

- 1.1 A bill for an act
- 1.2 relating to retirement; Teachers Retirement Association; providing for unreduced
- 1.3 retirement at age 60 or older with at least 30 years of service; providing for a
- 1.4 onetime 2.5% post-retirement adjustment; increasing employee and employer
- 1.5 contributions; extending the amortization date; reducing the assumption for
- 1.6 investment rate of return; increasing the pension adjustment revenue for school
- 1.7 districts; appropriating money; amending Minnesota Statutes 2022, sections
- 1.8 126C.10, subdivision 37; 354.42, subdivisions 2, 3; 354.435, subdivision 4;
- 1.9 354.436, subdivision 3; 354.44, subdivision 6; 356.215, subdivisions 8, 11; 356.415,
- 1.10 subdivision 1d; 356.59, subdivision 4.
- 1.11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:
- 1.12 Section 1. Minnesota Statutes 2022, section 126C.10, subdivision 37, is amended to read:
- 1.13 Subd. 37. **Pension adjustment revenue.** (a) A school district's pension adjustment
- 1.14 revenue equals the sum of:
- 1.15 (1) the greater of zero or the product of:
- 1.16 (i) the difference between the district's adjustment under Minnesota Statutes 2012, section
- 1.17 127A.50, subdivision 1, for fiscal year 2014 per adjusted pupil unit and the state average
- 1.18 adjustment under Minnesota Statutes 2012, section 127A.50, subdivision 1, for fiscal year
- 1.19 2014 per adjusted pupil unit; and
- 1.20 (ii) the district's adjusted pupil units for the fiscal year; and
- 1.21 (2) the product of the salaries paid to district employees who were members of the
- 1.22 Teachers Retirement Association and the St. Paul Teachers' Retirement Fund Association
- 1.23 for the prior fiscal year and the district's pension adjustment rate for the fiscal year. The
- 1.24 pension adjustment rate for Independent School District No. 625, St. Paul, equals ~~0.84~~
- 1.25 ~~percent for fiscal year 2019, 1.67 percent for fiscal year 2020, 1.88 percent for fiscal year~~

2.1 ~~2021, 2.09 percent for fiscal year 2022, 2.3 percent for fiscal year 2023, and 2.5 percent for~~
 2.2 ~~fiscal year 2024 and later. The pension adjustment rate for all other districts equals 0.21~~
 2.3 ~~percent for fiscal year 2019, 0.42 percent for fiscal year 2020, 0.63 percent for fiscal year~~
 2.4 ~~2021, 0.84 percent for fiscal year 2022, 1.05 percent for fiscal year 2023, and 1.25~~ 3.85
 2.5 ~~percent for fiscal year 2024 and later.~~

2.6 (b) For fiscal year 2025 and later, the state total pension adjustment revenue for
 2.7 Independent School District No. 625, St. Paul, under paragraph (a), clause (2), must not
 2.8 exceed the amount calculated under paragraph (a), clause (2), for fiscal year 2024. ~~The~~
 2.9 ~~commissioner must prorate the pension adjustment revenue under paragraph (a), clause (2),~~
 2.10 ~~so as not to exceed the maximum.~~

2.11 (c) Beginning with fiscal year 2025 and later, the state total pension adjustment revenue
 2.12 for all other districts under paragraph (a), clause (2), must increase annually by three percent
 2.13 of the prior fiscal year's revenue amount.

2.14 (d) Notwithstanding section 123A.26, subdivision 1, a cooperative unit, as defined in
 2.15 section 123A.24, subdivision 2, qualifies for pension adjustment revenue under paragraph
 2.16 (a), clause (2), as if it was a district, and the aid generated by the cooperative unit shall be
 2.17 paid to the cooperative unit.

2.18 **EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2024 and later.

2.19 Sec. 2. Minnesota Statutes 2022, section 354.42, subdivision 2, is amended to read:

2.20 Subd. 2. **Employee contribution.** (a) The employee contribution to the fund is the
 2.21 following percentage of the member's salary:

Period	Basic Program	Coordinated Program
from July 1, 2014, through June 30, 2023	11 percent	7.5 percent
after June 30, 2023	11.25 <u>12.12</u> percent	7.75 <u>8.62</u> percent

2.25 (b) When an employee contribution rate changes for a fiscal year, the new contribution
 2.26 rate is effective for the entire salary paid for each employer unit with the first payroll cycle
 2.27 reported.

2.28 (c) This contribution must be made by deduction from salary. Where any portion of a
 2.29 member's salary is paid from other than public funds, the member's employee contribution
 2.30 must be based on the entire salary received.

2.31 **EFFECTIVE DATE.** This section is effective June 30, 2023.

3.1 Sec. 3. Minnesota Statutes 2022, section 354.42, subdivision 3, is amended to read:

3.2 Subd. 3. **Employer.** ~~(a) The regular employer contribution to the fund by Special School~~
 3.3 ~~District No. 1, Minneapolis, is an amount equal to the applicable following percentage of~~
 3.4 ~~salary of each coordinated member and the applicable percentage of salary of each basic~~
 3.5 ~~member specified in paragraph (c).~~

3.6 ~~The additional employer contribution to the fund by Special School District No. 1,~~
 3.7 ~~Minneapolis, is an amount equal to 3.64 percent of the salary of each teacher who is a~~
 3.8 ~~coordinated member or who is a basic member.~~

3.9 ~~(b) The regular employer contribution to the fund by Independent School District No.~~
 3.10 ~~709, Duluth, is an amount equal to the applicable percentage of salary of each old law or~~
 3.11 ~~new law coordinated member specified for the coordinated program in paragraph (c).~~

3.12 ~~(e) (a) The employer contribution to the fund for every other employer is an amount~~
 3.13 ~~equal to the applicable following percentage of the salary of each coordinated member and~~
 3.14 ~~the applicable following percentage of the salary of each basic member:~~

3.15	Period	Coordinated Member	Basic Member
3.16	from July 1, 2014, through June 30, 2018	7.5 percent	11.5 percent
3.17	from July 1, 2018, through June 30, 2019	7.71 percent	11.71 percent
3.18	from July 1, 2019, through June 30, 2020	7.92 percent	11.92 percent
3.19	from July 1, 2020, through June 30, 2021	8.13 percent	12.13 percent
3.20	from July 1, 2021, through June 30, 2022	8.34 percent	12.34 percent
3.21	from July 1, 2022, through June 30, 2023	8.55 percent	12.55 percent
3.22		8.75 <u>11.35</u>	
3.23	after June 30, 2023	percent	12.75 <u>15.35</u> percent

3.24 ~~(d) (b) The additional employer contribution to the fund by Special School District No.~~
 3.25 ~~1, Minneapolis, is an amount equal to 3.64 percent of the salary of each teacher who is a~~
 3.26 ~~coordinated member or who is a basic member.~~

3.27 (c) When an employer contribution rate changes for a fiscal year, the new contribution
 3.28 rate is effective for the entire salary paid for each employer unit with the first payroll cycle
 3.29 reported.

3.30 **EFFECTIVE DATE.** This section is effective June 30, 2023.

3.31 Sec. 4. Minnesota Statutes 2022, section 354.435, subdivision 4, is amended to read:

3.32 Subd. 4. **Aid expiration.** The aid amounts specified in this section shall continue until
 3.33 the earlier of:

4.1 (1) the first day of the fiscal year following the fiscal year in which the actuarial value
 4.2 of assets of the fund equals or exceeds 100 percent of the actuarial accrued liabilities as
 4.3 reported by the actuary retained under section 356.214 in the annual actuarial valuation
 4.4 prepared under section 356.215; or

4.5 (2) ~~July 1, 2048~~ the full funding date under section 356.215, subdivision 11, paragraph
 4.6 (e).

4.7 **EFFECTIVE DATE.** This section is effective June 30, 2023.

4.8 Sec. 5. Minnesota Statutes 2022, section 354.436, subdivision 3, is amended to read:

4.9 Subd. 3. **Aid expiration.** The aid amounts specified in this section continue until the
 4.10 earlier of:

4.11 (1) the first day of the fiscal year following the fiscal year in which the actuarial value
 4.12 of assets of the fund equals or exceeds 100 percent of the actuarial accrued liabilities as
 4.13 reported by the actuary retained under section 356.214 in the annual actuarial valuation
 4.14 prepared under section 356.215; or

4.15 (2) ~~July 1, 2048~~ the full funding date under section 356.215, subdivision 11, paragraph
 4.16 (e).

4.17 **EFFECTIVE DATE.** This section is effective June 30, 2023.

4.18 Sec. 6. Minnesota Statutes 2022, section 354.44, subdivision 6, is amended to read:

4.19 Subd. 6. **Computation of formula program retirement annuity.** (a) The formula
 4.20 retirement annuity must be computed in accordance with the applicable provisions of the
 4.21 formulas stated in paragraph (b) or (d) on the basis of each member's average salary ~~under~~
 4.22 ~~section 354.05, subdivision 13a,~~ for the period of the member's formula service credit.

4.23 (b) This paragraph, in conjunction with paragraph (c), applies to a person who first
 4.24 became a member of the association or a member of a pension fund listed in section 356.30,
 4.25 subdivision 3, before July 1, 1989, unless paragraph (d), in conjunction with paragraph (e),
 4.26 produces a higher annuity amount, in which case paragraph (d) applies. The average salary
 4.27 ~~as defined in section 354.05, subdivision 13a,~~ multiplied by the following percentages per
 4.28 year of formula service credit ~~shall determine~~ determines the amount of the annuity to which
 4.29 the member ~~qualifying therefor~~ is entitled for service rendered before July 1, 2006:

5.1	Period	Coordinated Member	Basic Member
5.2	Each year of service during first ten	1.2 percent per year	2.2 percent per year
5.3			
5.4	Each year of service thereafter	1.7 percent per year	2.7 percent per year
5.5			

5.6 For service rendered on or after July 1, 2006, by a member other than a member who
 5.7 was a member of the former Duluth Teachers Retirement Fund Association between January
 5.8 1, 2006, and June 30, 2015, and for service rendered on or after July 1, 2013, by a member
 5.9 who was a member of the former Duluth Teachers Retirement Fund Association between
 5.10 January 1, 2013, and June 30, 2015, the average salary as defined in section 354.05,
 5.11 subdivision 13a, multiplied by the following percentages per year of service credit, determines
 5.12 the amount the annuity to which the member qualifying therefor is entitled:

5.13	Period	Coordinated Member	Basic Member
5.14	Each year of service during first ten	1.4 percent per year	2.2 percent per year
5.15			
5.16	Each year of service after ten years of service	1.9 percent per year	2.7 percent per year
5.17			

5.18 (c)(1) This paragraph applies only to a person who first became a member of the
 5.19 association or a member of a pension fund listed in section 356.30, subdivision 3, before
 5.20 July 1, 1989, and whose annuity is higher when calculated under paragraph (b), in conjunction
 5.21 with this paragraph, than when calculated under paragraph (d), in conjunction with paragraph
 5.22 (e).

5.23 (2) Where any member retires prior to normal retirement age under a formula annuity,
 5.24 the member shall be paid a retirement annuity in an amount equal to the normal annuity
 5.25 provided in paragraph (b) reduced by one-quarter of one percent for each month that the
 5.26 member is under normal retirement age at the time of retirement except that for any member
 5.27 who has 30 or more years of allowable service credit, the reduction shall be applied only
 5.28 for each month that the member is under age 62.

5.29 (3) Any member whose attained age plus credited allowable service totals 90 years is
 5.30 entitled, upon application, to a retirement annuity in an amount equal to the normal annuity
 5.31 provided in paragraph (b), without any reduction by reason of early retirement.

5.32 (d) This paragraph applies to a member who has become at least 55 years old and first
 5.33 became a member of the association after June 30, 1989, and to any other member who has
 5.34 become at least 55 years old and whose annuity amount when calculated under this paragraph
 5.35 and, in conjunction with paragraph (e), is higher than it is when calculated under paragraph
 5.36 (b), in conjunction with paragraph (c).

6.1 (1) For a basic member, the average salary, ~~as defined in section 354.05, subdivision~~
6.2 ~~13a~~, multiplied by 2.7 percent for each year of service ~~for a basic member~~ determines the
6.3 amount of the retirement annuity to which the basic member is entitled. The annuity of a
6.4 basic member who was a member of the former Minneapolis Teachers Retirement Fund
6.5 Association as of June 30, 2006, must be determined according to the annuity formula under
6.6 the articles of incorporation of the former Minneapolis Teachers Retirement Fund Association
6.7 in effect as of that date.

6.8 (2) For a coordinated member, the average salary, ~~as defined in section 354.05,~~
6.9 ~~subdivision 13a~~, multiplied by 1.7 percent for each year of service rendered before July 1,
6.10 2006, and by 1.9 percent for each year of service rendered on or after July 1, 2006, for a
6.11 member other than a member who was a member of the former Duluth Teachers Retirement
6.12 Fund Association between January 1, 2006, and June 30, 2015, and by 1.9 percent for each
6.13 year of service rendered on or after July 1, 2013, for a member of the former Duluth Teachers
6.14 Retirement Fund Association between January 1, 2013, and June 30, 2015, determines the
6.15 amount of the retirement annuity to which the coordinated member is entitled.

6.16 (e) This paragraph applies to a person who has become at least 55 years old and first
6.17 becomes a member of the association after June 30, 1989, and to any other member who
6.18 has become at least 55 years old and whose annuity is higher when calculated under
6.19 paragraph (d) in conjunction with this paragraph than when calculated under paragraph (b)
6.20 in conjunction with paragraph (c). ~~An employee who retires under the formula annuity~~
6.21 ~~before the normal retirement age is entitled to receive the normal annuity provided in~~
6.22 ~~paragraph (d), reduced as described in clause (1) or (2), as applicable.~~

6.23 ~~(1) For a member who is at least age 62 and has at least 30 years of service, the annuity~~
6.24 ~~shall be reduced by an early reduction factor of six percent for each year that the member's~~
6.25 ~~age of retirement precedes the normal retirement age. The resulting reduced annuity shall~~
6.26 ~~be further adjusted to take into account the increase in the monthly amount that would have~~
6.27 ~~occurred had the member retired early and deferred receipt of the annuity until normal~~
6.28 ~~retirement age and the annuity was augmented during the deferral period at 2.5 percent, if~~
6.29 ~~the member commenced employment after June 30, 2006, or at three percent, if the member~~
6.30 ~~commenced employment before July 1, 2006, compounded annually.~~

6.31 ~~(2)~~ (1) For a member who has not attained age 62 or has fewer than 30 years of service
6.32 retires under the formula annuity before attaining normal retirement age, the annuity shall
6.33 be reduced for each year that the member's age of retirement precedes normal retirement
6.34 age by the following early reduction factors:

7.1 (i) for the period during which the member is age 55 through age 58, the factor is four
7.2 percent; and

7.3 (ii) for the period during which the member is at least age 59 but not yet normal retirement
7.4 age, the factor is seven percent.

7.5 The resulting annuity shall be further adjusted to take into account the increase in the
7.6 monthly amount that would have occurred had the member retired early and deferred receipt
7.7 of the annuity until normal retirement age and the annuity was augmented during the deferral
7.8 period at the applicable annual rate, compounded annually. The applicable annual rate is
7.9 the rate in effect for the month that includes the member's effective date of retirement and
7.10 shall be considered as fixed for the member for the period until the member reaches normal
7.11 retirement age. The applicable annual rate for June 2019 is 2.5 percent, if the member
7.12 commenced employment after June 30, 2006, or three percent, if the member commenced
7.13 employment before July 1, 2006, compounded annually, and decreases each month beginning
7.14 July 2019 in equal monthly increments over the five-year period that begins July 1, 2019,
7.15 and ends June 30, 2024, to zero percent effective for July 2024 and thereafter.

7.16 After June 30, 2024, the reduced annuity commencing before normal retirement age
7.17 under this clause shall not take into account any augmentation.

7.18 (2) For a member who retires when the member is at least age 60 and has at least 30
7.19 years of allowable service, the annuity shall be in an amount equal to an annuity calculated
7.20 under paragraph (d), without any reduction by reason of early retirement.

7.21 (f) No retirement annuity is payable to a former employee with a salary that exceeds 95
7.22 percent of the governor's salary unless and until the salary figures used in computing the
7.23 highest five successive years average salary under paragraph (a) have been audited by the
7.24 Teachers Retirement Association and determined by the executive director to comply with
7.25 the requirements and limitations of section 354.05, subdivisions 35 and 35a.

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

7.27 Sec. 7. Minnesota Statutes 2022, section 356.215, subdivision 8, is amended to read:

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

	investment return assumption
7.30 plan	
7.31 general state employees retirement plan	7.5%
7.32 correctional state employees retirement plan	7.5

8.1	State Patrol retirement plan	7.5
8.2	legislators retirement plan, and for the	0
8.3	constitutional officers calculation of total plan	
8.4	liabilities	
8.5	judges retirement plan	7.5
8.6	general public employees retirement plan	7.5
8.7	public employees police and fire retirement plan	7.5
8.8	local government correctional service retirement	7.5
8.9	plan	
8.10	teachers retirement plan	7.5 7
8.11	St. Paul teachers retirement plan	7.5
8.12	Bloomington Fire Department Relief Association	6
8.13	local monthly benefit volunteer firefighter relief	5
8.14	associations	
8.15	monthly benefit retirement plans in the statewide	6
8.16	volunteer firefighter retirement plan	

8.17 (b) The actuarial valuation for each of the covered retirement plans listed in section
8.18 356.415, subdivision 2, and the St. Paul Teachers Retirement Fund Association must take
8.19 into account the postretirement adjustment rate or rates applicable to the plan as specified
8.20 in section 354A.29, subdivision 7, or 356.415, whichever applies.

8.21 (c) The actuarial valuation must use the applicable salary increase and payroll growth
8.22 assumptions found in the appendix to the standards for actuarial work adopted by the
8.23 Legislative Commission on Pensions and Retirement pursuant to section 3.85, subdivision
8.24 10. The appendix must be updated whenever new assumptions have been approved or
8.25 deemed approved under subdivision 18.

8.26 (d) The assumptions set forth in the appendix to the standards for actuarial work continue
8.27 to apply, unless a different salary assumption or a different payroll increase assumption:

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

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

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

8.33 **EFFECTIVE DATE.** This section is effective June 30, 2023.

9.1 Sec. 8. Minnesota Statutes 2022, section 356.215, subdivision 11, is amended to read:

9.2 Subd. 11. **Amortization contributions.** (a) In addition to the exhibit indicating the level
9.3 normal cost, the actuarial valuation of the retirement plan must contain an exhibit for financial
9.4 reporting purposes indicating the additional annual contribution sufficient to amortize the
9.5 unfunded actuarial accrued liability and must contain an exhibit indicating the additional
9.6 contribution sufficient to amortize the unfunded actuarial accrued liability. For the retirement
9.7 plans listed in subdivision 8, paragraph (a), but excluding the legislators retirement plan,
9.8 the Bloomington Fire Department Relief Association, and the local monthly benefit volunteer
9.9 firefighter relief associations, the additional contribution must be calculated on a level
9.10 percentage of covered payroll basis by the established date for full funding in effect when
9.11 the valuation is prepared, assuming annual payroll growth at the applicable percentage rate
9.12 set forth in the appendix described in subdivision 8, paragraph (c). For the legislators
9.13 retirement plan, the additional annual contribution must be calculated on a level annual
9.14 dollar amount basis.

9.15 (b) For any retirement plan other than a retirement plan governed by paragraph (d), (e),
9.16 (f), (g), (h), (i), or (j), if there has not been a change in the actuarial assumptions used for
9.17 calculating the actuarial accrued liability of the fund, a change in the benefit plan governing
9.18 annuities and benefits payable from the fund, a change in the actuarial cost method used in
9.19 calculating the actuarial accrued liability of all or a portion of the fund, or a combination
9.20 of the three, which change or changes by itself or by themselves without inclusion of any
9.21 other items of increase or decrease produce a net increase in the unfunded actuarial accrued
9.22 liability of the fund, the established date for full funding is the first actuarial valuation date
9.23 occurring after June 1, 2020.

9.24 (c) For any retirement plan, if there has been a change in any or all of the actuarial
9.25 assumptions used for calculating the actuarial accrued liability of the fund, a change in the
9.26 benefit plan governing annuities and benefits payable from the fund, a change in the actuarial
9.27 cost method used in calculating the actuarial accrued liability of all or a portion of the fund,
9.28 or a combination of the three, and the change or changes, by itself or by themselves and
9.29 without inclusion of any other items of increase or decrease, produce a net increase in the
9.30 unfunded actuarial accrued liability in the fund, the established date for full funding must
9.31 be determined using the following procedure:

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

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

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

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

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

10.18 (vi) the period in which the unfunded actuarial accrued liability amount determined in
10.19 item (iii) is amortized by the total level annual dollar or level percentage amortization
10.20 contribution computed under item (v) must be calculated using the investment return
10.21 assumption specified in subdivision 8 in effect after any applicable change, rounded to the
10.22 nearest integral number of years, but not to exceed 30 years from the end of the plan year
10.23 in which the determination of the established date for full funding using the procedure set
10.24 forth in this clause is made and not to be less than the period of years beginning in the plan
10.25 year in which the determination of the established date for full funding using the procedure
10.26 set forth in this clause is made and ending by the date for full funding in effect before the
10.27 change; and

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

10.31 (d) For the general employees retirement plan of the Public Employees Retirement
10.32 Association, the established date for full funding is June 30, 2048.

10.33 (e) For the Teachers Retirement Association, the established date for full funding is June
10.34 30, ~~2048~~ 2053.

11.1 (f) For the correctional state employees retirement plan and the State Patrol retirement
11.2 plan of the Minnesota State Retirement System, the established date for full funding is June
11.3 30, 2048.

11.4 (g) For the judges retirement plan, the established date for full funding is June 30, 2048.

11.5 (h) For the local government correctional service retirement plan and the public employees
11.6 police and fire retirement plan, the established date for full funding is June 30, 2048.

11.7 (i) For the St. Paul Teachers Retirement Fund Association, the established date for full
11.8 funding is June 30, 2048.

11.9 (j) For the general state employees retirement plan of the Minnesota State Retirement
11.10 System, the established date for full funding is June 30, 2048.

11.11 (k) For the retirement plans for which the annual actuarial valuation indicates an excess
11.12 of valuation assets over the actuarial accrued liability, the valuation assets in excess of the
11.13 actuarial accrued liability must be recognized as a reduction in the current contribution
11.14 requirements by an amount equal to the amortization of the excess expressed as a level
11.15 percentage of pay over a 30-year period beginning anew with each annual actuarial valuation
11.16 of the plan.

11.17 **EFFECTIVE DATE.** This section is effective June 30, 2023.

11.18 Sec. 9. Minnesota Statutes 2022, section 356.415, subdivision 1d, is amended to read:

11.19 Subd. 1d. **Teachers Retirement Association annual postretirement adjustments.** (a)
11.20 Except as set forth in paragraph (d), recipients of a retirement annuity, disability benefit,
11.21 or survivor benefit from the Teachers Retirement Association are entitled to an annual
11.22 postretirement adjustment, effective as of each January 1, as follows:

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

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

12.1 ~~(3) effective January 1, 2024, and thereafter,~~ (1) a postretirement increase must be applied
 12.2 each year to the amount of the monthly annuity or benefit of each annuitant or benefit
 12.3 recipient who has been receiving an annuity or a benefit for at least 12 full months as of the
 12.4 June 30 of the calendar year immediately before the adjustment, at the following rates:

12.5	<u>from January 1, 2023, through December 31, 2023</u>	<u>1 percent</u>
12.6	from January 1, 2024, through December 31, 2024	1.1 <u>2.5 percent</u>
12.7	from January 1, 2025, through December 31, 2025	1.2 percent
12.8	from January 1, 2026, through December 31, 2026	1.3 percent
12.9	from January 1, 2027, through December 31, 2027	1.4 percent
12.10	from January 1, 2028, and thereafter	1.5 percent

12.11 ~~(4) effective January 1, 2024, and thereafter,~~ (2) for each annuitant or benefit recipient
 12.12 who has been receiving an annuity or a benefit for at least one full month, but less than 12
 12.13 full months, as of the June 30 of the calendar year immediately before the adjustment, an
 12.14 annual postretirement increase of 1/12 of the applicable percentage for each month that the
 12.15 person has been receiving an annuity or benefit must be applied to the amount of the monthly
 12.16 annuity or benefit of the annuitant or benefit recipient. The applicable percentages are the
 12.17 following:

12.18	<u>from January 1, 2023, through December 31, 2023</u>	<u>1 percent</u>
12.19	from January 1, 2024, through December 31, 2024	1.1 <u>2.5 percent</u>
12.20	from January 1, 2025, through December 31, 2025	1.2 percent
12.21	from January 1, 2026, through December 31, 2026	1.3 percent
12.22	from January 1, 2027, through December 31, 2027	1.4 percent
12.23	from January 1, 2028, and thereafter	1.5 percent

12.24 (b) An increase in annuity or benefit payments under this section must be made
 12.25 automatically unless written notice is filed by the annuitant or benefit recipient with the
 12.26 executive director of the Teachers Retirement Association requesting that the increase not
 12.27 be made.

12.28 (c) The retirement annuity payable to a person who retires before becoming eligible for
 12.29 Social Security benefits and who has elected the optional payment as provided in section
 12.30 354.35 must be treated as the sum of a period-certain retirement annuity and a life retirement
 12.31 annuity for the purposes of any postretirement adjustment. The period-certain retirement
 12.32 annuity plus the life retirement annuity must be the annuity amount payable until age 62,
 12.33 65, or normal retirement age, as selected by the member at retirement, for an annuity amount
 12.34 payable under section 354.35. A postretirement adjustment granted on the period-certain
 12.35 retirement annuity must terminate when the period-certain retirement annuity terminates.

13.1 (d) Members who retire on or after July 1, 2024, are entitled to an annual postretirement
 13.2 adjustment of the member's retirement annuity, effective as of each January 1, beginning
 13.3 with the year following the year in which the member attains normal retirement age, as
 13.4 follows:

13.5 (1) if a member has been receiving an annuity for at least 12 full months as of the June
 13.6 30 of the calendar year immediately before the date of the adjustment, a postretirement
 13.7 increase equal to the percentage specified in paragraph (a), clause (3), must be applied,
 13.8 effective on January 1, to the amount of the member's monthly annuity;

13.9 (2) if a member has been receiving an annuity for at least one full month, but less than
 13.10 12 full months as of the June 30 of the calendar year immediately before the date of
 13.11 adjustment, a postretirement increase of 1/12 of the applicable percentage specified in
 13.12 paragraph (a), clause (4), for each month that the member has been receiving an annuity
 13.13 must be applied, effective on January 1, to the amount of the member's monthly annuity;
 13.14 or

13.15 (3) if a member has been receiving an annuity for fewer than seven months as of the
 13.16 January 1 of the year following the year in which the member attains normal retirement
 13.17 age, a postretirement adjustment shall be applied effective as of the next January 1. The
 13.18 amount of the adjustment shall be determined under clause (2).

13.19 (e) Paragraph (d) does not apply to members who retire under section 354.44, subdivision
 13.20 6, paragraph (c), clause (3), ~~or~~ who retire when the member is at least age 62 and has at
 13.21 least 30 years of service under section 354.44, subdivision 6, paragraph (c), ~~(d)~~ clause (2),
 13.22 or who retire under section 354.44, subdivision 6, paragraph(e), or (f), as applicable clause
 13.23 (2).

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

13.25 Sec. 10. Minnesota Statutes 2022, section 356.59, subdivision 4, is amended to read:

13.26 Subd. 4. **Teachers Retirement Association.** The interest rates for the retirement plan
 13.27 administered by the Teachers Retirement Association are as follows:

	Annual	Monthly
13.28 before July 1, 2018	8.5 percent	0.71 percent
13.29 after June 30 <u>from July 1, 2018, to June</u>		
13.30 <u>30, 2023</u>	7.5 percent	0.625 percent
13.31		
13.32 <u>after June 30, 2023</u>	<u>7 percent</u>	<u>0.583 percent</u>

13.33 **EFFECTIVE DATE.** This section is effective June 30, 2023.

14.1 **Sec. 11. APPROPRIATION; TEACHERS RETIREMENT ASSOCIATION.**

14.2 \$315,800,000 in fiscal year 2023 is appropriated from the general fund to the Teachers
14.3 Retirement Association for a onetime increase in the post-retirement adjustment effective
14.4 on January 1, 2024, and ending on December 31, 2024.

14.5 **EFFECTIVE DATE.** This section is effective June 30, 2023.

14.6 **Sec. 12. APPROPRIATIONS; TEACHERS RETIREMENT ASSOCIATION.**

14.7 (a) \$..... in fiscal year 2023 is appropriated from the general fund to the
14.8 Department of Education for increased employer pension contributions to the Teachers
14.9 Retirement Association. The base for fiscal year 2024 is \$..... Beginning with
14.10 fiscal year 2025 and later, the appropriation must increase annually by three percent of the
14.11 prior fiscal year's appropriation.

14.12 (b) \$..... in fiscal year 2023 is appropriated from the general fund to the
14.13 Minnesota State Academies for increased employer pension contributions to the Teachers
14.14 Retirement Association. The base for fiscal year 2024 is \$..... Beginning with
14.15 fiscal year 2025 and later, the appropriation must increase annually by three percent of the
14.16 prior fiscal year's appropriation.

14.17 (c) \$..... in fiscal year 2023 is appropriated from the general fund to the Perpich
14.18 Center for the Arts for increased employer pension contributions to the Teachers Retirement
14.19 Association. The base for fiscal year 2024 is \$..... Beginning with fiscal year 2025
14.20 and later, the appropriation must increase annually by three percent of the prior fiscal year's
14.21 appropriation.

14.22 (d) \$..... in fiscal year 2023 is appropriated from the general fund to the
14.23 Minnesota State Colleges and Universities for increased employer pension contributions to
14.24 the Teachers Retirement Association. The base for fiscal year 2024 is \$.....
14.25 Beginning with fiscal year 2025 and later, the appropriation must increase annually by three
14.26 percent of the prior fiscal year's appropriation.

14.27 **EFFECTIVE DATE.** This section is effective June 30, 2023.

14.28 **Sec. 13. EDUCATION APPROPRIATIONS.**

14.29 Subdivision 1. **Department of Education.** The sums indicated are appropriated from
14.30 the general fund to the Department of Education for the fiscal years designated. These sums
14.31 are in addition to appropriations made for the same purpose in any other law.

- 15.1 Subd. 2. General education aid. For general education aid under Minnesota Statutes,
- 15.2 section 126C.13, subdivision 4:
- 15.3 \$ 2024
- 15.4 \$ 2025
- 15.5 The 2024 appropriation includes \$..... for 2023 and \$..... for 2024.
- 15.6 The 2025 appropriation includes \$..... for 2024 and \$..... for 2025.
- 15.7 **EFFECTIVE DATE.** This section is effective June 30, 2023.