

1.1 A bill for an act
1.2 relating to retirement; establishing the local government probation and
1.3 telecommunicator retirement plan; transferring money; appropriating money;
1.4 amending Minnesota Statutes 2024, sections 356.30, subdivisions 1, 3, by adding
1.5 a subdivision; 356.415, by adding a subdivision; proposing coding for new law as
1.6 Minnesota Statutes, chapter 353H.

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

1.8 **ARTICLE 1**
1.9 **LOCAL GOVERNMENT PROBATION AND TELECOMMUNICATOR**
1.10 **RETIREMENT PLAN**

1.11 Section 1. **[353H.001] APPLICATION OF CHAPTER 353.**

1.12 The general provisions of chapter 353 apply to the local government probation and
1.13 telecommunicator retirement plan except where otherwise specifically provided in this
1.14 chapter.

1.15 Sec. 2. **[353H.002] POLICY.**

1.16 It is the policy of the legislature that special consideration should be given to the pension
1.17 benefits for employees of governmental subdivisions who devote their time and skills to
1.18 assisting the community and the courts as probation officers or serving the public and public
1.19 safety partners as telecommunicators. Since this work can be hazardous or high stress,
1.20 special provisions are made by this chapter for earlier retirement and larger retirement
1.21 annuities than are provided to members of the general employees retirement plan under
1.22 chapter 353. The additional costs of these benefits are borne initially by the employees.

2.1 Sec. 3. **[353H.01] DEFINITIONS.**

2.2 Subdivision 1. **Terms.** For purposes of this chapter, unless the language or context
2.3 indicates that a different meaning is intended, the following terms have the meanings given.
2.4 The definitions in section 353.01 apply to this chapter unless the term is defined in this
2.5 section.

2.6 Subd. 2. **Executive director.** "Executive director" means the executive director of the
2.7 Public Employees Retirement Association appointed under section 353.03, subdivision 3a.

2.8 Subd. 3. **Fund.** "Fund" means the local government probation and telecommunicator
2.9 retirement fund.

2.10 Subd. 4. **General plan.** "General plan" means the general employees retirement plan of
2.11 the Public Employees Retirement Association.

2.12 Subd. 5. **Member.** "Member" means an individual identified as a member under section
2.13 353H.03 for whom retirement coverage is provided by the plan.

2.14 Subd. 6. **Normal retirement age.** "Normal retirement age" means age 60.

2.15 Subd. 7. **Offset amount.** "Offset amount" means the lesser of \$...... or ... percent of the
2.16 cost to purchase the amount of past service elected by a member under section 353H.08,
2.17 except the offset amount must not exceed the cost to purchase the amount of past service
2.18 elected.

2.19 Subd. 8. **Past service.** "Past service" means allowable service credited to a member
2.20 before January 1, 2027, and covered by the general plan that would have been service
2.21 covered by the local government probation and telecommunicator retirement plan had that
2.22 plan been in effect before January 1, 2027.

2.23 Subd. 9. **Plan.** "Plan" means the local government probation and telecommunicator
2.24 retirement plan of the Public Employees Retirement Association.

2.25 Subd. 10. **Probation officer.** "Probation officer" means an individual who the employer
2.26 certifies, in the form prescribed by the executive director, is a public employee, as defined
2.27 in section 353.01 and:

2.28 (1) is employed as a probation officer by a county, community corrections agency, or
2.29 state probation agency and provides community supervision services with direct offender
2.30 contact; or

2.31 (2) directly supervises one or more individuals described in clause (1).

3.1 Subd. 11. **Public safety telecommunicator.** "Public safety telecommunicator" means
 3.2 an individual who the employer certifies, in the form prescribed by the executive director,
 3.3 is a public employee, as defined in section 353.01, employed by a primary or secondary
 3.4 public safety answering point and:

3.5 (1) serves as a first responder by receiving, assessing, or processing requests for assistance
 3.6 from the public and other public safety partners and coordinates the appropriate public
 3.7 safety response;

3.8 (2) as part of the individual's employment position, is assigned less than 50 percent of
 3.9 the time to perform employment duties that are other than duties described in clause (1); or

3.10 (3) directly supervises one or more individuals described in clause (1) or (2).

3.11 Subd. 12. **Vesting or vested.** "Vesting" or "vested" means obtaining or having obtained
 3.12 a nonforfeitable entitlement to an annuity or benefit under the plan by having earned credit
 3.13 for not less than three years of allowable service covered by the plan or the general plan.

3.14 **Sec. 4. [353H.02] ADMINISTRATION AND FUND DISBURSEMENT.**

3.15 Subdivision 1. **Plan administration; fund.** (a) The plan is established as a separate plan
 3.16 to be administered by the board of trustees of the association and the executive director.

3.17 (b) The board of trustees and the executive director must undertake activities in a manner
 3.18 consistent with chapter 356A.

3.19 (c) The association must maintain a special fund to be known as the local government
 3.20 probation and telecommunicator retirement fund.

3.21 Subd. 2. **Investment.** Assets of the fund must be deposited in the Minnesota combined
 3.22 investment fund as provided in section 11A.14, if applicable, or otherwise invested under
 3.23 section 11A.23.

3.24 Subd. 3. **Fund disbursement restricted.** (a) The fund may be disbursed only for the
 3.25 purposes provided for in this chapter.

3.26 (b) The proportional share of the necessary and reasonable administrative expenses of
 3.27 the association and any benefits provided in this chapter must be paid from the fund.
 3.28 Retirement annuities, disability benefits, survivor benefits, and any refunds of accumulated
 3.29 deductions may only be paid from the fund after those needs have been certified by the
 3.30 executive director.

3.31 (c) The amounts necessary to make the payments from the fund are annually appropriated
 3.32 from the fund for those purposes.

4.1 Sec. 5. **[353H.03] MEMBERSHIP.**

4.2 (a) The members of the plan are probation officers and public safety telecommunicators.

4.3 (b) A probation officer or public safety telecommunicator who first became a public
4.4 employee or a member of a pension fund listed in section 356.30, subdivision 3, before July
4.5 1, 1989, is not eligible to participate as a member of the plan.

4.6 Sec. 6. **[353H.04] CONTRIBUTIONS.**

4.7 Subdivision 1. **Member contributions.** (a) A member must make employee contributions
4.8 equal to 8.82 percent of salary.

4.9 (b) Employee contributions must be made by deduction from the member's salary, as
4.10 defined in section 353.01, subdivision 10, in the manner provided in section 353.27,
4.11 subdivision 4. If any portion of a member's salary is paid from a source other than public
4.12 funds, the member's employee contribution must be based on the total salary received by
4.13 the member from all sources.

4.14 Subd. 2. **Employer contributions.** (a) The employer of a member must make employer
4.15 contributions equal to 7.5 percent of salary.

4.16 (b) Employer contributions must be made from money available to the employing
4.17 subdivision by the means and in the manner provided in section 353.28.

4.18 Subd. 3. **Deposit of contributions.** Employee contributions under subdivision 1, employer
4.19 contributions under subdivision 2, and other amounts authorized by law, including investment
4.20 return on invested fund assets, must be deposited in the fund.

4.21 Subd. 4. **Collection, correction, and reporting of contributions.** The requirements
4.22 and procedures of sections 353.27 and 353.28 apply to employee and employer contributions
4.23 under this section.

4.24 Sec. 7. **[353H.05] RETIREMENT ANNUITY.**

4.25 Subdivision 1. **Normal retirement annuity.** After termination of public service, a
4.26 member who has attained at least normal retirement age and is vested is entitled, upon
4.27 application, to a normal retirement annuity. The normal retirement annuity is equal to the
4.28 member's average salary multiplied by 1.9 percent for each year of allowable service.

4.29 Subd. 2. **Optional annuity; bounce-back annuity.** (a) Instead of a normal retirement
4.30 annuity under subdivision 1, a member may elect to receive an optional annuity under
4.31 section 353.30, subdivision 3.

5.1 (b) A bounce-back annuity under section 353.30, subdivisions 3a and 3c, applies to an
5.2 annuity under this section or a disability benefit under section 353H.06.

5.3 Subd. 3. **Early retirement annuity.** After termination of public service, a member who
5.4 is vested and at least 55 years of age, but not yet normal retirement age, is entitled, upon
5.5 application, to an early retirement annuity that is actuarially equivalent to the normal
5.6 retirement annuity.

5.7 Subd. 4. **Allowable service in other retirement plans.** If a member has earned allowable
5.8 service in the general plan, the public employees police and fire retirement plan, or the
5.9 public employees local government correctional service retirement plan before or after
5.10 participation under this chapter, the retirement annuity under the plan or plans must be
5.11 computed in accordance with the formula specified in sections 353.29 and 353.30, 353.651,
5.12 or 353E.04, whichever applies.

5.13 Subd. 5. **Application, annuity starting date, and annuity duration.** Upon application
5.14 under section 353.29, subdivision 4, the retirement annuity under this section begins as
5.15 provided in section 353.29, subdivision 7. The retirement annuity is payable for the life of
5.16 the recipient or in accordance with the terms of any optional annuity form selected by the
5.17 member.

5.18 Subd. 6. **Payment of annuities and benefits earned under the general plan.** The
5.19 executive director must pay a retirement annuity or benefit as provided under chapter 353
5.20 to a member of the plan from the assets of the fund if the member was transferred from the
5.21 general plan to the plan on January 1, 2027, and had allowable service under the general
5.22 plan.

5.23 Subd. 7. **Postretirement adjustment eligibility.** An annuity under this section is eligible
5.24 for postretirement adjustments under section 356.415.

5.25 **Sec. 8. [353H.06] DISABILITY BENEFITS.**

5.26 A vested member who becomes totally and permanently disabled as defined under section
5.27 353.01, subdivision 19, before normal retirement age is entitled to a disability benefit on
5.28 the same basis as a member of the general plan under sections 353.031, 353.33, and 353.335.

5.29 **Sec. 9. [353H.07] SURVIVOR BENEFITS.**

5.30 Upon the death of a member, survivor benefits are payable as provided under section
5.31 353.32 on the same basis as a member of the general plan.

6.1 **Sec. 10. [353H.08] PURCHASE OF CREDIT FOR PAST SERVICE.**

6.2 Subdivision 1. **Purchase of credit for past service.** (a) A member is entitled to elect a
6.3 onetime purchase of credit for periods of past service to be added to the member's allowable
6.4 service covered by this section and used in calculating the member's retirement annuity.
6.5 The member must repay any refunds of employee contributions previously received from
6.6 the general plan before making a purchase of past service credit under this section.

6.7 (b) A member may request an estimate of the cost of a service credit purchase under
6.8 this paragraph.

6.9 (1) A member may file a request with the executive director for an estimate of the
6.10 purchase price for up to three different periods of past service by filing an application on a
6.11 form approved by the executive director.

6.12 (2) The member must file the request for an estimate prior to filing an election to purchase
6.13 past service under paragraph (c).

6.14 (3) The member must submit with the estimate request payment of the administrative
6.15 fee in the amount of \$250 to cover the cost of preparing the estimates. If the member proceeds
6.16 with the purchase, the executive director must credit the administrative fee toward the
6.17 purchase price.

6.18 (4) The executive director must estimate the purchase price using the assumptions and
6.19 applying the offset amount as directed under subdivision 2 for the periods of past service
6.20 requested by the member and provide the estimates to the member.

6.21 (c) To purchase credit for past service, a member must file an application with the
6.22 executive director on a form approved by the executive director before the annuity starting
6.23 date of the member's retirement annuity or benefit. The application must:

6.24 (1) include documentation of the member's eligibility to make the purchase, signed
6.25 written permission to allow the executive director to request and receive verification of
6.26 applicable facts and eligibility requirements from the member's employer, and any other
6.27 relevant information the executive director may require;

6.28 (2) state the amount of credit for past service the member plans to purchase and be
6.29 accompanied by a certification from one or more employers that the past service fulfills the
6.30 requirements under section 353H.01, subdivision 8; and

6.31 (3) if the member did not previously pay the administrative fee under paragraph (b),
6.32 include payment of the administrative fee of \$250. If the member proceeds with the purchase,
6.33 the executive director must credit the administrative fee toward the purchase price.

7.1 (d) The executive director must apply the assumptions and offset amount under
7.2 subdivision 2 to calculate the purchase price and notify the member. If the member elects
7.3 to make the purchase of credit for past service, the member must arrange for the transfer of
7.4 pretax funds from another retirement plan. Payment must be made in one lump sum before
7.5 the annuity starting date of the member's retirement annuity or benefit.

7.6 (e) Upon receipt of payment, the executive director must:

7.7 (1) direct the transfer of the offset amount from the local government probation and
7.8 telecommunicator past service account established under subdivision 3 to the fund; and

7.9 (2) grant the member service credit for the period of past service for which credit was
7.10 purchased.

7.11 **Subd. 2. Determination of past service purchase price.** (a) The executive director
7.12 must calculate the purchase price for the period of past service elected by the member. The
7.13 purchase price is an amount equal to the actuarial present value, on the date of payment, of
7.14 the amount of the additional retirement annuity obtained by the additional service credit
7.15 being purchased minus the offset amount.

7.16 (b) The executive director must calculate the purchase price by:

7.17 (1) using the investment return assumption specified in section 356.215, subdivision 8,
7.18 and the mortality table in effect for the general plan;

7.19 (2) assuming continuous future service in the plan until the plan's minimum requirements
7.20 for normal retirement, or retirement with an annuity unreduced for retirement at an early
7.21 age, are met with the additional service credit purchased;

7.22 (3) assuming a full-time equivalent salary or actual salary, whichever is greater, and a
7.23 future salary history that includes annual salary increases at the applicable salary increase
7.24 rate for the plan; and

7.25 (4) reducing the amount determined under clauses (1) to (3) by the offset amount.

7.26 **Subd. 3. Local government probation and telecommunicator past service account**
7.27 **established.** (a) The local government probation and telecommunicator past service account
7.28 is created in the special revenue fund.

7.29 (b) The executive director must use the money in the local government probation and
7.30 telecommunicator past service account established under paragraph (a) to transfer amounts
7.31 required by subdivision 1, paragraph (e), until the balance in the account is zero.

8.1 Sec. 11. EFFECTIVE DATE.

8.2 Sections 1 to 10 are effective January 1, 2027.

8.3 **ARTICLE 2**

8.4 **MIXED SERVICE APPROACH FOR CALCULATING ANNUITIES**

8.5 Section 1. Minnesota Statutes 2024, section 356.30, subdivision 1, is amended to read:

8.6 Subdivision 1. **Eligibility; computation of annuity.** (a) Notwithstanding any provisions
8.7 of the laws governing the covered retirement plans listed in subdivision 3 and except as
8.8 provided in subdivision 1a, a person may elect to receive, upon retirement, a retirement
8.9 annuity from each covered retirement plan, subject to the provisions of paragraph (b), if the
8.10 person has:

8.11 (1) allowable service in any two or more of the covered plans;

8.12 (2) at least one-half year of allowable service in each covered plan, based on the allowable
8.13 service in each plan;

8.14 (3) total allowable service that equals or exceeds the longest service credit vesting
8.15 requirement of the applicable retirement plan; and

8.16 (4) not begun to receive an annuity from any covered plan or made application for
8.17 benefits from each applicable plan and the retirement annuity effective dates of each plan
8.18 are within a one-year period.

8.19 (b) If all requirements in paragraph (a) have been satisfied, the retirement annuity from
8.20 each plan must be based upon the allowable service, accrual rates, and average salary in the
8.21 applicable plan except as further specified or modified in the following clauses:

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

8.25 (2) the average salary used to calculate the annuity for each formula plan must be based
8.26 on the employee's highest five successive years of covered salary during the entire service
8.27 in covered plans;

8.28 (3) the accrual rates under each plan must be the percentages prescribed by each plan's
8.29 formula in effect for the respective years of allowable service from one plan to the next,
8.30 recognizing all previous allowable service with the other covered plans;

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

9.4 (5) the annuity amount payable for any allowable service under a nonformula plan that
9.5 is a covered plan must not be affected, but such service and covered salary must be used in
9.6 the above calculation.

9.7 (c) If a person eligible for an annuity under paragraph (a) from each covered plan
9.8 terminates all public service, the deferred annuity must be augmented from the date of
9.9 termination until the earlier of:

9.10 (1) the effective date of retirement; or

9.11 (2) December 31, 2018, for the Minnesota State Retirement System and the Public
9.12 Employees Retirement Association or June 30, 2019, for the Teachers Retirement Association
9.13 and the St. Paul Teachers Retirement Association.

9.14 A deferred annuity must not be augmented after the applicable dates under clause (2).
9.15 The appropriate rate of augmentation is the rate in effect on the date on which the person
9.16 entered into public employment and subsequently adjusted according to the laws governing
9.17 each covered plan, as applicable.

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

9.20 (e) For the purpose of computing annuities under this section:

9.21 (1) the judges retirement fund accrual rate must not exceed 3.2 percent per year of service
9.22 for any year of service or fraction thereof;

9.23 (2) the public employees police and fire plan and the State Patrol retirement plan accrual
9.24 rate must not exceed 3.0 percent per year of service for any year of service or fraction
9.25 thereof;

9.26 (3) the legislators retirement plan accrual rate must not exceed 2.5 percent, but this limit
9.27 does not apply to the adjustment provided under section 3A.02, subdivision 1, paragraph
9.28 (c); and

9.29 (4) any other covered plan's accrual rate must not exceed 2.7 percent per year of service
9.30 for any year of service or fraction thereof.

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

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

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

10.10 Sec. 2. Minnesota Statutes 2024, section 356.30, is amended by adding a subdivision to
 10.11 read:

10.12 Subd. 1a. Exceptions for certain covered plans. (a) A person meets the requirement
 10.13 of subdivision 1, paragraph (a), clause (1), and does not need to meet the requirements of
 10.14 subdivision 1, paragraph (a), clauses (2) and (4), to calculate a retirement annuity pursuant
 10.15 to this section if the person is eligible to receive retirement annuities from:

10.16 (1) both of the covered plans specified in subdivision 3, clauses (1) and (2);

10.17 (2) both of the covered plans specified in subdivision 3, clauses (1) and (13); or

10.18 (3) the covered plan specified in subdivision 3, clause (12), for allowable service earned
 10.19 under the general employees retirement plan and the local government probation and
 10.20 telecommunicator retirement plan if the person was transferred from the general employees
 10.21 retirement plan to the local government probation and telecommunicator retirement plan
 10.22 on January 1, 2027.

10.23 (b) This paragraph applies to a person who is eligible to receive retirement annuities
 10.24 from the covered plans specified in subdivision 3, clauses (1) and (2), and any other covered
 10.25 plan and who elects to calculate the retirement annuities as follows:

10.26 (1) for the retirement annuities from the covered plans specified in subdivision 3, clauses
 10.27 (1) and (2), the person does not need to meet the requirements of subdivision 1, paragraph
 10.28 (a), clauses (2) and (4), and may begin to receive one of the annuities and defer receiving
 10.29 the other annuity; and

10.30 (2) for the retirement annuity from another covered plan, the person is entitled to have
 10.31 the retirement annuity from the other covered plan calculated under this section if the person
 10.32 meets the requirements of subdivision 1, paragraph (a), clauses (2) and (4), and the person
 10.33 has not begun to receive an annuity from the other covered plan or made application for

11.1 benefits from the other covered plan, and the retirement annuity effective dates of either of
11.2 the covered plans specified in subdivision 3, clauses (1) and (2), and the other covered plan
11.3 are within a one-year period.

11.4 (c) This paragraph applies to a person who is eligible to receive retirement annuities
11.5 from the covered plans specified in subdivision 3, clauses (1) and (13), and any other covered
11.6 plan and who elects to calculate the retirement annuities as follows:

11.7 (1) for the retirement annuities from the covered plans specified in subdivision 3, clauses
11.8 (1) and (13), the person does not need to meet the requirements of subdivision 1, paragraph
11.9 (a), clauses (2) and (4), and may begin to receive one of the annuities and defer receiving
11.10 the other annuity; and

11.11 (2) for the retirement annuity from another covered plan, the person is entitled to have
11.12 the retirement annuity from the other covered plan calculated under this section if the person
11.13 meets the requirements of subdivision 1, paragraph (a), clauses (2) and (4), and the person
11.14 has not begun to receive an annuity from the other covered plan or made application for
11.15 benefits from the other covered plan, and the retirement annuity effective dates of either of
11.16 the covered plans specified in subdivision 3, clauses (1) and (13), and the other covered
11.17 plan are within a one-year period.

11.18 (d) This paragraph applies to a person who is eligible to receive retirement annuities
11.19 from the covered plan specified in subdivision 3, clause (12), for allowable service earned
11.20 under the general employees retirement plan, the local government probation and
11.21 telecommunicator retirement plan, and any other covered plan, and who elects to calculate
11.22 the retirement annuities as follows:

11.23 (1) for the retirement annuities from the covered plan specified in subdivision 3, clause
11.24 (12), the person does not need to meet the requirements of subdivision 1, paragraph (a),
11.25 clauses (2) and (4), and may begin to receive a retirement annuity for either the allowable
11.26 service under the general employees retirement plan or the local government probation and
11.27 telecommunicator retirement plan and defer receiving the other annuity; and

11.28 (2) for the retirement annuity from another covered plan, the person is entitled to have
11.29 the retirement annuity from the other covered plan calculated under this section if the person
11.30 meets the requirements of subdivision 1, paragraph (a), clauses (2) and (4), and the person
11.31 has not begun to receive an annuity from the other covered plan or made application for
11.32 benefits from the other covered plan, and the retirement annuity effective dates of the covered
11.33 plan specified in subdivision 3, clause (12), and the other covered plan are within a one-year
11.34 period.

12.1 (e) Subdivision 1, paragraph (b), clause (1), does not apply if a person is eligible to
12.2 receive retirement annuities from the covered plans as specified in paragraph (a). Instead,
12.3 an annuity from a covered plan specified in paragraph (a) must be calculated under the law
12.4 in effect on the date of termination of public service covered by the covered plan from which
12.5 the annuity is received.

12.6 Sec. 3. Minnesota Statutes 2024, section 356.30, subdivision 3, is amended to read:

12.7 Subd. 3. **Covered plans.** This section applies to the following retirement plans:

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

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

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

12.13 (4) the State Patrol retirement plan, established under chapter 352B;

12.14 (5) the legislators retirement plan, established under chapter 3A, including constitutional
12.15 officers as specified in that chapter;

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

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

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

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

12.23 (10) the St. Paul Teachers Retirement Fund Association, established under chapter 354A;
12.24 ~~and~~

12.25 (11) the judges retirement fund, established by chapter 490.;

12.26 (12) the local government probation and telecommunicator retirement plan of the Public
12.27 Employees Retirement Association, established under chapter 353H; and

12.28 (13) the special coverage subplans, established under section 352.85, 352.86, 352.87,
12.29 or 352.88.

13.1 Sec. 4. **EFFECTIVE DATE.**

13.2 Sections 1 to 3 are effective January 1, 2027.

13.3 **ARTICLE 3**

13.4 **POSTRETIREMENT ADJUSTMENTS**

13.5 Section 1. Minnesota Statutes 2024, section 356.415, is amended by adding a subdivision
13.6 to read:

13.7 **Subd. 1h. Annual postretirement adjustments; Public Employees Retirement**

13.8 **Association; local government probation and telecommunicator plan.** (a) Annuities,

13.9 disability benefits, and survivor benefits paid from the local government probation and

13.10 telecommunicator retirement plan of the Public Employees Retirement Association must

13.11 be increased, effective as of January 1, each year by the percentage of increase determined

13.12 under this subdivision. The increase to the annuity or benefit must be determined by

13.13 multiplying the monthly amount of the annuity or benefit by the percentage of increase

13.14 specified in paragraph (b) after taking into account any reduction to the percentage or

13.15 increase required under paragraph (d).

13.16 (b) As of January 1, 2027, and each January 1 thereafter, the percentage of increase is

13.17 one percent unless the federal Social Security Administration has announced a cost-of-living

13.18 adjustment pursuant to United States Code, title 42, section 415(i), in the last quarter of the

13.19 preceding calendar year that is greater than one percent. If the cost-of-living adjustment

13.20 announced by the federal Social Security Administration is greater than one percent, the

13.21 percentage of increase must be the same as the cost-of-living adjustment announced. The

13.22 percentage of increase must not exceed the applicable maximum percentage under paragraph

13.23 (c).

13.24 (c) On January 1 each year, the applicable maximum percentage is 1.75 percent. The

13.25 applicable maximum percentage is 1.5 percent, if:

13.26 (1) the market value of assets is equal to or less than 85 percent of the actuarial accrued

13.27 liabilities as reported by the plan's actuary in the most recent two consecutive annual actuarial

13.28 valuations; or

13.29 (2) the market value of assets is equal to or less than 80 percent of the actuarial accrued

13.30 liabilities as reported by the plan's actuary in the most recent annual actuarial valuation.

13.31 (d)(1) If the recipient of an annuity, disability benefit, or survivor benefit has been

13.32 receiving the annuity or benefit for at least 12 months as of June 30 of the calendar year

14.1 immediately preceding the effective date of the increase, there is no reduction in the
14.2 percentage of increase.

14.3 (2) If the recipient of an annuity, disability benefit, or survivor benefit has been receiving
14.4 the annuity or benefit for at least one month, but less than 12 months, as of June 30 of the
14.5 calendar year immediately preceding the effective date of the increase, the percentage of
14.6 increase is multiplied by a ratio of the number of months the annuity or benefit was received
14.7 as of June 30 of the preceding calendar year to 12.

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

14.11 **EFFECTIVE DATE.** This section is effective for postretirement adjustments beginning
14.12 on or after January 1, 2027.

14.13 **ARTICLE 4**

14.14 **TRANSFER OF ASSETS BETWEEN PLANS**

14.15 Section 1. **TRANSFER OF ASSETS.**

14.16 Subdivision 1. **Definitions.** (a) For purposes of this section, unless the language or
14.17 context indicates that a different meaning is intended, the following terms have the meanings
14.18 given.

14.19 (b) "Executive director" means the executive director of the Public Employees Retirement
14.20 Association appointed under Minnesota Statutes, section 353.03, subdivision 3a.

14.21 (c) "General plan" means the general employees retirement plan of the Public Employees
14.22 Retirement Association.

14.23 (d) "Probation and telecommunicator plan" means the local government probation and
14.24 telecommunicator retirement plan of the Public Employees Retirement Association.

14.25 Subd. 2. **Transfer of assets.** (a) No later than 15 days after January 1, 2027, the assets
14.26 attributable to the members of the general plan whose retirement plan coverage is transferred
14.27 from the general plan to the probation and telecommunicator plan on January 1, 2027, must
14.28 be transferred from the general employees retirement fund to the local government probation
14.29 and telecommunicator retirement fund.

14.30 (b) The executive director must direct the actuary retained by the Public Employees
14.31 Retirement Association under Minnesota Statutes, section 356.214, subdivision 1, to calculate
14.32 the amount of assets to be transferred under paragraph (a). The amount of assets to be

15.1 transferred must be calculated as provided in the applicable appendix to the standards for
 15.2 actuarial work adopted under Minnesota Statutes, section 3.85, subdivision 10.

15.3 **EFFECTIVE DATE.** This section is effective January 1, 2027.

15.4 **ARTICLE 5**

15.5 **ONETIME TRANSFER AND APPROPRIATION**

15.6 Section 1. **ONETIME TRANSFER AND APPROPRIATION.**

15.7 (a) \$..... in fiscal year 2027 is transferred from the general fund to the local government
 15.8 probation and telecommunicator past service account established under Minnesota Statutes,
 15.9 section 353H.08, subdivision 3. This is a onetime transfer.

15.10 (b) Money in the local government probation and telecommunicator past service account
 15.11 is appropriated to the board of trustees of the Public Employees Retirement Association to
 15.12 reduce the costs for members who elect to purchase credit for past service under Minnesota
 15.13 Statutes, section 353H.08. This is a onetime appropriation.