is 1.9 percent.

29 Sec. 18. Minnesota Statutes 2002, section 356.465,  
30 subdivision 3, is amended to read:

31 Subd. 3. [COVERED RETIREMENT PLANS.] The provisions of  
32 this section apply to the following retirement plans:

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

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

1 (3) the state patrol retirement plan established under  
2 chapter 352B;

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

5 (5) the judges retirement plan established under chapter  
6 490;

7 (6) the general employees retirement plan of the Public  
8 Employees Retirement Association established under chapter 353;

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

11 (8) the teachers retirement plan established under chapter  
12 354;

13 (9) the Duluth Teachers Retirement Fund Association  
14 established under chapter 354A;

15 (10) the St. Paul Teachers Retirement Fund Association  
16 established under chapter 354A;

17 (11) the Minneapolis Teachers Retirement Fund Association  
18 established under chapter 354A;

19 (12) the Minneapolis employees retirement plan established  
20 under chapter 422A;

21 (13) the Minneapolis Firefighters Relief Association  
22 established under chapter 423C;

23 (14) the Minneapolis Police Relief Association established  
24 under chapter 423B; and

25 (15) the local government correctional service retirement  
26 plan of the Public Employees Retirement Association established  
27 under chapter 353E; and

28 (16) the post-sentencing officers and emergency dispatchers  
29 retirement plan established under chapter 353G.

30 Sec. 19. Minnesota Statutes 2002, section 356.555,  
31 subdivision 4, is amended to read:

32 Subd. 4. [COVERED PENSION PLANS.] This section applies to  
33 the following pension plans:

34 (1) the general state employees retirement plan governed by  
35 chapter 352;

36 (2) the correctional state employees retirement plan

1 governed by chapter 352;

2 (3) the general employees retirement plan of the Public  
3 Employees Retirement Association governed by chapter 353;

4 (4) the public employees police and fire plan governed by  
5 chapter 353;

6 (5) the teachers retirement plan governed by chapter 354;

7 (6) the Minneapolis Teachers Retirement Fund Association  
8 governed by chapter 354A;

9 (7) the Saint Paul Teachers Retirement Fund Association  
10 governed by chapter 354A;

11 (8) the Duluth Teachers Retirement Fund Association  
12 governed by chapter 354A;

13 (9) the Minneapolis employees retirement plan governed by  
14 chapter 422A;

15 (10) the Minneapolis Police Relief Association governed by  
16 chapter 423B; and

17 (11) the Minneapolis Fire Department Relief Association  
18 governed by chapter 423C; and

19 (12) the post-sentencing officers and emergency dispatchers  
20 retirement plan governed by chapter 353G.

21 Sec. 20. [EFFECTIVE DATE.]

22 Sections 1 to 19 are effective on July 1, 2005.

23 ARTICLE 3

24 ACTUARIAL COST ESTIMATE; FUNDING OF STUDY

25 Section 1. [ACTUARIAL COST ESTIMATE.]

26 (a) Under the direction of the legislative commission on  
27 pensions and retirement, the consulting actuary retained by the  
28 commission shall prepare an actuarial cost estimate of the  
29 proposed post-sentencing officers and emergency dispatchers  
30 retirement plan.

31 (b) The actuarial cost estimate must be prepared based on  
32 the plan demographic information assembled by the executive  
33 director of the Minnesota State Retirement System and by the  
34 executive director of the Public Employees Retirement  
35 Association. The executive directors shall obtain preliminary  
36 plan membership certifications of the applicable post-sentencing

1 officers and emergency dispatchers by July 1, 2004, and shall  
2 certify the necessary demographic data in computer-readable  
3 format to the commission-retained actuary on or before September  
4 1, 2004.

5 (c) The actuarial cost estimate must be transmitted to the  
6 executive director of the legislative commission on pensions and  
7 retirement, the director of the legislative reference library,  
8 the commissioner of corrections, and chief of the state patrol,  
9 the executive director of the Public Employees Retirement  
10 Association, the executive director of the association of  
11 Minnesota counties, and the executive director of the league of  
12 Minnesota cities on or before February 1, 2005.

13 (d) The director of the legislative reference library shall  
14 make the results of the actuarial cost estimate available on the  
15 legislative reference library's website.

16 (e) The executive director of the legislative commission on  
17 pensions and retirement shall take the steps to amend any  
18 contract with the commission-retained actuary to accommodate  
19 this project.

20 Sec. 2. [APPROPRIATION.]

21 \$..... is appropriated from the state general fund to the  
22 executive director of the legislative commission on pensions and  
23 retirement to fund the actuarial cost estimate required under  
24 section 1.

25 Sec. 3. [EFFECTIVE DATE.]

26 Sections 1 and 2 are effective on the day following final  
27 enactment.