

1.1 moves to amend S.F. No. 4276; H.F. No. 4074 as follows:

1.2 Delete everything after the enacting clause and insert:

1.3 "ARTICLE 1
1.4 MINNESOTA STATE RETIREMENT SYSTEM

1.5 Section 1. Minnesota Statutes 2024, section 352.021, subdivision 2, is amended to read:

1.6 Subd. 2. **State employees covered.** Every person who becomes a state employee as
1.7 defined in section 352.01 is covered by the general state employees retirement plan, unless
1.8 the state employee is covered by the correctional employees retirement plan under section
1.9 352.905. Acceptance of state employment or continuance in state service is deemed to be
1.10 consent by the state employee to have deductions made from salary for deposit to the credit
1.11 of the account of the state employee in the retirement fund of the plan that provides retirement
1.12 coverage for the state employee.

1.13 Sec. 2. Minnesota Statutes 2024, section 352.029, subdivision 1, is amended to read:

1.14 Subdivision 1. **Qualifications.** (a) Unless already specifically included under section
1.15 352.01, subdivision 2a, or unless specifically excluded under section 352.01, subdivision
1.16 2b, a state employee covered by the general state employees retirement plan who is on leave
1.17 of absence without pay to provide service as an employee or officer of a labor organization
1.18 that is an exclusive bargaining agent representing state employees may elect under
1.19 subdivision 2 to be covered by the general state employees retirement plan of the Minnesota
1.20 State Retirement System for service with the labor organization, subject to the limitations
1.21 set forth in subdivisions 2a and 2b.

1.22 (b) Unless specifically included under section 352.01, subdivision 2a, or unless
1.23 specifically excluded under section 352.01, subdivision 2b, a state employee covered by
1.24 the correctional employees retirement plan who is on leave of absence without pay to provide
1.25 service as an employee or officer of a labor organization that is an exclusive bargaining
1.26 agent representing state employees may elect under subdivision 2 to be covered by the
1.27 correctional employees retirement plan for service with the labor organization, subject to
1.28 the limitations set forth in subdivisions 2a and 2b.

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

1.30 Subd. 2. **Election.** A person described in subdivision 1 is covered by the system general
1.31 employees retirement plan under subdivision 1, paragraph (a), or the correctional employees

2.1 retirement plan under subdivision 1, paragraph (b), if the person delivers a written election
 2.2 to be covered is delivered to the executive director within 90 days of being employed by
 2.3 the labor organization, or within 90 days of starting the first leave of absence ~~with an~~
 2.4 ~~exclusive bargaining agent~~ to provide service as an employee or officer of a labor
 2.5 organization, whichever is later.

2.6 Sec. 4. Minnesota Statutes 2024, section 352.029, subdivision 2a, is amended to read:

2.7 Subd. 2a. **Limitations on salary for benefits and contributions.** (a) The covered salary
 2.8 for a labor organization employee who is a member under section 352.01, subdivision 2a,
 2.9 paragraph (a), or who qualifies for membership under this section ~~or section 352.75~~ is limited
 2.10 to the lesser of:

2.11 (1) the employee's ~~actual~~ salary as defined under section 352.01, subdivision 13; or

2.12 (2) 75 percent of the salary of the governor as set under section 15A.082.

2.13 (b) The limited covered salary determined under this subdivision must be used in
 2.14 determining employee, employer, and supplemental employer ~~additional~~ contributions under
 2.15 ~~section~~ sections 352.04, subdivisions 2 and 3, and 352.92 and in determining retirement
 2.16 annuities and other benefits under this chapter and chapter 356.

2.17 Sec. 5. Minnesota Statutes 2025 Supplement, section 352.029, subdivision 3, is amended
 2.18 to read:

2.19 Subd. 3. **Contributions.** (a) The employee and employer contributions required by
 2.20 section 352.04; for employees covered by the general state employees retirement plan or
 2.21 by section 352.92 for employees covered by ~~section 352.905, the correctional employees~~
 2.22 retirement plan are the obligation of the employee ~~who is a member under section 352.01,~~
 2.23 ~~subdivision 2a, paragraph (a), or~~ who chooses coverage under this section. However, the
 2.24 employing labor organization may pay the employer contributions to the general state
 2.25 employees retirement fund as required by section 352.04 for employees covered by the
 2.26 general state employees retirement plan or to the correctional employees retirement
 2.27 as required by section 352.92 for employees covered by the correctional employees retirement
 2.28 plan.

2.29 (b) Contributions made by the employee must be made by salary deduction. ~~The~~
 2.30 ~~employing labor organization shall pay all contributions to the system as required by section~~
 2.31 ~~352.04, or by section 352.92 for employees covered by section 352.905.~~

3.1 Sec. 6. Minnesota Statutes 2024, section 352.115, subdivision 7a, is amended to read:

3.2 Subd. 7a. **Application procedure.** (a) ~~The filing of an~~ application for an annuity, refund,
3.3 disability benefit, survivor benefit, death benefit, or other ~~monthly~~ benefit authorized by
3.4 this chapter or chapter 3A, 352B, 352D, or 490 must comply with this subdivision.

3.5 (b) Filing of an application ~~under paragraph (a) is not complete until~~ is effective on the
3.6 date an original application and supporting documents are received in an office of the
3.7 system or received by a person authorized by the director. An original application may not
3.8 be an electronic copy or facsimile copy and if received in an office of the system, must be
3.9 delivered by personal service or mail.

3.10 (c) ~~In this subdivision,~~ To complete the application, supporting documents must be
3.11 received in an office of the system or received by a person authorized by the director no
3.12 later than 60 days after filing the application. Supporting documents are not required to be
3.13 original documents except as determined by the director. "Supporting documents" are:

3.14 (1) documents sufficient to verify birth date;

3.15 (2) documents sufficient to verify marital status or establish the terms of a divorce, if
3.16 applicable; and

3.17 (3) the spousal acknowledgment required by section 356.46, subdivision 3, paragraph
3.18 (b).

3.19 ~~Supporting documents are not required to be original documents except as determined by~~
3.20 ~~the director.~~

3.21 Sec. 7. Minnesota Statutes 2024, section 352.115, subdivision 8, is amended to read:

3.22 Subd. 8. **Accrual of annuity.** (a) The application for an annuity must not be ~~made~~ filed
3.23 more than 60 days before the ~~time~~ date the state employee or former state employee elects
3.24 to begin collecting a retirement annuity.

3.25 (b) If the director determines an applicant for annuity has fulfilled the legal requirements
3.26 for an annuity, the director shall authorize the annuity payment in accordance with this
3.27 chapter and payment must be made as authorized.

3.28 (c) An annuity shall begin to accrue no earlier than 180 days before the date the
3.29 application is filed with the director, but not before the day following the termination of
3.30 state service or before the day the employee is eligible to retire by reason of both age and
3.31 service requirements.

4.1 (d) The retirement annuity shall cease with the last payment which had accrued during
4.2 the lifetime of the retired employee unless an optional annuity provided in section 352.116,
4.3 subdivision 3, had been selected and had become payable. The joint and last survivor annuity
4.4 shall cease with the last payment received by the survivor during the lifetime of the survivor.
4.5 If a retired employee had not selected an optional annuity, or a survivor annuity is not
4.6 payable under the option, and a spouse survives, the spouse is entitled only to the annuity
4.7 for the calendar month in which the retired employee died. If an optional annuity is payable
4.8 after the death of the retired employee, the survivor is entitled to the annuity for the calendar
4.9 month in which the retired employee died.

4.10 Sec. 8. Minnesota Statutes 2024, section 352.115, subdivision 9, is amended to read:

4.11 Subd. 9. **Annuities payable monthly.** All annuities, and disability benefits authorized
4.12 by this chapter, must be paid in equal monthly installments and must not be increased,
4.13 decreased, or revoked except as provided in this chapter or chapter 356.

4.14 Sec. 9. Minnesota Statutes 2024, section 352.87, subdivision 1, is amended to read:

4.15 Subdivision 1. **Eligibility.** (a) A member of the general state employees retirement plan
4.16 who is employed by the Department of Public Safety, State Fire Marshal Division, as a
4.17 deputy state fire marshal, fire/arson investigator, ~~who elects special benefit coverage under~~
4.18 ~~subdivision 8,~~ is entitled to retirement benefits or disability benefits, as applicable, as stated
4.19 in this section for eligible service under this section rendered after July 1, 1999, for which
4.20 allowable service credit is received: if the member is first employed as a deputy state fire
4.21 marshal, fire/arson investigator:

4.22 (1) before July 1, 2026, and the member elected special benefit coverage under the laws
4.23 in effect on the day the member was first employed as a deputy state fire marshal, fire/arson
4.24 investigator; or

4.25 (2) after June 30, 2026.

4.26 (b) The covered member must be at least age 55 to qualify for the retirement annuity
4.27 specified in subdivision 3.

4.28 Sec. 10. Minnesota Statutes 2024, section 352.87, subdivision 2, is amended to read:

4.29 Subd. 2. **Retirement annuity eligibility.** A person specified in subdivision 1 who meets
4.30 all eligibility requirements specified in this chapter applicable to ~~general plan~~ members of
4.31 the general state employees retirement plan is eligible for retirement benefits as specified
4.32 in subdivision 3.

5.1 Sec. 11. Minnesota Statutes 2025 Supplement, section 352.905, is amended by adding a
5.2 subdivision to read:

5.3 Subd. 8. **Employees of labor organization.** Employees who meet the coverage and
5.4 election requirements of section 352.029 will continue to be covered by the correctional
5.5 employees retirement plan.

5.6 Sec. 12. Minnesota Statutes 2025 Supplement, section 352.907, is amended by adding a
5.7 subdivision to read:

5.8 Subd. 7. **Certain laws not applicable to the membership committee.** (a) Meetings of
5.9 the correctional plan membership committee are not subject to chapter 13D.

5.10 (b) The correctional plan membership committee is not an agency for the purposes of
5.11 sections 15.0597 and 15.0599.

5.12 Sec. 13. **ELECTION OF COVERAGE FOR CURRENT DEPUTY STATE FIRE**
5.13 **MARSHALS.**

5.14 Subdivision 1. **Definition.** For purposes of this section, "eligible employee" means a
5.15 member of the general state employees retirement plan of the Minnesota State Retirement
5.16 System who began employment with the Department of Public Safety, State Fire Marshal
5.17 Division, as a deputy state fire marshal, fire/arson investigator, after July 31, 2021, and
5.18 before October 5, 2022.

5.19 Subd. 2. **Election of coverage.** (a) An eligible employee may file a notice with the
5.20 executive director of the Minnesota State Retirement System on a form prescribed by the
5.21 executive director stating that the employee elects to be covered by section 352.87. Notice
5.22 must be filed no later than 60 days after enactment of this section.

5.23 (b) Elections under this subdivision are irrevocable during any period of covered
5.24 employment.

5.25 (c) An eligible employee who makes an election under this subdivision is entitled to
5.26 retirement or disability benefits, as applicable, as stated in section 352.87. Elected coverage
5.27 is effective retroactively from the first day of employment.

5.28 (d) A failure to file a timely notice is deemed a waiver of coverage by section 352.87.

5.29 Subd. 3. **Calculation of additional contributions due.** (a) Upon the request of an
5.30 eligible employee before the eligible employee files the notice electing coverage under

6.1 subdivision 2 or if an eligible employee files the notice electing coverage under subdivision
6.2 2, the executive director of the Minnesota State Retirement System must calculate:

6.3 (1) the employee contributions that would have been deducted from the eligible
6.4 employee's salary starting with the first day of covered employment but were not deducted
6.5 because the eligible employee had not yet filed the notice electing coverage, plus interest
6.6 at the applicable rate or rates specified in section 356.59, subdivision 2; and

6.7 (2) the employer contributions that would have been paid by the employer starting with
6.8 the eligible employee's first day of covered employment but were not deducted because the
6.9 eligible employee had not yet filed the notice electing coverage, plus interest at the applicable
6.10 rate or rates specified in section 356.59, subdivision 2.

6.11 (b) The executive director must inform the eligible employee and the Department of
6.12 Public Safety of the amounts calculated under paragraph (a) no later than 30 days after
6.13 receiving the request or the notice electing coverage from the eligible employee.

6.14 Subd. 4. **Payment of additional contributions.** (a) If an eligible employee files a notice
6.15 electing coverage under subdivision 2, the eligible employee must pay the employee
6.16 contributions and interest computed under subdivision 3, paragraph (a), to the general
6.17 employees retirement fund of the Minnesota State Retirement System in a lump sum.
6.18 Payment must be made within six months of filing the notice electing coverage under
6.19 subdivision 2 or on the date the eligible employee terminates employment as a deputy state
6.20 fire marshal, fire/arson investigator, whichever is earlier.

6.21 (b) The Department of Public Safety must pay the employer contributions and interest
6.22 computed under subdivision 3, paragraph (a), to the general employees retirement fund of
6.23 the Minnesota State Retirement System within 30 days of the date on which the executive
6.24 director of the Minnesota State Retirement System certifies to the Department of Public
6.25 Safety that the eligible employee made the payment required under paragraph (a).

6.26 Sec. 14. **REPEALER.**

6.27 Minnesota Statutes 2024, section 352.87, subdivision 8, is repealed.

6.28 Sec. 15. **EFFECTIVE DATE.**

6.29 Sections 1 to 14 are effective July 1, 2026.

7.1 **ARTICLE 2**

7.2 **PUBLIC EMPLOYEES RETIREMENT ASSOCIATION**

7.3 Section 1. Minnesota Statutes 2024, section 353E.03, subdivision 1, is amended to read:

7.4 Subdivision 1. **Member contributions.** A member of the plan shall make an employee
7.5 contribution in an amount equal to ~~6.83~~ six percent of salary.

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

7.7 Sec. 2. Minnesota Statutes 2024, section 353E.03, subdivision 2, is amended to read:

7.8 Subd. 2. **Employer contributions.** The employer shall contribute for a member of the
7.9 plan an amount equal to ~~10.25~~ nine percent of salary.

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

7.11 Sec. 3. Minnesota Statutes 2024, section 356.415, subdivision 1g, is amended to read:

7.12 Subd. 1g. **Annual postretirement adjustments; PERA Public Employees Retirement**
7.13 **Association; local government correctional retirement plan.** (a) Annuities, disability
7.14 benefits, and survivor benefits being paid from the local government correctional retirement
7.15 plan of the Public Employees Retirement Association shall be increased effective each
7.16 January 1 by the percentage of increase determined under this subdivision. The increase to
7.17 the annuity or benefit shall be determined by multiplying the monthly amount of the annuity
7.18 or benefit by the percentage of increase specified in paragraph (b), after taking into account
7.19 any reduction to the percentage of increase required under paragraph (d).

7.20 (b) As of each January 1, The percentage of increase must be one percent unless the
7.21 federal Social Security Administration has announced a cost-of-living adjustment pursuant
7.22 to United States Code, title 42, section 415(i), in the last quarter of the preceding calendar
7.23 year that is greater than one percent. If the cost-of-living adjustment announced by the
7.24 federal Social Security Administration is greater than one percent, the percentage of increase
7.25 must be the same as the cost-of-living adjustment announced by the federal Social Security
7.26 Administration, but in no event may the percentage of increase exceed the applicable
7.27 maximum percentage in effect on January 1 under paragraph (c).

7.28 (c) The applicable maximum percentage in effect on January 1 is ~~2.5~~ three percent,
7.29 unless either of the following is true, in which case the applicable maximum percentage is
7.30 1.5 percent:

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

8.4 (2) the market value of assets equals or is less than 80 percent of the actuarial accrued
 8.5 liabilities as reported by the plan's actuary in the most recent annual actuarial valuation. ~~If,~~
 8.6 ~~on January 1 after a year during which the applicable maximum percentage was 1.5 percent,~~
 8.7 ~~neither clause (1) or (2) is true, then the applicable maximum percentage is 2.5 percent.~~

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

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

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

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

8.23 **ARTICLE 3**

8.24 **TEACHERS RETIREMENT ASSOCIATION; SAINT PAUL TEACHERS'** 8.25 **RETIREMENT FUND ASSOCIATION**

8.26 Section 1. Minnesota Statutes 2024, section 354.05, subdivision 37, is amended to read:

8.27 Subd. 37. **Termination of teaching service.** "Termination of teaching service" means
 8.28 the withdrawal of a member from active teaching service by resignation or the termination
 8.29 of the member's teaching contract by the employer. A member is not considered to have
 8.30 terminated teaching service, if before the age of ~~62~~ 59-1/2, and before the effective date of
 8.31 the termination or retirement, the member has entered into a contract to resume teaching
 8.32 service with an employing unit covered by the provisions of this chapter. A contract to

9.1 return to work after retirement for an active member who has attained age ~~62~~ 59-1/2 must
9.2 comply with the provisions of section 354.444.

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

9.4 Sec. 2. Minnesota Statutes 2024, section 354.05, is amended by adding a subdivision to
9.5 read:

9.6 **Subd. 44. Medical provider.** "Medical provider" means an individual licensed as a
9.7 physician, chiropractor, physician assistant, APRN, or, with respect to a mental impairment,
9.8 a psychologist.

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

9.10 Sec. 3. Minnesota Statutes 2024, section 354.07, subdivision 2, is amended to read:

9.11 **Subd. 2. Investigatory powers.** In passing upon all applications and claims, the board
9.12 may summon, swear, hear, and examine witnesses and, in the case of claims for disability
9.13 benefits, may require the claimant to submit to a medical examination by a ~~physician~~ medical
9.14 provider of the board's choice, at the expense of the claimant, as a condition precedent to
9.15 the passing on the claim, and, in the case of all applications and claims, may conduct
9.16 investigations necessary to determine the validity and merit of the same.

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

9.18 Sec. 4. Minnesota Statutes 2024, section 354.444, subdivision 2, is amended to read:

9.19 **Subd. 2. Eligibility.** An eligible person is a person who:

9.20 (1) is a teacher as defined by section 354.05, subdivision 2, who is at least age ~~62~~ 59-1/2;

9.21 (2) enters into a written agreement with the employing unit to return to work; and

9.22 (3) retires under the provisions of section 354.44 and begins to draw an annuity from
9.23 the Teachers Retirement Association.

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

9.25 Sec. 5. Minnesota Statutes 2024, section 354.444, subdivision 3, is amended to read:

9.26 **Subd. 3. Work agreement.** (a) A member who is at least age 59-1/2 may, before the
9.27 effective date of retirement, enter into a written agreement to return to work with an
9.28 employing unit covered by the provisions of this chapter.

10.1 (b) Participation, the amount of time worked, and the duration of participation under
10.2 this section must be mutually agreed upon by the employing unit and the employee. The
10.3 employing unit may require up to a one-year notice of intent to participate in the program
10.4 as a condition of participation. The employing unit shall determine the time of year the
10.5 employee shall work. Unless otherwise specified in this section, the employing unit may
10.6 not require a person to waive any rights under a collective bargaining agreement as a
10.7 condition of participation under this section.

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

10.9 Sec. 6. Minnesota Statutes 2024, section 354.48, subdivision 4, is amended to read:

10.10 Subd. 4. **Determination by executive director.** (a) The executive director ~~shall~~ must
10.11 have the member examined by ~~at least two licensed physicians, licensed chiropractors, or~~
10.12 ~~licensed psychologists~~ one or more medical providers.

10.13 ~~(b) These physicians, chiropractors, APRNs, or psychologists with respect to a mental~~
10.14 ~~impairment, shall~~ The medical providers selected under paragraph (a) must make written
10.15 reports to the executive director concerning the member's disability, including expert opinions
10.16 as to whether or not the member is permanently and totally disabled within the meaning of
10.17 section 354.05, subdivision 14.

10.18 (c) The executive director ~~shall~~ must also obtain written certification from the last
10.19 employer stating whether or not the member was separated from service because of a
10.20 disability ~~which~~ that would reasonably prevent further service to the employer and as a
10.21 consequence the member is not entitled to compensation from the employer.

10.22 (d) If, upon the consideration of the reports ~~of the physicians, chiropractors, APRNs, or~~
10.23 ~~psychologists~~ required under paragraph (b) and any other evidence presented by the member
10.24 or by others interested therein, the executive director finds that the member is totally and
10.25 permanently disabled, the executive director ~~shall~~ must grant the member a disability benefit.

10.26 (e) An employee who is placed on leave of absence without compensation because of
10.27 disability is not barred from receiving a disability benefit.

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

10.29 Sec. 7. Minnesota Statutes 2024, section 354.48, subdivision 6, is amended to read:

10.30 Subd. 6. **Regular physical examinations.** At least once each year during the first five
10.31 years following the allowance of a disability benefit to any member, and at least once in
10.32 every three-year period thereafter, the executive director may require the disability benefit

11.1 recipient to undergo an expert examination by ~~a physician or physicians, by a chiropractor~~
 11.2 ~~or chiropractors, by an APRN or APRNs, or by one or more psychologists with respect to~~
 11.3 ~~a mental impairment,~~ medical providers engaged by the executive director. If an examination
 11.4 indicates that the member is no longer permanently and totally disabled or that the member
 11.5 is engaged or is able to engage in a substantial gainful occupation, the association must
 11.6 discontinue payments of the disability benefit ~~by the association must be discontinued~~. The
 11.7 payments must be discontinued as soon as the member is reinstated to the payroll following
 11.8 sick leave, but payment may not be made ~~for~~ more than 60 days after the ~~physicians,~~
 11.9 ~~chiropractors, APRNs, or psychologists~~ medical provider or medical providers engaged by
 11.10 the executive director find that the person is no longer permanently and totally disabled.

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

11.12 Sec. 8. Laws 2022, chapter 65, article 3, section 1, subdivision 2, as amended by Laws
 11.13 2024, chapter 102, article 1, section 8, is amended to read:

11.14 Subd. 2. **Temporary suspension of earnings limitation for teachers covered by TRA**
 11.15 **and SPTRFA.** (a) Notwithstanding Minnesota Statutes, section 354.44, subdivision 5, no
 11.16 portion of a reemployed teacher's annuity paid under Minnesota Statutes, chapter 354, shall
 11.17 be deferred regardless of the amount of the salary earned from the teaching service during
 11.18 the preceding fiscal year. This paragraph applies only to salary earned during fiscal years
 11.19 ~~2022, 2023, 2024,~~ 2025, 2026, ~~and 2027,~~ 2028, 2029, and 2030 and annuity payments made
 11.20 during calendar years ~~2023, 2024, 2025,~~ 2026, 2027, ~~and 2028,~~ 2029, 2030, and 2031.

11.21 (b) Notwithstanding Minnesota Statutes, section 354A.31, subdivision 3, no portion of
 11.22 a reemployed teacher's annuity paid under Minnesota Statutes, chapter 354A, shall be
 11.23 deferred or forfeited regardless of the amount of the salary earned from the teaching service
 11.24 during the preceding calendar year. This paragraph applies only to salary earned during
 11.25 calendar years ~~2022, 2023, 2024,~~ 2025, 2026, ~~and 2027,~~ 2028, 2029, and 2030 and annuity
 11.26 payments made during calendar years ~~2023, 2024, 2025,~~ 2026, 2027, ~~and 2028,~~ 2029, 2030,
 11.27 and 2031.

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

11.29 Sec. 9. Laws 2022, chapter 65, article 3, section 1, subdivision 3, as amended by Laws
 11.30 2024, chapter 102, article 1, section 9, is amended to read:

11.31 Subd. 3. **Expiration date.** This section expires effective January 1, ~~2029~~ 2032.

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

12.1

ARTICLE 4

12.2

VOLUNTEER FIREFIGHTERS

12.3 Section 1. Minnesota Statutes 2024, section 424A.001, subdivision 8, is amended to read:

12.4 Subd. 8. **Firefighting service.** "Firefighting service" means duties performed by
12.5 firefighters and, if approved by the appropriate municipality or municipalities under section
12.6 424A.01, duties performed by fire prevention personnel and volunteer emergency medical
12.7 personnel.

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

12.9 Sec. 2. Minnesota Statutes 2024, section 424A.001, subdivision 9, is amended to read:

12.10 Subd. 9. **Separate from active service.** "Separate from active service" means ~~that a~~
12.11 ~~firefighter~~ permanently ceases ceasing to perform ~~fire suppression duties and fire prevention~~
12.12 ~~duties and, permanently ceases to supervise fire suppression, and fire prevention duties~~ all
12.13 firefighting service with a particular fire department.

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

12.15 Sec. 3. Minnesota Statutes 2024, section 424A.001, subdivision 9a, is amended to read:

12.16 Subd. 9a. **Break in service.** "Break in service" means temporarily ceasing ~~all of the~~
12.17 ~~following~~ to perform and supervise all firefighting service with a particular fire department:

12.18 ~~(1) performing fire suppression duties;~~

12.19 ~~(2) performing fire prevention duties;~~

12.20 ~~(3) supervising fire suppression duties; and~~

12.21 ~~(4) supervising fire prevention duties.~~

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

12.23 Sec. 4. Minnesota Statutes 2024, section 424A.001, subdivision 9b, is amended to read:

12.24 Subd. 9b. **Firefighter.** "Firefighter" means a person who is a member of a fire department
12.25 and who is a volunteer firefighter, paid on-call firefighter, part-time firefighter, full-time
12.26 firefighter, career firefighter, or any combination thereof and who, in that capacity, engages
12.27 in firefighting service.

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

13.1 **Sec. 5. [424A.012] RETURN TO ACTIVE FIREFIGHTING SERVICE.**

13.2 **Subdivision 1. Return to active firefighting without prior receipt of pension or**
13.3 **benefit. (a) This subdivision governs the service pension calculation requirements of a**
13.4 **firefighter who returns to active service after a break in service and who has not previously**
13.5 **been paid a service pension or disability benefit from the relief association. This subdivision**
13.6 **applies to all breaks in service, except that the resumption service requirements of this**
13.7 **subdivision do not apply to leaves of absence made available by federal or state statute.**

13.8 **(b) If a firefighter who has a break in service of any duration resumes performing active**
13.9 **firefighting with the fire department associated with the relief association and if permitted**
13.10 **in the bylaws of the relief association, the firefighter may again become an active member**
13.11 **of the relief association, subject to the requirements of this subdivision and the service**
13.12 **pension calculation requirements under this section.**

13.13 **(c) A firefighter who has been granted an approved leave of absence not exceeding one**
13.14 **year by the fire department or the relief association is exempt from any minimum period**
13.15 **of resumption service requirement established under paragraph (f).**

13.16 **(d) A firefighter who has a break in service not exceeding one year but has not been**
13.17 **granted an approved leave of absence may be made exempt from any minimum period of**
13.18 **resumption service requirement established under paragraph (f).**

13.19 **(e) A firefighter may qualify to receive a service pension from the relief association for**
13.20 **the original and resumption service periods if the firefighter:**

13.21 **(1) is a former firefighter who has not been paid a service pension or disability benefit;**

13.22 **(2) returns to active relief association membership under paragraph (b); and**

13.23 **(3) meets the service requirements of section 424A.016, subdivision 3, or 424A.02,**
13.24 **subdivision 2, as applicable, and as defined in the bylaws in effect on the date of the**
13.25 **firefighter's separation from active service, based on the original and resumption years of**
13.26 **service credit.**

13.27 **(f) A defined benefit relief association may define in the relief association's bylaws a**
13.28 **minimum period of resumption service requirement that applies to firefighters who return**
13.29 **to active membership and who have not been paid a service pension or disability benefit**
13.30 **for their original period of service. The service pension benefit level used to calculate any**
13.31 **service pension payable for both the original and resumption service periods is:**

13.32 **(1) the service pension benefit level in effect on the date of the firefighter's separation**
13.33 **from active resumption service if a minimum period of resumption service requirement is**

14.1 defined in the bylaws and is completed prior to a firefighter's cessation of resumption service
14.2 or if no resumption service is defined in the bylaws; or

14.3 (2) the service pension benefit level in effect on the date of the firefighter's termination
14.4 of original service if a minimum period of resumption service requirement is defined in the
14.5 bylaws but is not completed prior to a firefighter's cessation of resumption service.

14.6 (g) Any service pension payable under this subdivision is less any amounts previously
14.7 forfeited under section 424A.02, subdivision 3, paragraph (c), or section 424A.016,
14.8 subdivision 4, as applicable.

14.9 Subd. 2. Return to active firefighting after receipt of pension or benefit. (a) This
14.10 subdivision governs the service pension calculation requirements of a firefighter who resumes
14.11 performing active firefighting service with the fire department associated with the relief
14.12 association after being paid a service pension or disability benefit from the relief association.
14.13 The firefighter must wait at least 60 days following receipt of the pension or benefit before
14.14 resuming active firefighting service with the fire department and, if permitted in the bylaws
14.15 of the relief association, active membership in the relief association.

14.16 (b) A firefighter may qualify to receive a service pension from the relief association for
14.17 the resumption service period if the firefighter:

14.18 (1) is a former firefighter who has been paid a service pension or disability benefit or is
14.19 receiving a monthly benefit service pension;

14.20 (2) returns to active relief association membership; and

14.21 (3) meets the service requirements defined in the relief association's bylaws in effect on
14.22 the date of the firefighter's separation from active service and, as applicable:

14.23 (i) paragraph (g);

14.24 (ii) section 424A.016, subdivision 3; or

14.25 (iii) section 424A.02, subdivision 2.

14.26 (c) For defined benefit relief associations, the service pension for the resumption service
14.27 period must be calculated by applying the service pension benefit level in effect on the date
14.28 of the firefighter's termination of resumption service for all years of the resumption service.

14.29 (d) For defined contribution relief associations, the service pension for the resumption
14.30 service period must be calculated to include allocations credited to the firefighter's individual
14.31 account during the resumption period of service and deductions for administrative expenses,
14.32 if applicable.

15.1 (e) If provided in the bylaws, a firefighter who returns to active relief association
15.2 membership may continue to collect a monthly service pension from the relief association,
15.3 notwithstanding the requirement under section 424A.02, subdivision 1, that the firefighter
15.4 has separated from active service.

15.5 (f) If a firefighter receiving a monthly benefit service pension returns to active monthly
15.6 benefit relief association membership under paragraph (b):

15.7 (1) the firefighter's monthly service pension payments are suspended as of the first day
15.8 of the month next following the date on which the firefighter returns to active membership
15.9 if the relief association bylaws prohibit the firefighter from collecting a monthly service
15.10 pension;

15.11 (2) the firefighter is entitled to an additional monthly benefit service pension upon a
15.12 subsequent cessation of duties calculated based on the resumption service credit and the
15.13 service pension accrual amount in effect on the date of the termination of the resumption
15.14 service; and

15.15 (3) if the monthly service pension payments were suspended under clause (1), the
15.16 suspended initial service pension resumes as of the first of the month next following the
15.17 termination of the resumption service.

15.18 (g) A relief association may define in the relief association's bylaws vesting requirements
15.19 that apply solely to former firefighters who have been paid a service pension or disability
15.20 benefit and subsequently return to active relief association membership. If a relief association
15.21 elects to define vesting requirements that are applicable solely to these former firefighters,
15.22 the requirements may be different than the requirements for all other relief association
15.23 members and need not comply with the service requirements of section 424A.016, subdivision
15.24 3, or 424A.02, subdivision 2, as applicable, but cannot require more than 20 years of active
15.25 service for full vesting.

15.26 (h) No firefighter may be paid a service pension more than once for the same period of
15.27 service.

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

15.29 Sec. 6. Minnesota Statutes 2024, section 424A.014, subdivision 1, is amended to read:

15.30 Subdivision 1. **Financial report and audit.** (a) An annual financial report and audited
15.31 financial statements in accordance with paragraphs (c) to (e) must be submitted by the board
15.32 of trustees of the Bloomington Fire Department Relief Association and the board of trustees
15.33 of each firefighters relief association with special fund assets of at least ~~\$750,000~~ \$1,000,000

16.1 or special fund liabilities of at least ~~\$750,000~~ \$1,000,000, according to ~~any~~ the previous
16.2 year's financial report.

16.3 (b) The board of trustees of a firefighters relief association with special fund assets of
16.4 less than ~~\$750,000~~ \$1,000,000 and special fund liabilities of less than ~~\$750,000~~ \$1,000,000,
16.5 according to ~~each~~ the previous year's financial report, may submit an annual financial report
16.6 and audited financial statements in accordance with paragraphs (c) to (e). If the special fund
16.7 assets or special fund liabilities of a firefighters relief association to which this paragraph
16.8 applies subsequently exceed \$1,000,000 as of the beginning of a calendar year, then an
16.9 annual financial report and audited financial statements are required under paragraph (a),
16.10 beginning with reports filed with the state auditor in the calendar year following the calendar
16.11 year in which the \$1,000,000 threshold was exceeded.

16.12 (c) The financial report must cover the relief association's special fund and general fund
16.13 and be in the style and form prescribed by the state auditor. The financial report must be
16.14 countersigned by:

16.15 (1) the municipal clerk or clerk-treasurer of the municipality in which the relief
16.16 association is located if the relief association is directly associated with a municipal fire
16.17 department;

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

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

16.25 (d) The financial report must be retained in the office of the Bloomington Fire Department
16.26 Relief Association or the firefighters relief association for public inspection and must be
16.27 filed with the governing body of the government subdivision in which the associated fire
16.28 department is located after the close of the fiscal year. One copy of the financial report must
16.29 be furnished to the state auditor on or before June 30 after the close of the fiscal year.

16.30 (e) Audited financial statements that present the true financial condition of the relief
16.31 association's special fund and general fund must be attested to by a certified public accountant
16.32 or by the state auditor and must be filed with the state auditor on or before June 30 after the
16.33 close of the fiscal year. Audits must be conducted in compliance with generally accepted

17.1 auditing standards and section 6.65 governing audit procedures. The state auditor may accept
17.2 audited financial statements in lieu of the financial report required in paragraph (a).

17.3 **EFFECTIVE DATE.** This section is effective December 31, 2026, and applies to
17.4 audited financial statements for calendar year 2026 and thereafter. A relief association with
17.5 special fund assets of less than \$1,000,000 and special fund liabilities of less than \$1,000,000
17.6 on December 31, 2026, is not required to submit audited financial statements under Minnesota
17.7 Statutes, section 424A.014, subdivision 1, unless and until the association's special fund
17.8 assets or special fund liabilities exceed \$1,000,000, even if audited financial statements
17.9 were required on the date immediately prior to December 31, 2026.

17.10 Sec. 7. Minnesota Statutes 2024, section 424A.016, subdivision 4, is amended to read:

17.11 Subd. 4. **Individual accounts.** (a) An individual account must be established for each
17.12 firefighter who is a member of the relief association.

17.13 (b) To each individual active member account must be credited an equal share of:

17.14 (1) any amounts of fire state aid and police and firefighter retirement supplemental state
17.15 aid received by the relief association;

17.16 (2) any amounts of municipal contributions to the relief association raised from levies
17.17 on real estate or from other available municipal revenue sources exclusive of fire state aid;
17.18 and

17.19 (3) any amounts equal to the share of the assets of the special fund to the credit of:

17.20 (i) any former member who terminated active service with the fire department to which
17.21 the relief association is associated before meeting the minimum service requirement provided
17.22 for in subdivision 2, paragraph (b), and either has not returned to active service with the
17.23 fire department for a period no shorter than five years or has died and no survivor benefit
17.24 or death benefit is payable; or

17.25 (ii) any member who terminated active service before becoming 100 percent vested in
17.26 the member's account under subdivision 2, paragraph (b), and any applicable provision of
17.27 the bylaws of the relief association.

17.28 (c) In addition, any investment return on the assets of the special fund must be credited
17.29 in proportion to the share of the assets of the special fund to the credit of each individual
17.30 active member account and inactive member account, unless the inactive member is a
17.31 deferred member as defined in subdivision 6.

18.1 (d) Administrative expenses of the relief association payable from the special fund may
18.2 be deducted from individual accounts in a manner specified in the bylaws of the relief
18.3 association.

18.4 (e) Amounts to be credited to individual accounts under paragraph (b) must be allocated
18.5 uniformly for all years of active service and allocations must be made for all years of service,
18.6 except for caps on service credit if so provided in the bylaws of the relief association.
18.7 Amounts forfeited under paragraph (b), clause (3), before a resumption of active service
18.8 and membership under section ~~424A.01, subdivision 6~~, 424A.012 remain forfeited and may
18.9 not be reinstated upon the resumption of active service and membership. The allocation
18.10 method may utilize monthly proration for fractional years of service, as the bylaws or articles
18.11 of incorporation of the relief association so provide. The bylaws or articles of incorporation
18.12 may define a "month," but the definition must require a calendar month to have at least 16
18.13 days of active service. If the bylaws or articles of incorporation do not define a "month," a
18.14 "month" is a completed calendar month of active service measured from the member's date
18.15 of entry to the same date in the subsequent month.

18.16 (f) At the time that the payment of a service pension commences under subdivision 2
18.17 and any applicable provision of the bylaws of the relief association, a retiring member is
18.18 entitled to that portion of the assets of the special fund to the credit of the member in the
18.19 individual member account which is nonforfeitable under subdivision 3 and any applicable
18.20 provision of the bylaws of the relief association based on the number of years of service to
18.21 the credit of the retiring member.

18.22 (g) Annually, the secretary of the relief association shall certify the individual account
18.23 allocations to the state auditor at the same time that the annual financial statement or financial
18.24 report and audit of the relief association, whichever applies, is due under section 424A.014.

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

18.26 Sec. 8. Minnesota Statutes 2025 Supplement, section 424A.016, subdivision 6, is amended
18.27 to read:

18.28 Subd. 6. **Deferred service pensions.** (a) A "deferred member" means a member of a
18.29 relief association who has separated from active service and membership and has completed
18.30 the minimum service and membership requirements in subdivision 2. The requirement that
18.31 a member separate from active service and membership is waived for any person who has
18.32 discontinued volunteer firefighter and paid on-call firefighter duties and is employed on a
18.33 part-time or full-time basis under section 424A.015, subdivision 1.

19.1 (b) A deferred member is entitled to receive a deferred service pension as soon as
19.2 practicable after the member submits a valid written application for the distribution and
19.3 complies with any conditions as to age prescribed by the relief association's bylaws.

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

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

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

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

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

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

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

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

20.1 Sec. 9. Minnesota Statutes 2025 Supplement, section 424A.05, subdivision 3, is amended
20.2 to read:

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

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

20.8 (2) for the purchase of an annuity for the applicable person under section 424A.015,
20.9 subdivision 3, or to replace a monthly benefit service pension under section 424A.093,
20.10 subdivision 1;

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

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

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

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

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

20.28 (8) for the payment or direct rollover under section 356.633 of a service pension to the
20.29 former spouse of a member or former member of a relief association, if the former spouse
20.30 is an alternate payee designated in a qualified domestic relations order under subdivision
20.31 5.

20.32 (b) Checks or authorizations for electronic fund transfers for disbursements authorized
20.33 by this section must be signed by the relief association treasurer and at least one other elected

21.1 trustee who has been designated by the board of trustees to sign the checks or authorizations.
 21.2 A relief association may make disbursements authorized by this subdivision by electronic
 21.3 fund transfers only if the specific method of payment and internal control policies and
 21.4 procedures regarding the method are approved by the board of trustees.

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

21.6 Sec. 10. Minnesota Statutes 2024, section 424B.22, subdivision 5, is amended to read:

21.7 Subd. 5. **Determination of assets and liabilities.** (a) The board of trustees ~~shall~~ must
 21.8 determine the following as of the date of termination of the retirement plan:

21.9 (1) the fair market value of the assets of the special fund;

21.10 (2) ~~the present value of~~ each participant's accrued benefit, taking into account full vesting
 21.11 under subdivision 3 and any increased lump-sum or monthly benefit level approved under
 21.12 subdivision 4;

21.13 (3) ~~the present value of~~ any benefit remaining to be paid to ~~each~~ any retiree in pay status;
 21.14 ~~if any~~ and to any other benefit recipient; and

21.15 (4) administrative expenses incurred or reasonably anticipated to be incurred through
 21.16 the date on which all retirement benefits have been distributed or transferred or, if later, the
 21.17 effective date of the dissolution of the relief association.

21.18 (b) The board of trustees ~~shall~~ must compile a schedule that includes the following
 21.19 information:

21.20 (1) the name of each participant, including each retiree in pay status, to whom a an
 21.21 accrued benefit or pension is or will be owed;

21.22 (2) the name of each other benefit recipient to whom a benefit ~~or pension~~ is or will be
 21.23 owed; and

21.24 (3) for each individual described in clauses (1) and (2), the amount of the benefit ~~or~~
 21.25 ~~pension~~ to which the individual is entitled under the bylaws of the relief association, taking
 21.26 into account the changes required or permitted by this section; and the corresponding number
 21.27 of years of service on which the benefit ~~or pension~~ is based, ~~and the earliest date on which~~
 21.28 ~~the benefit or pension would have been payable under the bylaws of the relief association.~~

21.29 (c) If the relief association is dissolving, in addition to the determination under paragraph
 21.30 (a) for the retirement plan, the board of trustees ~~shall~~ must determine, as of the effective
 21.31 date of the dissolution of the relief association, the legal obligations of the general fund of
 21.32 the relief association.

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

22.2 Sec. 11. Minnesota Statutes 2024, section 424B.22, subdivision 7, is amended to read:

22.3 Subd. 7. **Allocation of surplus.** (a) If the retirement plan is a defined benefit plan and
 22.4 if, after completing the determination of assets, liabilities, and administrative expenses under
 22.5 subdivision 5, ~~there is~~ the retirement plan's assets exceed liabilities and administrative
 22.6 expenses, resulting in a surplus, the board of trustees ~~shall~~ must transfer to the affiliated
 22.7 municipality the lesser of (1) the amount of the surplus, or (2) the sum of all required
 22.8 contributions, without investment earnings or interest thereon, made by the municipality to
 22.9 the relief association during the year in which the termination of the retirement plan occurs
 22.10 or during the preceding nine years.

22.11 (b) If the affiliated municipality did not make any required contributions to the relief
 22.12 association during the current or preceding nine years or if, after the transfer described in
 22.13 paragraph (a), there is surplus remaining, the relief association and the municipality will
 22.14 mutually agree on an allocation between them of the remaining surplus.

22.15 (c) If, within 180 days ~~of~~ after the date of termination of the retirement plan, the
 22.16 municipality and relief association have not reached an agreement on the allocation of the
 22.17 surplus under paragraph (b), then 50 percent of the surplus ~~shall~~ must be retained by the
 22.18 relief association and 50 percent of the surplus ~~shall~~ must be transferred to the affiliated
 22.19 municipality.

22.20 (d) Any surplus retained by the relief association under paragraph (c) ~~shall~~ must be
 22.21 allocated among all participants eligible to share in the surplus under paragraph (e) in the
 22.22 same proportion that the ~~present value of the~~ accrued benefit for each eligible participant
 22.23 bears to the total ~~present value of the~~ accrued benefits of all participants eligible to share
 22.24 in the surplus, and each eligible participant's accrued benefit, as determined under subdivision
 22.25 5, paragraph (a), clause (2), ~~shall~~ must be increased by the participant's share of the surplus.
 22.26 If a participant is receiving or has elected to receive a monthly pension, the participant's
 22.27 accrued benefit for the purpose of allocating surplus is the lump sum present value of the
 22.28 monthly pension benefit to which the participant is entitled to receive.

22.29 (e) The board of trustees ~~shall~~ must determine eligibility to share in the surplus, which
 22.30 may include all participants and any former participants who, within the last three years or
 22.31 such other number of years as determined by the board of trustees, separated from active
 22.32 service and received their retirement benefit. If the board of trustees decides to include
 22.33 former participants in the allocation of the surplus, the board of trustees ~~shall~~ must modify
 22.34 the method for allocating the surplus to take into account the former participants.

23.1 ~~(e)~~ (f) Any amount of surplus transferred to the affiliated municipality under this
 23.2 subdivision may only be used for the purposes described in section 424A.08, paragraph (a)
 23.3 or (b).

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

23.5 Sec. 12. Minnesota Statutes 2024, section 424B.22, subdivision 8, is amended to read:

23.6 Subd. 8. **Immediate distribution of retirement benefits and payment of all other**
 23.7 **obligations.** (a) The board of trustees ~~shall~~ must liquidate the assets of the special fund and
 23.8 pay retirement benefits and administrative expenses under the retirement plan within 210
 23.9 days after the effective date of the termination of the retirement plan.

23.10 (b) If the retirement plan is a defined benefit plan that pays lump-sum benefits or a
 23.11 defined contribution plan, without regard to whether the participant has attained age 50, the
 23.12 board of trustees must offer each participant and other benefit recipient ~~shall be permitted~~
 23.13 the option to elect an immediate distribution or a direct rollover of the ~~participant's~~ benefit
 23.14 to an eligible retirement plan as permitted under section 356.633, subdivisions 1 and 2, if
 23.15 the benefit is an eligible rollover distribution as defined in section 356.633, subdivision 1,
 23.16 paragraph (d).

23.17 (c) If the retirement plan is a defined benefit plan that pays monthly pension benefits,
 23.18 the board of trustees ~~shall~~ must, at the election of the participant or other benefit recipient,
 23.19 purchase an annuity contract under section 424A.015, subdivision 3, naming the participant
 23.20 or other benefit recipient, as applicable, as the insured or distribute a lump-sum amount that
 23.21 is equal to the present value of the monthly pension benefits to which the participant or
 23.22 other benefit recipient is entitled. If an annuity is elected by the participant or other benefit
 23.23 recipient, the annuity ~~shall~~ must provide for commencement at a date elected by the insured,
 23.24 to be paid as an annuity for the life of the insured. The board of trustees must transfer legal
 23.25 title to the annuity contract ~~shall be transferred~~ to the insured. If the participant or other
 23.26 benefit recipient elects a lump sum is elected amount, the board of trustees must offer the
 23.27 participant or other benefit recipient the option under paragraph (b) to take an immediate
 23.28 distribution or a direct rollover ~~shall apply~~.

23.29 (d) The board of trustees ~~shall~~ must complete the distribution of all assets of the special
 23.30 fund by making any remaining distributions or transfers as required under subdivision 9 on
 23.31 behalf of participants or other benefit recipients who cannot be located or are ~~unresponsive~~
 23.32 nonresponsive and paying any remaining administrative expenses related to the termination
 23.33 of the plan.

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

24.2 Sec. 13. Minnesota Statutes 2024, section 424B.22, subdivision 9, is amended to read:

24.3 Subd. 9. **Missing or nonresponsive participants.** ~~(a) For purposes of this subdivision,~~
24.4 ~~the terms defined in this subdivision have the meanings given them.~~

24.5 (b) "Retirement benefit" means:

24.6 (1) ~~the participant's account balance if the retirement plan is a defined contribution plan;~~

24.7 (2) ~~the participant's lump-sum benefit if the retirement plan is a defined benefit plan that~~
24.8 ~~pays a lump sum; or~~

24.9 (3) ~~an amount equal to the present value of the participant's benefit if the retirement plan~~
24.10 ~~is a defined benefit plan that pays a monthly annuity.~~

24.11 (c) ~~"Individual retirement account" means an account that satisfies the requirements of~~
24.12 ~~section 408(a) of the Internal Revenue Code which is established by an officer of the relief~~
24.13 ~~association in the name of the participant or other benefit recipient at a federally insured~~
24.14 ~~financial institution.~~

24.15 ~~(d)~~ (a) If the board of trustees cannot locate a participant or other benefit recipient, the
24.16 board of trustees ~~shall~~ must make a diligent effort to obtain a current address or other contact
24.17 information as follows:

24.18 (1) send a notice to the address on file for the participant or other benefit recipient using
24.19 certified mail;

24.20 (2) check with the Minnesota State Fire Department Association, the municipality, and
24.21 any other employer of the participant;

24.22 (3) check with the participant's designated beneficiary on file with the relief association;
24.23 and

24.24 (4) use one or more of the Internet search tools that are free of charge.

24.25 ~~(e) the board of trustees shall~~ (b) The board of trustees must dispose of the retirement
24.26 benefit of a participant or other benefit recipient under clause (1) or (2) if the board of
24.27 trustees is unable to locate the participant or other benefit recipient after taking the actions
24.28 described in paragraph (a) or the participant or other benefit recipient does not make an
24.29 election of a distribution or direct rollover under subdivision 8, paragraph (b), or an annuity
24.30 or lump sum distribution or direct rollover under subdivision 8, paragraph (c). The board
24.31 of trustees must:

25.1 (1) transfer the retirement benefit to an individual retirement account that satisfies the
25.2 requirements of section 408(a) of the Internal Revenue Code and is established by an officer
25.3 of the relief association in the name of the participant or other benefit recipient at a federally
25.4 insured financial institution; or

25.5 (2) consider the retirement benefit abandoned and deposit funds in the amount of the
25.6 retirement benefit with the commissioner of commerce under chapter 345, notwithstanding
25.7 any laws to the contrary, including section 345.381, if the board of trustees is unable to
25.8 locate the participant or other benefit recipient after taking the actions described in paragraph
25.9 (d) or the participant or other benefit recipient does not elect to receive or rollover a
25.10 retirement benefit to which the participant or other benefit recipient is entitled.

25.11 (c) For the purpose of this subdivision, a retirement benefit that is a monthly pension or
25.12 annuity may be disposed of under paragraph (b) by converting the monthly pension or
25.13 annuity to a lump sum that is equal to the present value of the monthly pension or annuity
25.14 to which the participant or other benefit recipient is entitled.

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

25.16 **Sec. 14. TRANSFER OF MAPLE PLAIN FIRE DEPARTMENT RECORDS,**
25.17 **ASSETS, AND LIABILITIES FROM THE STATEWIDE VOLUNTEER**
25.18 **FIREFIGHTER PLAN.**

25.19 (a) No later than 60 days after the effective date, the executive director of the Public
25.20 Employees Retirement Plan must transfer the records, assets, and liabilities of the Maple
25.21 Plain fire department to the Maple Plain Fire Relief Association and the trust established
25.22 by the Maple Plain Fire Relief Association.

25.23 (b) Minnesota Statutes, section 353G.17, applies to the transfer under paragraph (a)
25.24 except as modified by clauses (1) to (9) of this paragraph.

25.25 (1) Subdivision 1, paragraph (b), clause (3), does not apply.

25.26 (2) Subdivision 1, paragraphs (c) and (d), do not apply.

25.27 (3) Subdivision 2, paragraph (a), clause (2), does not apply.

25.28 (4) Subdivision 2, paragraphs (b) and (c), do not apply.

25.29 (5) Subdivision 3, paragraph (a), is revised to require that the vote be conducted by the
25.30 board of trustees of the Maple Plain Fire Relief Association, rather than the executive director
25.31 of the Public Employees Retirement Association, and that the vote by members of the Maple

26.1 Plain Fire Relief Association must occur no earlier than four months before the effective
26.2 date and no later than 30 days after the effective date.

26.3 (6) Subdivision 3, paragraphs (c) to (e), do not apply.

26.4 (7) Subdivision 4, paragraph (a), is revised to require the Statewide Volunteer Firefighter
26.5 Plan to make the transfer described in paragraph (a) upon completion of the actions required
26.6 under Minnesota Statutes, section 353G.17, subdivisions 1 to 3, as revised by this section,
26.7 and to replace "as of the effective date identified in the notice under subdivision 1," with
26.8 "no later than 60 days after the effective date".

26.9 (8) Subdivision 5, paragraph (d), is revised to add at the end of paragraph (d): "For the
26.10 purpose of this section, the "value" of a firefighter's benefit means the amount determined
26.11 by multiplying the firefighter's years of service by the benefit level applicable to the
26.12 firefighter as determined under Minnesota Statutes, section 424B.22."

26.13 (9) Subdivision 6 is revised to delete the phrase "or the requirements of subdivision 2,
26.14 paragraph (b), are not met."

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

26.16 **Sec. 15. PENSION PAYMENTS AND PLAN TERMINATION.**

26.17 Upon completion of the transfer of records, assets, and liabilities under section 1 to the
26.18 Maple Plain Fire Relief Association, the Maple Plain Fire Relief Association must make
26.19 pension benefit payments in accordance with Minnesota Statutes, section 424B.22, as
26.20 amended and in effect on the date payments are made, and subsequently terminate and
26.21 dissolve the relief association in accordance with Minnesota law.

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

26.23 **Sec. 16. PAYMENT OF SUPPLEMENTAL BENEFITS.**

26.24 (a) The city of Maple Plain is authorized, but not required, to pay supplemental benefits
26.25 due under Minnesota Statutes, section 424A.10, to each qualified recipient or survivor, as
26.26 defined in section 424A.10, of the Maple Plain Fire Relief Association. If the city of Maple
26.27 Plain pays supplemental benefits, the city is eligible for reimbursement from the
26.28 commissioner of revenue under Minnesota Statutes, section 424A.10, for the amount of
26.29 supplemental benefits paid.

26.30 (b) If the city of Maple Plain pays supplemental benefits due under Minnesota Statutes,
26.31 section 424A.10, as authorized by paragraph (a), the Maple Plain Fire Relief Association

27.1 is deemed to have satisfied the requirement under Minnesota Statutes, section 424A.10 to
 27.2 pay supplemental benefits.

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

27.4 Sec. 17. **REPEALER.**

27.5 Minnesota Statutes 2024, section 424A.01, subdivision 6, is repealed.

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

27.7 **ARTICLE 5**

27.8 **ALL PUBLIC PENSION PLANS**

27.9 Section 1. Minnesota Statutes 2024, section 43A.346, subdivision 8, is amended to read:

27.10 Subd. 8. ~~**No Service credit; contributions.**~~ (a) Notwithstanding any law to the contrary,
 27.11 a person may not earn service credit in the Minnesota State Retirement System or the Public
 27.12 Employees Retirement Association for employment covered under this section, and employer
 27.13 contributions and payroll deductions for the retirement fund must not be made based on
 27.14 earnings of a person working under this section.

27.15 (b) A person employed in a postretirement option position must not be required to make
 27.16 payroll deduction contributions to the Minnesota State Retirement System or the Public
 27.17 Employees Retirement Association during the period of postretirement option employment.

27.18 (c) The employer of a person in a postretirement option position who would otherwise
 27.19 be covered by the general state employees retirement plan of the Minnesota State Retirement
 27.20 System must make employer contributions to the general state employees retirement fund
 27.21 as specified in section 352.04, subdivision 3, during the period of postretirement option
 27.22 employment. The employer of the person in a postretirement option position who would
 27.23 otherwise be covered by the general employees retirement plan of the Public Employees
 27.24 Retirement Association must make employer and additional employer contributions to the
 27.25 general employees retirement fund as specified in section 353.27, subdivisions 3 and 3a,
 27.26 during the period of postretirement option employment.

27.27 (d) No change shall may be made to a monthly annuity or retirement allowance based
 27.28 on employment under this section.

27.29 **EFFECTIVE DATE.** This section is effective on the first day of the payroll period
 27.30 beginning on or after January 1, 2027.

28.1 Sec. 2. Minnesota Statutes 2024, section 43A.346, subdivision 10, is amended to read:

28.2 Subd. 10. **Subsequent employment.** If a person has been in a postretirement option
28.3 position and accepts any other position in state or Metropolitan Council-paid service, in the
28.4 subsequent state or Metropolitan Council-paid employment the person may not earn service
28.5 credit in the Minnesota State Retirement System or Public Employees Retirement
28.6 Association, no ~~employer contributions or payroll deductions for the retirement fund shall~~
28.7 may be made, and the provisions of section 352.115, subdivision 10, or section 353.37,
28.8 ~~shall~~ apply.

28.9 **EFFECTIVE DATE.** This section is effective on the first day of the payroll period
28.10 beginning on or after January 1, 2027.

28.11 Sec. 3. Minnesota Statutes 2024, section 352.01, subdivision 13, is amended to read:

28.12 Subd. 13. **Salary.** (a) Subject to the limitations of section 356.611, "salary" means wages,
28.13 or other periodic compensation, paid to an employee before deductions for deferred
28.14 compensation, supplemental retirement plans, or other voluntary salary reduction programs.

28.15 (b) "Salary" does not include:

28.16 (1) lump-sum sick leave payments;

28.17 (2) severance payments;

28.18 (3) lump-sum annual leave payments and overtime payments made at the time of
28.19 separation from state service;

28.20 (4) payments in lieu of any employer-paid group insurance coverage, including the
28.21 difference between single and family rates that may be paid to an employee with single
28.22 coverage;

28.23 (5) payments made as an employer-paid fringe benefit;

28.24 (6) workers' compensation payments;

28.25 (7) employer contributions to a deferred compensation or tax-sheltered annuity program;
28.26 ~~and~~

28.27 (8) amounts contributed under a benevolent vacation and sick leave donation program;
28.28 and

28.29 (9) payments from the family and medical benefit insurance account for Minnesota paid
28.30 leave under chapter 268B.

29.1 (c) Amounts paid to an employee by the employer through a grievance proceeding or a
29.2 legal settlement are salary only if the grievance or settlement agreement is received by the
29.3 executive director no fewer than 14 days before payment is made and the executive director
29.4 determines that:

29.5 (1) the grievance or settlement agreement describes with sufficient specificity the period
29.6 or periods of time worked or not worked by the employee for which the amounts are
29.7 compensation; and

29.8 (2) the amounts are salary as defined in paragraph (a) and the determination is consistent
29.9 with prior determinations.

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

29.11 Sec. 4. Minnesota Statutes 2024, section 352.115, subdivision 10, is amended to read:

29.12 Subd. 10. **Reemployment of annuitant.** (a) Except for salary or wages received as a
29.13 temporary employee of the legislature during a legislative session, if any retired employee
29.14 again becomes entitled to receive salary or wages from any employer who employs state
29.15 employees as that term is defined in section 352.01, subdivision 2, in a position covered by
29.16 this chapter, the annuity or retirement allowance must cease the first of the month following
29.17 the month that the retired employee has earned an amount equal to the annual maximum
29.18 earnings allowable for that age for the continued receipt of full benefit amounts monthly
29.19 under the federal old age, survivors, and disability insurance program as set by the secretary
29.20 of health and human services under United States Code, title 42, section 403, in any calendar
29.21 year. If the retired employee has not yet reached the minimum age for the receipt of Social
29.22 Security benefits, the maximum earnings for the retired employee are equal to the annual
29.23 maximum earnings allowable for the minimum age for the receipt of Social Security benefits.

29.24 (b) The balance of the annual retirement annuity after cessation must be handled or
29.25 disposed of as provided in section 356.47.

29.26 (c) The annuity must be resumed the first of the month following the month that state
29.27 service ends, or, if the retired employee is still employed at the beginning of the next calendar
29.28 year, at the beginning of that calendar year, and payment must again end when the retired
29.29 employee has earned the applicable reemployment earnings maximum specified in this
29.30 subdivision. If the retired employee is granted a sick leave without pay, but not otherwise,
29.31 the annuity or retirement allowance must be resumed during the period of sick leave.

29.32 (d) No payroll deductions for the retirement fund may be made from the earnings of a
29.33 reemployed retired employee.

30.1 (e) No change may be made in the monthly amount of an annuity or retirement allowance
30.2 because of the reemployment of an annuitant.

30.3 (f) If a reemployed annuitant whose annuity is suspended under paragraph (a) is having
30.4 insurance premium amounts withheld under section 356.87, subdivision 2, insurance premium
30.5 amounts must continue to be withheld and transferred from the suspended portion of the
30.6 annuity. The balance of the annual retirement annuity after cessation, after deduction of the
30.7 insurance premium amounts, must be treated as specified in paragraph (b).

30.8 (g) If a reemployed annuitant whose annuity is suspended under paragraph (a) has a
30.9 former spouse receiving a portion of the annuity allowable under section 518.58, subdivision
30.10 1, the portion payable to the former spouse must continue to be paid.

30.11 (h) During the period of reemployment, the employer of a reemployed annuitant must
30.12 make employer contributions. If the reemployed annuitant is working in a position that
30.13 would otherwise be covered by the general state employees retirement plan, the employer
30.14 must make employer contributions as specified in section 352.04, subdivision 3. If the
30.15 reemployed annuitant is working in a position that would otherwise be covered by the
30.16 correctional state employees retirement plan, the employer must make employer and
30.17 supplemental contributions as specified in section 352.92, subdivisions 2 and 2a.

30.18 **EFFECTIVE DATE.** This section is effective on the first day of the payroll period
30.19 beginning on or after January 1, 2027.

30.20 Sec. 5. Minnesota Statutes 2024, section 352.1155, subdivision 3, is amended to read:

30.21 Subd. 3. **Service credit prohibition; contributions.** (a) Notwithstanding any law to the
30.22 contrary, a person eligible under this section may not, based on employment to which the
30.23 waiver in this section applies, earn further service credit in a Minnesota public defined
30.24 benefit plan and is not eligible to participate in a Minnesota public defined contribution
30.25 plan, other than a firefighter relief association governed by chapter 424A or the statewide
30.26 volunteer firefighter plan governed by chapter 353G. ~~No employer or employee contribution~~
30.27 ~~to any of these plans may be made on behalf of such a person.~~

30.28 (b) A person eligible under this section must not be required to make employee
30.29 contributions as specified in section 352.04, subdivision 2, during the period of
30.30 reemployment.

30.31 (c) The employer of a person eligible under this section must make employer contributions
30.32 as specified in section 352.04, subdivision 3, during the period of the person's reemployment.

31.1 **EFFECTIVE DATE.** This section is effective on the first day of the payroll period
31.2 beginning on or after January 1, 2027.

31.3 Sec. 6. Minnesota Statutes 2024, section 353.01, subdivision 10, is amended to read:

31.4 Subd. 10. **Salary.** (a) Subject to the limitations of section 356.611, "salary" means:

31.5 (1) the wages or periodic compensation payable to a public employee by the employing
31.6 governmental subdivision before:

31.7 (i) employee retirement deductions that are designated as picked-up contributions under
31.8 section 356.62;

31.9 (ii) any employee-elected deductions for deferred compensation, supplemental retirement
31.10 plans, or other voluntary salary reduction programs that would have otherwise been available
31.11 as a cash payment to the employee; and

31.12 (iii) employee deductions for contributions to a supplemental plan or to a governmental
31.13 trust established under section 356.24, subdivision 1, clause (7), to save for postretirement
31.14 health care expenses, unless otherwise excluded under paragraph (b);

31.15 (2) for a public employee who is covered by a supplemental retirement plan under section
31.16 356.24, subdivision 1, clause (8), (9), (10), or (12), the employer contributions to the
31.17 applicable supplemental retirement plan when an agreement between the parties establishes
31.18 that the contributions will either result in a mandatory reduction of employees' wages through
31.19 payroll withholdings, or be made in lieu of an amount that would otherwise be paid as
31.20 wages;

31.21 (3) a payment from a public employer through a grievance proceeding, settlement, or
31.22 court order that is attached to a specific earnings period in which the employee's regular
31.23 salary was not earned or paid to the member due to a suspension or a period of involuntary
31.24 termination that is not a wrongful discharge under section 356.50; provided the amount is
31.25 not less than the equivalent of the average of the hourly base salary rate in effect during the
31.26 last six months of allowable service prior to the suspension or period of involuntary
31.27 termination, plus any applicable increases awarded during the period that would have been
31.28 paid under a collective bargaining agreement or personnel policy but for the suspension or
31.29 involuntary termination, multiplied by the average number of regular hours for which the
31.30 employee was compensated during the six months of allowable service prior to the suspension
31.31 or period of involuntary termination, but not to exceed the compensation that the public
31.32 employee would have earned if regularly employed during the applicable period;

32.1 (4) compensation paid during an authorized leave of absence, ~~other than an authorized~~
 32.2 ~~medical leave of absence, as long as the compensation paid during a pay period is not less~~
 32.3 ~~than the lesser of; and~~

32.4 ~~(i) the product of the average hourly base salary rate in effect during the six months of~~
 32.5 ~~allowable service immediately preceding the leave, multiplied by the average number of~~
 32.6 ~~regular hours for which the employee was compensated each pay period during the six~~
 32.7 ~~months of allowable service immediately preceding the leave of absence; or~~

32.8 ~~(ii) compensation equal to the value of the employee's total available accrued leave~~
 32.9 ~~hours;~~

32.10 ~~(5) compensation paid during an authorized medical leave of absence, other than a~~
 32.11 ~~workers' compensation leave, as long as the compensation paid during a pay period is not~~
 32.12 ~~less than the lesser of:~~

32.13 ~~(i) the product of one-half and the average hourly base salary rate in effect during the~~
 32.14 ~~six months of allowable service immediately preceding the leave of absence; or~~

32.15 ~~(ii) compensation equal to the value of the employee's total available accrued leave~~
 32.16 ~~hours; and~~

32.17 ~~(6)~~ (5) for a public employee who receives performance or merit bonus payment under
 32.18 a written compensation plan, policy, or collective bargaining agreement in addition to regular
 32.19 salary or in lieu of regular salary increases, the compensation paid to the employee for
 32.20 attaining or exceeding performance goals, duties, or measures during a specified period of
 32.21 employment.

32.22 (b) Salary does not mean:

32.23 (1) fees paid to district court reporters;

32.24 (2) unused annual leave, vacation, or sick leave payments, in the form of lump-sum or
 32.25 periodic payments;

32.26 (3) for the donor, payment to another person of the value of hours donated under a
 32.27 benevolent vacation, personal, or sick leave donation program;

32.28 (4) any form of severance or retirement incentive payments;

32.29 (5) an allowance payment or per diem payments for or reimbursement of expenses;

32.30 (6) lump-sum settlements not attached to a specific earnings period;

33.1 (7) workers' compensation payments, payments from the family and medical benefit
33.2 insurance account for Minnesota paid leave under chapter 268B, or disability insurance
33.3 payments, including payments from employer self-insurance arrangements;

33.4 (8) employer-paid amounts used by an employee toward the cost of insurance coverage,
33.5 flexible spending accounts, cafeteria plans, health care expense accounts, day care expenses,
33.6 or any payments in lieu of any employer-paid group insurance coverage, including the
33.7 difference between single and family rates that may be paid to a member with single coverage
33.8 and certain amounts determined by the executive director to be ineligible;

33.9 (9) employer-paid fringe benefits, including, but not limited to:

33.10 (i) employer-paid premiums or supplemental contributions for employees for all types
33.11 of insurance;

33.12 (ii) membership dues or fees for the use of fitness or recreational facilities;

33.13 (iii) incentive payments or cash awards relating to a wellness program;

33.14 (iv) the value of any nonmonetary benefits;

33.15 (v) any form of payment made in lieu of an employer-paid fringe benefit;

33.16 (vi) an employer-paid amount made to a deferred compensation or tax-sheltered annuity
33.17 program; and

33.18 (vii) any amount paid by the employer as a supplement to salary, either as a lump-sum
33.19 amount or a fixed or matching amount paid on a recurring basis, that is not available to the
33.20 employee as cash;

33.21 (10) the amount equal to that which the employing governmental subdivision would
33.22 otherwise pay toward single or family insurance coverage for a covered employee when,
33.23 through a contract or agreement with some but not all employees, the employer:

33.24 (i) discontinues, or for new hires does not provide, payment toward the cost of the
33.25 employee's selected insurance coverages under a group plan offered by the employer;

33.26 (ii) makes the employee solely responsible for all contributions toward the cost of the
33.27 employee's selected insurance coverages under a group plan offered by the employer,
33.28 including any amount the employer makes toward other employees' selected insurance
33.29 coverages under a group plan offered by the employer; and

33.30 (iii) provides increased salary rates for employees who do not have any employer-paid
33.31 group insurance coverages;

34.1 (11) except as provided in section ~~353.86~~ or 353.87, compensation of any kind paid to
 34.2 volunteer ambulance service personnel or volunteer firefighters, as defined in subdivision
 34.3 35 or 36;

34.4 (12) the amount of compensation that exceeds the limitation provided in section 356.611;

34.5 (13) amounts paid by a federal or state grant for which the grant specifically prohibits
 34.6 grant proceeds from being used to make pension plan contributions, unless the contributions
 34.7 to the plan are made from sources other than the federal or state grant; and

34.8 (14) bonus pay that is not performance or merit pay under paragraph (a), clause ~~(6)~~ (5).

34.9 (c) Amounts, other than those provided under paragraph (a), clause (3), provided to an
 34.10 employee by the employer through a grievance proceeding, a court order, or a legal settlement
 34.11 are salary only if the settlement or court order is reviewed by the executive director and the
 34.12 amounts are determined by the executive director to be consistent with paragraph (a) and
 34.13 prior determinations.

34.14 **EFFECTIVE DATE.** The amendments to paragraph (a), clauses (4) and (5), and
 34.15 paragraph (b), clause (11), are effective July 1, 2026. The amendment to paragraph (b),
 34.16 clause (7), is effective retroactively from January 1, 2026.

34.17 Sec. 7. Minnesota Statutes 2024, section 353.37, subdivision 5, is amended to read:

34.18 Subd. 5. **Effect on annuity; contributions.** (a) Except as provided under this section,
 34.19 public service performed by an annuitant described in subdivision 1, paragraph (a),
 34.20 subsequent to retirement from the general employees retirement plan, the public employees
 34.21 police and fire retirement plan, or the local government correctional employees retirement
 34.22 plan does not increase or decrease the amount of an annuity.

34.23 (b) The annuitant ~~shall~~ must not make any further contributions to a defined benefit plan
 34.24 administered by the association by reason of this subsequent public service.

34.25 (c) During the period of reemployment, the employer of a reemployed annuitant must
 34.26 make employer contributions. If the reemployed annuitant is working in a position that
 34.27 would otherwise be covered by the general employees retirement plan, the employer must
 34.28 make employer and additional employer contributions as specified in section 353.27,
 34.29 subdivisions 3 and 3a. If the reemployed annuitant is working in a position that would
 34.30 otherwise be covered by the public employees police and fire retirement plan, the employer
 34.31 must make employer contributions as specified in section 353.65, subdivision 3. If the
 34.32 reemployed annuitant is working in a position that would otherwise be covered by the local

35.1 government correctional service retirement plan, the employer must make employer
35.2 contributions as specified in section 353E.03, subdivision 2.

35.3 **EFFECTIVE DATE.** This section is effective on the first day of the payroll period
35.4 beginning on or after January 1, 2027.

35.5 Sec. 8. Minnesota Statutes 2024, section 353.371, subdivision 6, is amended to read:

35.6 Subd. 6. ~~No Service credit; contributions.~~ (a) Notwithstanding any law to the contrary,
35.7 a person may not earn allowable service in the general employees retirement plan of the
35.8 Public Employees Retirement Association for employment covered under this section, ~~and~~
35.9 ~~employer contributions and.~~

35.10 (b) Payroll deductions for the retirement fund must not be made based on earnings of a
35.11 person working under an agreement covered by this section.

35.12 (c) The employer of a person working under an agreement covered by this section must
35.13 make employer and additional employer contributions to the fund as specified in section
35.14 353.27, subdivisions 3 and 3a, during the term of employment under the phased retirement
35.15 agreement or renewed phased retirement agreement.

35.16 (d) No change may be made to a monthly annuity or retirement allowance based on
35.17 employment under this section.

35.18 ~~(b)~~ (e) The governmental subdivision ~~shall~~ must report to the executive director the
35.19 salary earned by an employee in a phased retirement position. The report must include the
35.20 number of compensated hours the employee worked and must be made on a pay period
35.21 basis in a manner prescribed by the executive director. Reports must be submitted no later
35.22 than 14 calendar days following the last day of each pay period.

35.23 **EFFECTIVE DATE.** This section is effective on the first day of the payroll period
35.24 beginning on or after January 1, 2027.

35.25 Sec. 9. Minnesota Statutes 2024, section 353.371, subdivision 7, is amended to read:

35.26 Subd. 7. **Termination and subsequent employment.** (a) Upon termination of
35.27 employment under a phased retirement agreement, the governmental subdivision and
35.28 employee must inform the executive director, in a manner prescribed by the executive
35.29 director, of the effective date of the employee's termination of public service. The termination
35.30 from public service must meet the termination and length of separation requirements under
35.31 section 353.01, subdivisions 11a and 28.

36.1 (b) If a person previously employed under a phased retirement agreement subsequently
36.2 accepts employment with any other governmental subdivision, the person may not earn
36.3 allowable service in the general employees retirement plan of the Public Employees
36.4 Retirement Association, no ~~employer contributions or~~ payroll deductions for the retirement
36.5 fund may be made, and the provisions of section 353.37 apply to the subsequent employment.

36.6 **EFFECTIVE DATE.** This section is effective on the first day of the payroll period
36.7 beginning on or after January 1, 2027.

36.8 Sec. 10. Minnesota Statutes 2024, section 354.05, subdivision 35, is amended to read:

36.9 Subd. 35. **Salary.** (a) Subject to the limitations of section 356.611, "salary" means the
36.10 periodic compensation, upon which member contributions are required before deductions
36.11 for deferred compensation, supplemental retirement plans, or other voluntary salary reduction
36.12 programs.

36.13 (b) "Salary" does not mean:

36.14 (1) lump-sum annual leave payments;

36.15 (2) lump-sum wellness and sick leave payments;

36.16 (3) employer-paid amounts used by an employee toward the cost of insurance coverage,
36.17 employer-paid fringe benefits, flexible spending accounts, cafeteria plans, health care
36.18 expense accounts, day care expenses, or any payments in lieu of any employer-paid group
36.19 insurance coverage, including the difference between single and family rates that may be
36.20 paid to a member with single coverage and certain amounts determined by the executive
36.21 director to be ineligible;

36.22 (4) any form of payment made in lieu of any other employer-paid fringe benefit or
36.23 expense;

36.24 (5) any form of severance payments;

36.25 (6) workers' compensation payments;

36.26 (7) disability insurance payments, including self-insured disability payments;

36.27 (8) payments to school principals and all other administrators for services that are in
36.28 addition to the normal work year contract if these additional services are performed on an
36.29 extended duty day, Saturday, Sunday, holiday, annual leave day, sick leave day, or any
36.30 other nonduty day;

36.31 (9) payments under section 356.24, subdivision 1, clause (4); ~~and~~

37.1 (10) payments made under section 122A.40, subdivision 12, except for payments for
37.2 sick leave that are accumulated under the provisions of a uniform school district policy that
37.3 applies equally to all similarly situated persons in the district; and

37.4 (11) payments from the family and medical benefit insurance account for Minnesota
37.5 paid leave under chapter 268B.

37.6 (c) Amounts provided to an employee by the employer through a grievance proceeding
37.7 or a legal settlement are salary only if the settlement is reviewed by the executive director
37.8 and the amounts are determined by the executive director to be consistent with paragraph
37.9 (a) and prior determinations.

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

37.11 Sec. 11. Minnesota Statutes 2024, section 354.44, subdivision 5, is amended to read:

37.12 Subd. 5. **Resumption of teaching service after retirement.** (a) Any person who retired
37.13 under the provisions of this chapter and has thereafter resumed teaching in any employer
37.14 unit to which this chapter applies is eligible to continue to receive payments in accordance
37.15 with the annuity except that all or a portion of the annuity payments must be deferred during
37.16 the calendar year immediately following the fiscal year in which the person's salary from
37.17 the teaching service is in an amount greater than \$46,000. The amount of the annuity deferral
37.18 is one-half of the salary amount in excess of \$46,000 and must be deducted from the annuity
37.19 payable for the calendar year immediately following the fiscal year in which the excess
37.20 amount was earned.

37.21 (b) If the person is retired for only a fractional part of the fiscal year during the initial
37.22 year of retirement, the maximum reemployment salary exempt from triggering a deferral
37.23 as specified in this subdivision must be prorated for that fiscal year.

37.24 (c) After a person has reached the Social Security normal retirement age, no deferral
37.25 requirement is applicable regardless of the amount of salary.

37.26 (d) The amount of the retirement annuity deferral must be handled or disposed of as
37.27 provided in section 356.47.

37.28 (e) For ~~the purpose~~ purposes of this subdivision, salary from teaching service includes
37.29 all salary or income earned as a teacher as defined in section 354.05, subdivision 2, paragraph
37.30 (a), clause (1). Salary from teaching service also includes, but is not limited to:

38.1 (1) all income for services performed as a consultant, independent contractor, or
 38.2 third-party supplier, or as an employee of a consultant, independent contractor, or third-party
 38.3 supplier, to an employer unit covered by the provisions of this chapter; and

38.4 (2) the greater of either the income received or an amount based on the rate paid with
 38.5 respect to an administrative position, consultant, independent contractor, or third-party
 38.6 supplier, or as an employee of a consultant, independent contractor, or third-party supplier,
 38.7 in an employer unit with approximately the same number of pupils and at the same level as
 38.8 the position occupied by the person who resumes teaching service.

38.9 (f) Notwithstanding other paragraphs of this subdivision, if the reemployed annuitant
 38.10 has a former spouse receiving a portion of the annuity under section 518.58, subdivision 1,
 38.11 the portion payable to the former spouse must not be deferred.

38.12 (g) During the period of reemployment, the employer of a reemployed annuitant must
 38.13 make regular and, if applicable, additional employer contributions as specified in section
 38.14 354.42, subdivision 3.

38.15 **EFFECTIVE DATE.** This section is effective on the first day of the payroll period
 38.16 beginning on or after July 1, 2026.

38.17 Sec. 12. Minnesota Statutes 2024, section 354.444, subdivision 5, is amended to read:

38.18 Subd. 5. ~~No Service credit or contribution;~~ contributions. Notwithstanding any law
 38.19 to the contrary;

38.20 (1) an eligible person under this section may not, based on employment to which this
 38.21 section applies, contribute to or earn further service credit in the ~~Teachers Retirement~~
 38.22 ~~association;~~ and

38.23 (2) the employer of an eligible person under this section must make regular and, if
 38.24 applicable, additional employer contributions as specified in section 354.42, subdivision 3,
 38.25 during the period of employment to which this section applies.

38.26 **EFFECTIVE DATE.** This section is effective on the first day of the payroll period
 38.27 beginning on or after July 1, 2026.

38.28 Sec. 13. Minnesota Statutes 2024, section 354.445, is amended to read:

38.29 **354.445 NO ANNUITY REDUCTION.**

38.30 (a) The annuity reduction provisions of section 354.44, subdivision 5, do not apply to a
 38.31 person who:

39.1 (1) retires from the Minnesota State Colleges and Universities system with at least ten
39.2 years of combined service credit in a system under the jurisdiction of the Board of Trustees
39.3 of the Minnesota State Colleges and Universities;

39.4 (2) was employed on a full-time basis immediately preceding retirement as a faculty
39.5 member or as an unclassified administrator in that system;

39.6 (3) was not a recipient of an early retirement incentive under section 136F.481;

39.7 (4) begins drawing an annuity from the Teachers Retirement Association; and

39.8 (5) returns to work on not less than a one-third time basis and not more than a two-thirds
39.9 time basis in the system from which the person retired under an agreement in which the
39.10 person may not earn a salary of more than \$62,000 in a fiscal year through employment
39.11 after retirement in the system from which the person retired.

39.12 (b) Initial participation, the amount of time worked, and the duration of participation
39.13 under this section must be mutually agreed upon by the president of the institution where
39.14 the person returns to work and the employee. The president may require up to one-year
39.15 notice of intent to participate in the program as a condition of participation under this section.
39.16 The president shall determine the time of year the employee shall work. The employer or
39.17 the president may not require a person to waive any rights under a collective bargaining
39.18 agreement as a condition of participation under this section.

39.19 (c) Notwithstanding any law to the contrary, a person eligible under paragraphs (a) and
39.20 (b) may not, based on employment to which the waiver in this section applies, earn further
39.21 service credit in a Minnesota public defined benefit plan and is not eligible to participate
39.22 in a Minnesota public defined contribution plan, other than a ~~volunteer fire~~ firefighter relief
39.23 association plan governed by chapter 424A or the statewide volunteer firefighter plan
39.24 governed by chapter 353G. ~~No employer or employee contribution to any of these plans~~
39.25 ~~may be made on behalf of such a person.~~

39.26 (d) A person eligible under paragraphs (a) and (b) must not be required to make employee
39.27 contributions as specified in section 354.42, subdivision 2, during the period of
39.28 reemployment.

39.29 (e) The employer of a person eligible under paragraphs (a) and (b) must make employer
39.30 contributions as specified in section 354.42, subdivision 3, during the period of the person's
39.31 reemployment.

39.32 ~~(d)~~ (f) For a person eligible under paragraphs (a) and (b) who earns more than \$62,000
39.33 in a fiscal year through employment after retirement due to employment by the Minnesota

40.1 State Colleges and Universities system, the annuity reduction provisions of section 354.44,
40.2 subdivision 5, apply only to income over \$62,000.

40.3 ~~(e)~~ (g) A person who returns to work under this section is a member of the appropriate
40.4 bargaining unit and is covered by the appropriate collective bargaining contract. Except as
40.5 provided in this section, the person's coverage is subject to any part of the contract limiting
40.6 rights of part-time employees.

40.7 **EFFECTIVE DATE.** This section is effective on the first day of the payroll period
40.8 beginning on or after July 1, 2026.

40.9 Sec. 14. Minnesota Statutes 2024, section 354A.011, subdivision 24, is amended to read:

40.10 Subd. 24. **Salary; covered salary.** (a) Subject to the limitations of section 356.611,
40.11 "salary" or "covered salary" means the entire compensation, upon which member
40.12 contributions are required and made, that is paid to a teacher before deductions for deferred
40.13 compensation, supplemental retirement plans, or other voluntary salary reduction programs.

40.14 (b) "Salary" does not mean:

40.15 (1) lump-sum annual leave payments;

40.16 (2) lump-sum wellness and sick leave payments;

40.17 (3) employer-paid amounts used by an employee toward the cost of insurance coverage,
40.18 employer-paid fringe benefits, flexible spending accounts, cafeteria plans, health care
40.19 expense accounts, day care expenses, or any payments in lieu of any employer-paid group
40.20 insurance coverage, including the difference between single and family rates that may be
40.21 paid to a member with single coverage, and certain amounts determined by the executive
40.22 secretary or director to be ineligible;

40.23 (4) any form of payment that is made in lieu of any other employer-paid fringe benefit
40.24 or expense;

40.25 (5) any form of severance payments;

40.26 (6) workers' compensation payments;

40.27 (7) disability insurance payments, including self-insured disability payments;

40.28 (8) payments to school principals and all other administrators for services that are in
40.29 addition to the normal work year contract if these additional services are performed on an
40.30 extended duty day, Saturday, Sunday, holiday, annual leave day, sick leave day, or any
40.31 other nonduty day;

41.1 (9) payments under section 356.24, subdivision 1, clause (4)(ii); ~~and~~

41.2 (10) payments made under section 122A.40, subdivision 12, except for payments for
41.3 sick leave that are accumulated under the provisions of a uniform school district policy that
41.4 applies equally to all similarly situated persons in the district; and

41.5 (11) payments from the family and medical benefit insurance account for Minnesota
41.6 paid leave under chapter 268B.

41.7 (c) Amounts provided to an employee by the employer through a grievance proceeding
41.8 or a legal settlement are salary only if the settlement is reviewed by the executive director
41.9 and the amounts are determined by the executive director to be consistent with paragraph
41.10 (a) and prior determinations.

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

41.12 Sec. 15. Minnesota Statutes 2024, section 354A.095, is amended to read:

41.13 **354A.095 PARENTAL AND MATERNITY LEAVE.**

41.14 Basic or coordinated members of the St. Paul Teachers Retirement Fund Association
41.15 who are ~~granted~~ on an authorized parental or maternity leave of absence ~~by the employing~~
41.16 ~~authority~~, are entitled to obtain service credit not to exceed one year for the period of leave
41.17 upon payment to the fund by the end of the fiscal year following the fiscal year in which
41.18 the leave of absence terminated. The amount of the payment must include the total required
41.19 employee and employer contributions for the period of leave prescribed in section 354A.12.
41.20 Payment must be based on the member's average monthly salary rate upon return to teaching
41.21 service, and is payable without interest. Payment must be accompanied by a certified or
41.22 otherwise adequate copy of the resolution or action of the employing authority granting or
41.23 approving the leave.

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

41.25 Sec. 16. Minnesota Statutes 2024, section 356.461, subdivision 1, is amended to read:

41.26 Subdivision 1. **Joint and survivor annuity computation.** (a) Notwithstanding any
41.27 provision of section 356.215, subdivision 8, or 356.415 to the contrary, for purposes of
41.28 computing joint and survivor annuities under each covered retirement plan in subdivision
41.29 2, the applicable investment return assumption is 6.5 percent unless a different percentage
41.30 has been approved or deemed approved under paragraph (b) for the covered retirement plan.

42.1 (b) A change in the investment return assumption for computing joint and survivor
42.2 annuities may be proposed by the governing board of a covered retirement plan. The
42.3 assumption may be changed only with the approval of the Legislative Commission on
42.4 Pensions and Retirement or after a period of one year has elapsed since the date on which
42.5 the proposed assumption change was received by the Legislative Commission on Pensions
42.6 and Retirement without commission action.

42.7 (c) The executive director of the Legislative Commission on Pensions and Retirement
42.8 must update the appendix to the standards for actuarial work whenever a change in the
42.9 assumption is approved or deemed approved.

42.10 **EFFECTIVE DATE.** This section is effective July 1, 2026.

42.11 **ARTICLE 6**

42.12 **MINNESOTA SECURE CHOICE RETIREMENT PROGRAM**

42.13 Section 1. Minnesota Statutes 2024, section 187.03, is amended by adding a subdivision
42.14 to read:

42.15 Subd. 1a. **Annual report.** "Annual report" means a report on the following:

42.16 (1) financial performance of the program and the agency;

42.17 (2) program expenses, including costs attributable to the use of outside consultants,
42.18 independent contractors, and other persons who are not state employees;

42.19 (3) program outcomes;

42.20 (4) progress toward savings goals established by the board;

42.21 (5) statistics on the number of participating employees, participating employers, and
42.22 covered employees who have opted out of participation;

42.23 (6) estimated impact of the program on social safety net programs; and

42.24 (7) penalties, violations, and disciplinary actions for enforcement.

42.25 Sec. 2. Minnesota Statutes 2025 Supplement, section 187.03, subdivision 5, is amended
42.26 to read:

42.27 Subd. 5. **Covered employee.** (a) "Covered employee" means a person who is employed
42.28 by a covered employer or described in section 187.05, subdivision 7, and who satisfies any
42.29 other criteria established by the board.

42.30 (b) Covered employee does not include:

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

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

43.5 (3) a person on whose behalf an employer makes contributions to a Taft-Hartley
43.6 multiemployer pension trust fund;

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

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

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

43.14 Sec. 3. Minnesota Statutes 2025 Supplement, section 187.03, subdivision 6a, is amended
43.15 to read:

43.16 Subd. 6a. **Enrollment window.** "Enrollment window" means:

43.17 (1) the period established by the board, according to a phase-in schedule approved under
43.18 Laws 2023, chapter 46, section 10, subdivision 1, paragraph (b), that is applicable to each
43.19 covered employer and during which the covered employer is first required to provide
43.20 information to covered employees and enroll covered employees who do not elect to opt
43.21 out of the program.;

43.22 (2) the 21-day period beginning with a covered employee's first day of employment with
43.23 a covered employer during which the covered employer is required to enroll the covered
43.24 employee; or

43.25 (3) the 21-day period beginning on January 1 after the calendar year during which an
43.26 employer first becomes a covered employer.

43.27 Sec. 4. Minnesota Statutes 2024, section 187.03, is amended by adding a subdivision to
43.28 read:

43.29 Subd. 15. **Waiting period.** "Waiting period" means the 30-day period that begins on
43.30 the day on which a covered employee is enrolled in the program.

44.1 Sec. 5. Minnesota Statutes 2024, section 187.05, subdivision 1, is amended to read:

44.2 Subdivision 1. **Program established.** (a) The board must operate ~~an employee a~~
44.3 retirement savings program whereby contributions are made by employee payroll deduction
44.4 ~~contributions are transmitted~~ or, if a covered employee is not employed by a covered
44.5 employer, by direct payment on an after-tax or pretax basis ~~by covered employers~~ to
44.6 individual retirement accounts established under the program.

44.7 (b) The board must establish procedures for opening a Roth IRA, a traditional IRA, or
44.8 both a Roth IRA and a traditional IRA for each covered employee whose covered employer
44.9 transmits employee payroll deduction contributions ~~under~~ or, if a covered employee is not
44.10 employed by a covered employer, transmits payment to the program.

44.11 (c) Contributions must be made on an after-tax (Roth) basis, unless the covered employee
44.12 elects to contribute on a pretax basis.

44.13 Sec. 6. Minnesota Statutes 2025 Supplement, section 187.05, subdivision 1a, is amended
44.14 to read:

44.15 Subd. 1a. **Certification by employers that are not covered employers.** (a) Any entity
44.16 or person may file through the program web portal or, with the consent of the executive
44.17 director, by mail or email, a certification ~~with the executive director on a form prescribed~~
44.18 ~~by the executive director and provide documentation in support of the certification, as~~
44.19 ~~requested by the executive director,~~ stating that the entity or person is not a covered employer.
44.20 The certification must state that the entity or person is not a covered employer for one or
44.21 more of the following reasons:

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

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

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

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

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

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

45.1 (d) If necessary to determine compliance with program requirements, the executive
45.2 director may request that an entity or person provide documentation in support of a
45.3 certification filed under paragraph (a). If the entity or person does not provide supporting
45.4 documentation within 30 days of the request or the documentation is inadequate, the executive
45.5 director may reject the certification and require the entity or person to enroll its employees
45.6 in the program.

45.7 Sec. 7. Minnesota Statutes 2025 Supplement, section 187.05, subdivision 4, is amended
45.8 to read:

45.9 Subd. 4. **Contribution rate.** (a) The board may change the required employee
45.10 contribution rates and the escalation schedule under section 187.07, subdivision ~~4~~ 1a.

45.11 (b) The board must provide all covered employers and covered employees with notice
45.12 of a change in employee contribution rates or the escalation schedule at least six months in
45.13 advance of the effective date of the change.

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

45.17 Sec. 8. Minnesota Statutes 2024, section 187.05, subdivision 7, is amended to read:

45.18 Subd. 7. **Individuals not employed by a covered employer.** (a) In addition to home
45.19 and community-based services employees under paragraph (b), the board may allow
45.20 individuals not employed by a covered employer to open and contribute to an account in
45.21 the program, in which case the individual must be considered a covered employee for
45.22 purposes of sections 187.05 to ~~187.14~~ 187.14.

45.23 (b) The board must allow any home and community-based services employee to open
45.24 and contribute to an account in the program within ~~six~~ twelve months of the opening of the
45.25 program and must consider a home and community-based services employee a covered
45.26 employee for purposes of sections 187.05 to ~~187.14~~ 187.14.

45.27 Sec. 9. Minnesota Statutes 2024, section 187.05, is amended by adding a subdivision to
45.28 read:

45.29 Subd. 9. **Covered employee right to begin contributing, change the contribution**
45.30 **rate, or not contribute.** A covered employee must have the right, annually or more
45.31 frequently as determined by the board, to:

46.1 (1) begin making contributions to the program by payroll deduction or, if not employed
 46.2 by a covered employer, by payment to the program;

46.3 (2) change the percentage of compensation being contributed to the program by payroll
 46.4 deduction;

46.5 (3) elect not to contribute; or

46.6 (4) cease contributions.

46.7 Sec. 10. Minnesota Statutes 2024, section 187.06, subdivision 3, is amended to read:

46.8 Subd. 3. **Individual accounts established.** The trustee or custodian, as applicable, must
 46.9 maintain an account for each covered employee who has made or is making employee
 46.10 payroll deduction contributions with respect to each covered employee or, if the covered
 46.11 employee is not employed by a covered employer, has made or is making payments to the
 46.12 program until all assets in the account are distributed. Interest and Investment earnings on
 46.13 the amount in the account are credited to the account, and investment losses and
 46.14 administrative fees are deducted from the account.

46.15 Sec. 11. Minnesota Statutes 2025 Supplement, section 187.07, subdivision 1, is amended
 46.16 to read:

46.17 Subdivision 1. **Requirement to enroll employees and begin payroll deduction**
 46.18 **contributions.** (a) ~~Each~~ A covered employer must enroll its covered employees in the
 46.19 program ~~and withhold~~ during the applicable enrollment window.

46.20 (b) The covered employer must begin withholding payroll deduction contributions from
 46.21 the first paycheck of each covered employee's paycheck no later than 30 days after the
 46.22 covered employee's first day of employment employee after the end of the covered employee's
 46.23 waiting period, unless the covered employee has elected not to contribute.

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

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

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

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

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

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

47.5 ~~(d) The executive director must communicate annually by email or otherwise in writing~~
47.6 ~~to each covered employee:~~

47.7 ~~(1) the annual limit on employee contributions to a traditional IRA and a Roth IRA in~~
47.8 ~~effect under section 408 and 408A, respectively, of the Internal Revenue Code; and~~

47.9 ~~(2) notice that it is the responsibility of the covered employee to reduce the covered~~
47.10 ~~employee's contribution rate from the rate under paragraph (b) as necessary to stay within~~
47.11 ~~the limit under section 408 or section 408A of the Internal Revenue Code that is applicable~~
47.12 ~~to the covered employee and the type of IRA to which the contributions are being credited.~~

47.13 Sec. 12. Minnesota Statutes 2024, section 187.07, is amended by adding a subdivision to
47.14 read:

47.15 Subd. 1a. **Default contribution rate and escalation schedule.** Unless the board has
47.16 approved a different rate or rates under section 187.05, subdivision 4, or a covered employee
47.17 has elected a different contribution rate or not to contribute, the employee contribution rates
47.18 and escalation schedule are:

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

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

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

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

47.24 Sec. 13. Minnesota Statutes 2024, section 187.08, subdivision 1, is amended to read:

47.25 Subdivision 1. **Membership.** The policy-making function of the program is vested in a
47.26 board of directors consisting of seven members as follows:

47.27 (1) the executive director of the Minnesota State Retirement System or the executive
47.28 director's designee;

47.29 (2) the executive director of the State Board of Investment or the executive director's
47.30 designee;

48.1 (3) three members with relevant experience chosen by the Legislative Commission on
48.2 Pensions and Retirement, ~~one from each of the following experience categories;~~

48.3 ~~(i) executive or operations manager with substantial experience in record keeping 401(k)~~
48.4 ~~plans;~~

48.5 ~~(ii) executive or operations manager with substantial experience in individual retirement~~
48.6 ~~accounts; and~~

48.7 ~~(iii) executive or other professional with substantial experience in retirement plan~~
48.8 ~~investments;~~

48.9 (4) a human resources or retirement benefits executive from a private company with
48.10 substantial experience in administering the company's 401(k) plan, appointed by the governor;
48.11 and

48.12 (5) a small business owner, a small business executive, or a nonprofit executive appointed
48.13 by the governor.

48.14 Sec. 14. Minnesota Statutes 2024, section 187.08, subdivision 2, is amended to read:

48.15 Subd. 2. **Appointment.** (a) Members appointed by the governor must be appointed as
48.16 provided in section 15.0597.

48.17 (b) The Legislative Commission on Pensions and Retirement is not required to consider
48.18 a seat on the board as vacant if the incumbent provides notice to the chair of the board and
48.19 executive director that the incumbent wishes to serve an additional term as permitted under
48.20 subdivision 3. The executive director of the program must notify the secretary of state and
48.21 the chair or executive director of the Legislative Commission on Pensions and Retirement
48.22 that the incumbent wishes to serve an additional term. The secretary of state must not post
48.23 a seat as vacant and accept applications if the chair of the board and the chair or executive
48.24 director of the Legislative Commission on Pensions and Retirement accept the incumbent's
48.25 request to serve an additional term.

48.26 Sec. 15. Minnesota Statutes 2025 Supplement, section 187.08, subdivision 3, is amended
48.27 to read:

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

48.29 (1) the executive directors of the Minnesota State Retirement System and the State Board
48.30 of Investment serve indefinitely; and

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

49.5 (b) A board members' terms may be renewed, member may renew the member's term,
49.6 but no member, other than the executive directors of the Minnesota State Retirement Systems
49.7 and the State Board of Investment, may serve more than two consecutive terms. To serve
49.8 an additional term, an incumbent must notify the chair of the board and the executive director
49.9 that the incumbent wishes to serve an additional term.

49.10 Sec. 16. Minnesota Statutes 2024, section 187.08, subdivision 6, is amended to read:

49.11 Subd. 6. **Chair; quorum.** (a) The board ~~shall~~ must select elect a chair from among its
49.12 members. The chair ~~shall serve~~ serves for a two-year term and may be reelected by the
49.13 members for additional two-year terms. The board may select other officers as necessary
49.14 to assist the board in performing the board's duties.

49.15 (b) A majority of the members, not including for this purpose any vacant member seat,
49.16 constitutes a quorum. Approval of any item of board business is effective if approved by a
49.17 simple majority vote of members present at a meeting.

49.18 Sec. 17. Minnesota Statutes 2024, section 187.08, subdivision 8, is amended to read:

49.19 Subd. 8. **Duties.** In addition to the duties set forth elsewhere in this chapter, the board
49.20 has the following duties:

49.21 (1) to establish secure processes for enrolling covered employees in the program and
49.22 for transmitting employee contributions to accounts in the trust;

49.23 (2) to prepare a budget and establish procedures for the payment of costs of administering
49.24 and operating the program;

49.25 (3) to lease or otherwise procure equipment necessary to administer the program;

49.26 (4) to procure insurance in connection with the property of the program and the activities
49.27 of the board, executive director, and other staff;

49.28 (5) to determine the following:

49.29 (i) any criteria for a covered employee other than employment with a covered employer
49.30 under section 187.03, subdivision 5;

- 50.1 (ii) contribution rates and an escalation schedule under section ~~187.05~~ 187.07, subdivision
50.2 4 1a;
- 50.3 (iii) withdrawal and distribution options under section 187.05, subdivision 6; and
- 50.4 (iv) the default investment fund under section 187.06, subdivision 5;
- 50.5 (6) to keep annual administrative fees, costs, and expenses as low as possible:
- 50.6 (i) except that any administrative fee assessed against the accounts of covered employees
50.7 may not exceed a reasonable amount relative to the fees charged by auto-IRA or defined
50.8 contribution programs of similar size in the state of Minnesota or another state; and
- 50.9 (ii) the fee may be asset-based, flat fee, or a hybrid combination of asset-based and flat
50.10 fee;
- 50.11 (7) to determine the eligibility of an employer, employee, or other individual to participate
50.12 in the program and review and decide claims for benefits and make factual determinations;
- 50.13 ~~(8) to prepare information regarding the program that is clear and concise for
50.14 dissemination to all covered employees and includes the following:~~
- 50.15 ~~(i) the benefits and risks associated with participating in the program;~~
- 50.16 ~~(ii) procedures for enrolling in the program and opting out of the program, electing a
50.17 different or zero percent employee contribution rate, making investment elections, applying
50.18 for a distribution of employee accounts, and making a claim for benefits;~~
- 50.19 ~~(iii) the federal and state income tax consequences of participating in the program, which
50.20 may consist of or include the disclosure statement required to be distributed by retirement
50.21 plan trustees or custodians under the Internal Revenue Code and the Treasury Regulations
50.22 thereunder;~~
- 50.23 ~~(iv) how to obtain additional information on the program; and~~
- 50.24 ~~(v) disclaimers of covered employer and state responsibility, including the following
50.25 statements:~~
- 50.26 ~~(A) covered employees seeking financial, investment, or tax advice should contact their
50.27 own advisors;~~
- 50.28 ~~(B) neither a covered employer nor the state of Minnesota are liable for decisions covered
50.29 employees make regarding their account in the program;~~
- 50.30 ~~(C) neither a covered employer nor the state of Minnesota guarantees the accounts in
50.31 the program or any particular investment rate of return; and~~

51.1 ~~(D) neither a covered employer nor the state of Minnesota monitors or has an obligation~~
51.2 ~~to monitor any covered employee's eligibility under the Internal Revenue Code to make~~
51.3 ~~contributions to an account in the program, or whether the covered employee's contributions~~
51.4 ~~to an account in the program exceed the maximum permissible contribution under the~~
51.5 ~~Internal Revenue Code;~~

51.6 ~~(9) (8) to publish an annual financial report, prepared according to generally accepted~~
51.7 ~~accounting principles, on the operations of the program, which must include but not be~~
51.8 ~~limited to costs attributable to the use of outside consultants, independent contractors, and~~
51.9 ~~other persons who are not state employees and deliver the report to the chairs and ranking~~
51.10 ~~minority members of the legislative committees with jurisdiction over jobs and economic~~
51.11 ~~development and state government finance, the executive directors of the State Board of~~
51.12 ~~Investment and the Legislative Commission on Pensions and Retirement, and the Legislative~~
51.13 ~~Reference Library;~~

51.14 ~~(10) to publish an annual report regarding plan outcomes, progress toward savings goals~~
51.15 ~~established by the board, statistics on the number of participants, participating employers,~~
51.16 ~~and covered employees who have opted out of participation, plan expenses, estimated impact~~
51.17 ~~of the program on social safety net programs, and penalties and violations, and disciplinary~~
51.18 ~~actions for enforcement, and deliver the report to the chairs and ranking minority members~~
51.19 ~~of the legislative committees with jurisdiction over jobs and economic development and~~
51.20 ~~state government finance, the executive directors of the State Board of Investment and the~~
51.21 ~~Legislative Commission on Pensions and Retirement, and the Legislative Reference Library;~~

51.22 ~~(11) (9) to file all reports required under the Internal Revenue Code or chapter 290;~~

51.23 ~~(12) (10) to, at the board's discretion, seek and accept gifts, grants, and donations to be~~
51.24 ~~used for the program, unless such gifts, grants, or donations would result in a conflict of~~
51.25 ~~interest relating to the solicitation of service provider for program administration, and deposit~~
51.26 ~~such gifts, grants, or donations in the Secure Choice administrative fund;~~

51.27 ~~(13) (11) to, at the board's discretion, seek and accept appropriations from the state or~~
51.28 ~~loans from the state or any agency of the state;~~

51.29 ~~(14) (12) to assess the feasibility of partnering with another state or a governmental~~
51.30 ~~subdivision of another state to administer the program through shared administrative~~
51.31 ~~resources and, if determined beneficial, enter into contracts, agreements, memoranda of~~
51.32 ~~understanding, or other arrangements with any other state or an agency or a subdivision of~~
51.33 ~~any other state to administer, operate, or manage any part of the program, which may include~~
51.34 ~~combining resources, investments, or administrative functions;~~

52.1 ~~(15)~~ (13) to hire, retain, and terminate third-party service providers as the board deems
 52.2 necessary or desirable for the program, including but not limited to the trustees, consultants,
 52.3 investment managers or advisors, custodians, insurance companies, recordkeepers,
 52.4 administrators, consultants, actuaries, legal counsel, auditors, and other professionals,
 52.5 provided that each service provider is authorized to do business in the state;

52.6 ~~(16)~~ (14) to interpret the program's governing documents and this chapter and make all
 52.7 other decisions necessary to administer the program;

52.8 ~~(17)~~ (15) to conduct comprehensive employer and worker education and outreach
 52.9 regarding the program that reflect the cultures and languages of the state's diverse workforce
 52.10 population, which may, in the board's discretion, include collaboration with state and local
 52.11 government agencies, community-based and nonprofit organizations, foundations, vendors,
 52.12 and other entities deemed appropriate to develop and secure ongoing resources; and

52.13 ~~(18)~~ (16) to prepare notices for delivery to covered employees regarding the edule and
 52.14 to each covered employee before the covered employee is subject to an automatic contribution
 52.15 increase.

52.16 Sec. 18. Minnesota Statutes 2025 Supplement, section 187.11, is amended to read:

52.17 **187.11 OTHER STATE AGENCIES TO PROVIDE ASSISTANCE.**

52.18 (a) The board may enter into intergovernmental agreements with the commissioner of
 52.19 revenue, the commissioner of labor and industry, the commissioner of employment and
 52.20 economic development, and any other state agency that the board deems necessary or
 52.21 appropriate to provide outreach, technical assistance, or compliance services. An agency
 52.22 that enters into an intergovernmental agreement with the board pursuant to this section must
 52.23 collaborate and cooperate with the board to provide the outreach, technical assistance, or
 52.24 compliance services under any such agreement. The board, executive director, and program
 52.25 staff must maintain the privacy of data obtained under any intergovernmental agreement if
 52.26 required under chapter 13.

52.27 (b) For purposes of section 268.19, subdivision 1, paragraph (a), clause (20), "assisting
 52.28 with communication with employers and to verify employer compliance with chapter 187"
 52.29 means providing the executive director with at least the following information for employers,
 52.30 to the extent available to the commissioner of employment and economic development:

52.31 (1) federal employer identification number;

52.32 (2) business name, address, mailing address, email address, and phone number;

53.1 (3) number of employees; and

53.2 (4) employer industry code.

53.3 (c) The commissioner of administration must ~~provide~~ assist the executive director in
 53.4 identifying and leasing suitable office space for the executive director and program staff in
 53.5 the Capitol complex for the executive director and staff of the program the city of St. Paul.

53.6 Sec. 19. Minnesota Statutes 2025 Supplement, section 187.12, subdivision 1, is amended
 53.7 to read:

53.8 Subdivision 1. **Failure to enroll covered employees or distribute information.** (a)
 53.9 The board may assess penalties against a covered employer that fails to comply with section
 53.10 187.07, subdivision 1 ~~or 3 or both subdivisions 1 and 3, beginning with the second~~
 53.11 ~~anniversary of the date on which the covered employer was first required to comply with~~
 53.12 ~~section 187.07, subdivision 1 or 3, as applicable.,~~ paragraph (a), beginning with the second
 53.13 anniversary of the last day of the applicable enrollment window or fails to comply with
 53.14 section 187.07, subdivision 1, paragraph (b), beginning with the second anniversary of the
 53.15 first paycheck after a covered employee's waiting period, as follows:

53.16 ~~(b) The board may assess the following penalties for a covered employer's failure to~~
 53.17 ~~comply with section 187.07, subdivision 1 or 3:~~

53.18 (1) on the second anniversary, a penalty of \$100 per covered employee, not to exceed
 53.19 \$4,000;

53.20 (2) on the third anniversary, a penalty of \$200 per covered employee, not to exceed
 53.21 \$6,000;

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

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

53.25 ~~(e) If the covered employer fails to comply with section 187.07, subdivisions 1 and 3,~~
 53.26 ~~the board must assess two times the penalties in paragraph (b).~~

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

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

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

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

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

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

54.9 Sec. 20. 187.13 REQUIRED NOTICES.

54.10 Subdivision 1. Notice to covered employees upon enrollment. (a) The board must
54.11 disseminate a notice regarding the program that is clear and concise to all covered employees
54.12 no later than seven days after a covered employee is enrolled by a covered employer.

54.13 (b) The information in the notice must include:

54.14 (1) the benefits and risks associated with participating in the program;

54.15 (2) procedures for enrolling in the program and opting out of the program, electing a
54.16 different or zero percent employee contribution rate, making investment elections, applying
54.17 for a distribution of employee accounts, and making a claim for benefits;

54.18 (3) the federal and state income tax consequences of participating in the program, which
54.19 may consist of or include the disclosure statement required to be distributed by trustees or
54.20 custodians under the Internal Revenue Code;

54.21 (4) how to obtain additional information on the program; and

54.22 (5) disclaimers of covered employer and state responsibility, including the following
54.23 statements:

54.24 (i) a covered employee seeking financial, investment, or tax advice should contact the
54.25 covered employee's advisors;

54.26 (ii) neither a covered employer nor the board, the program, or the state of Minnesota is
54.27 liable for decisions a covered employee makes regarding the covered employee's account
54.28 in the program;

54.29 (iii) neither a covered employer nor the state of Minnesota guarantees the accounts in
54.30 the program or any particular investment rate of return; and

55.1 (iv) neither a covered employer nor the state of Minnesota monitors or has an obligation
55.2 to monitor a covered employee's eligibility under the Internal Revenue Code to make
55.3 contributions to an account in the program or whether the covered employee's contributions
55.4 to an account in the program exceed the maximum permissible contribution under the
55.5 Internal Revenue Code.

55.6 Subd. 2. **Annual notice to covered employees.** The executive director must communicate
55.7 annually by email or other means in writing to each covered employee:

55.8 (1) the annual limit on employee contributions to a traditional IRA and a Roth IRA in
55.9 effect under sections 408 and 408A of the Internal Revenue Code; and

55.10 (2) that it is the responsibility of the covered employee to reduce the covered employee's
55.11 contribution rate from the rate under section 187.07, subdivision 1a, as necessary to stay
55.12 within the limit under section 408 or 408A of the Internal Revenue Code that is applicable
55.13 to the covered employee and the type of IRA to which the contributions are being credited.

55.14 Sec. 21. [187.14] **CONFIDENTIALITY OF DATA AND NONSOLICITATION.**

55.15 Subdivision 1. **Confidentiality of data.** Covered employee data, account owner data,
55.16 account data, and data on beneficiaries of accounts are private data. The program, executive
55.17 director, and program staff must not disclose private data on individuals, as defined in
55.18 section 13.02, to anyone other than the covered employee, account owner, or beneficiary,
55.19 except:

55.20 (1) pursuant to a court order;

55.21 (2) upon the written consent of the covered employee, account owner, beneficiary, or
55.22 other person who provides the data or is the subject of the data; or

55.23 (3) to a third party with which the program has contracted to perform administrative or
55.24 record-keeping functions, but only to the extent necessary to carry out the functions and
55.25 subject to the requirements of this subdivision as if the third party were the program.

55.26 Subd. 2. **Nonsolicitation restriction.** Neither program staff nor a third-party
55.27 administrator, record keeper, or any other vendor or consultant with which the program has
55.28 contracted may solicit a covered employee, an account owner, or a beneficiary for any
55.29 product or services not related to the program.

55.30 Sec. 22. **REPEALER.**

55.31 Minnesota Statutes 2025 Supplement, section 187.07, subdivision 3, is repealed.

56.1 Sec. 23. EFFECTIVE DATE.56.2 Sections 1 to 22 are effective the day following final enactment.56.3 **ARTICLE 7**56.4 **SUPPLEMENTAL PLANS**

56.5 Section 1. Minnesota Statutes 2024, section 356.24, subdivision 3, is amended to read:

56.6 Subd. 3. **Deferred compensation plan.** (a) As used in this section:56.7 (1) "deferred compensation plan" means a plan that satisfies the requirements of this
56.8 subdivision;56.9 (2) "plan administrator" means the individual or entity defined as the plan administrator
56.10 in the plan document for the Minnesota deferred compensation plan under section 352.965
56.11 or a deferred compensation plan under section 457(b) of the Internal Revenue Code; and56.12 (3) "vendor" means the provider of an annuity contract, custodial account, or retirement
56.13 income account under a tax-sheltered annuity plan under section 403(b) of the Internal
56.14 Revenue Code.

56.15 (b) The plan is:

56.16 (1) the Minnesota deferred compensation plan under section 352.965;

56.17 (2) a tax-sheltered annuity plan under section 403(b) of the Internal Revenue Code; or

56.18 (3) a deferred compensation plan under section 457(b) of the Internal Revenue Code.

56.19 (c) For each investment fund available to participants under the plan, other than in a
56.20 self-directed brokerage account or fixed annuity contract, the plan administrator or vendor
56.21 discloses at least annually to participants a statement that sets forth (1) all fees, including
56.22 administrative, maintenance, and investment fees, that impact the rate of return on each
56.23 investment fund available under the plan, and (2) the rates of return for the prior one-, five-,
56.24 and ten-year periods or for the life of the fund, if shorter, in an easily understandable
56.25 document. ~~The plan administrator or vendor must file a copy of this statement annually with~~
56.26 ~~the executive director of the Legislative Commission on Pensions and Retirement.~~

56.27 (d) Enrollment in the plan is provided for in:

56.28 (1) a personnel policy of the public employer;

56.29 (2) a collective bargaining agreement between the public employer and the exclusive
56.30 representative of public employees in an appropriate unit; or

57.1 (3) an individual employment contract (i) between a city and a city manager or other
57.2 management employee, or (ii) between a school district and a superintendent or other
57.3 management employee.

57.4 (e) The plan covers employees of a school district, state agency, or other governmental
57.5 subdivision. The plan may cover city managers covered by an alternative retirement
57.6 arrangement under section 353.028, subdivision 3, paragraph (a) or (b), but must not cover
57.7 employees of the Board of Trustees of Minnesota State Colleges and Universities who are
57.8 covered by the Higher Education Supplemental Retirement Plan under chapter 354C.

57.9 (f) If the public employer makes matching contributions to the plan, the matching
57.10 contributions must match, on a dollar for dollar basis, employee elective deferral contributions
57.11 not to exceed the lesser of (1) the maximum authorized under the policy described in
57.12 paragraph (d) that provides for enrollment in the plan or program, or (2) one-half of the
57.13 annual limit on elective deferrals under section 402(g) of the Internal Revenue Code. In
57.14 lieu of or in addition to matching an employee's elective deferral contributions, the public
57.15 employer may make employer matching contributions on behalf of an employee on account
57.16 of qualified student loan payments, as defined in the Secure 2.0 Act of 2022, Public Law
57.17 117-328 (December 29, 2022), Division T, section 110, paragraph (b), and any regulations
57.18 adopted thereunder. The employer matching contributions on account of an employee's
57.19 qualified student loan payments plus any employer matching contributions that match an
57.20 employee's elective deferral contributions must not exceed, for the year, the lesser of (1)
57.21 the maximum authorized under the policy described in paragraph (d) that provides for
57.22 enrollment in the plan or program, (2) one-half of the annual limit on elective deferrals
57.23 under section 402(g) of the Internal Revenue Code, or (3) the employee's compensation for
57.24 the year.

57.25 (g) Contributions to the plan may include contributions deducted from an employee's
57.26 sick leave, accumulated vacation leave, or accumulated severance pay, whether characterized
57.27 as employee contributions or nonelective employer contributions, up to applicable limits
57.28 under the Internal Revenue Code. Such contributions are not subject to the match requirement
57.29 and limit in paragraph (f).

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

58.1

ARTICLE 8

58.2

HEALTH CARE SAVINGS PLAN

58.3 Section 1. Minnesota Statutes 2024, section 352.98, subdivision 3, is amended to read:

58.4 Subd. 3. **Contributions.** (a) ~~contributions~~ Contributions to the plan must be defined in
 58.5 a personnel policy ~~or in a~~, collective bargaining agreement, participation plan, or resolution
 58.6 of the governing body of a public employer or political subdivision.

58.7 (b) The executive director may offer different types of trusts permitted under the Internal
 58.8 Revenue Code to best meet the needs of different employer units.

58.9 ~~(b)~~ (c) Contributions to the plan by or on behalf of the participant must be held in trust
 58.10 for reimbursement of eligible health-related expenses for participants and their dependents
 58.11 following termination from public employment or in other circumstances set forth in the
 58.12 plan document. The executive director shall maintain a separate account of the contributions
 58.13 made by or on behalf of each participant and the earnings thereon. The executive director
 58.14 shall make available a limited range of investment options, and each participant may direct
 58.15 the investment of the accumulations in the participant's account among the investment
 58.16 options made available by the executive director.

58.17 ~~(e)~~ (d) This section does not obligate a public employer to meet and negotiate in good
 58.18 faith with the exclusive bargaining representative of any public employee group regarding
 58.19 an employer contribution to a postretirement or active employee health care savings plan
 58.20 authorized by this section and section 356.24, subdivision 1, clause (7). It is not the intent
 58.21 of the legislature to authorize the state to incur new funding obligations for the costs of
 58.22 retiree health care or the costs of administering retiree health care plans or accounts.

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

58.24

ARTICLE 9

58.25

58.26

58.27

**WORK GROUP ON FIREFIGHTER RELIEF ASSOCIATION VESTING
 SCHEDULES; MEMBERSHIP OF EMERGENCY MEDICAL PROVIDERS IN
 FIREFIGHTER RELIEF ASSOCIATIONS**

58.28

58.29

58.30

Section 1. **WORK GROUP ON VESTING AND EMERGENCY MEDICAL
 PROVIDERS IN FIREFIGHTER RELIEF ASSOCIATIONS AND THE STATEWIDE
 VOLUNTEER FIREFIGHTER PLAN.**

58.31

58.32

58.33

Subdivision 1. **Work group established; purpose.** (a) The executive director of the
 Legislative Commission on Pensions and Retirement (commission executive director) must
 convene a work group for the purpose of recommending legislation that would:

59.1 (1) shorten the vesting schedule for firefighter relief associations to a maximum of ten
59.2 years;

59.3 (2) require that firefighter relief associations include volunteer or paid on-call emergency
59.4 medical providers as members on the same basis as volunteer or paid on-call firefighters;
59.5 and

59.6 (3) make the same changes to the PERA Statewide Volunteer Firefighter Plan (SVF) as
59.7 are recommended for firefighter relief associations.

59.8 Subd. 2. **Membership.** (a) The members of the work group are the following:

59.9 (1) a representative from the Minnesota Association of Townships;

59.10 (2) a representative from the Minnesota Association of Small Cities;

59.11 (3) a representative from the League of Minnesota Cities;

59.12 (4) a representative from the Minnesota State Fire Chiefs Association;

59.13 (5) a representative from the Minnesota State Fire Departments Association;

59.14 (6) a representative of the Office of Emergency Medical Services, designated by the
59.15 director of the Office of Emergency Medical Services;

59.16 (7) a representative of the Office of the State Auditor, designated by the state auditor;

59.17 and

59.18 (8) the executive director of Public Employees Retirement Association, or the executive
59.19 director's designee.

59.20 (b) The commission executive director may invite others, including the commission's
59.21 actuary, to participate in one or more meetings of the work group.

59.22 (c) The organizations and agencies specified in paragraph (a) must provide the
59.23 commission executive director with the names and contact information for the representatives
59.24 who will serve on the work group by June 12, 2026.

59.25 Subd. 3. **Mandate.** In arriving at the work group's recommendations, the work group
59.26 must determine and consider:

59.27 (1) whether shortening vesting schedules has any impact on a relief association or SVF
59.28 fire department's liabilities or funded status and, if so, what options are available to lessen
59.29 the impact;

59.30 (2) any studies or data supporting or critical of the premise that longer vesting schedules
59.31 aid retention or recruitment;

60.1 (3) how many fire departments, whether affiliated with a relief association or participating
60.2 in the SVF, have emergency medical providers who solely perform that function, how many
60.3 of these emergency medical providers are in each fire department, and the funded status of
60.4 the affiliated relief association or SVF account;

60.5 (4) the basis, if any, for excluding emergency medical providers from firefighter relief
60.6 associations and the SVF;

60.7 (5) the cost of requiring past service credit be provided to emergency medical providers
60.8 when they become members of relief associations that are defined benefit plans or the SVF
60.9 defined benefit plan and options for providing past service credit (i.e., as far back as a
60.10 provider has active service in the fire department or back to 2019);

60.11 (6) whether the chronic overfunding in relief associations and the SVF can be expected
60.12 to cover any liabilities under clause (1) or costs under clause (3) and what options are
60.13 available for relief associations or fire department accounts in the SVF that are not
60.14 overfunded;

60.15 (7) options for phasing in the shorter vesting schedules and requiring coverage of and
60.16 past service credit for emergency medical providers; and

60.17 (8) any other issues related to vesting and eligibility that merit discussion by the work
60.18 group and inclusion in the recommendations.

60.19 Subd. 4. **Recommendations; proposed legislation.** (a) With the assistance of the
60.20 commission executive director, the work group must prepare proposed legislation that
60.21 implements the recommendations of the work group. If the work group recommends more
60.22 than one approach, the work group must provide alternative bills.

60.23 (b) The commission executive director must submit the recommendations of the work
60.24 group, along with proposed legislation that implements the recommendations, to the
60.25 Legislative Commission on Pensions and Retirement by January 29, 2027, or, if later, the
60.26 date all members of the Commission have been appointed for the 2027-2028 biennium.

60.27 Subd. 5. **Meetings; chair; administrative support.** (a) The commission executive
60.28 director must convene the first meeting of the work group by July 27, 2026.

60.29 (b) The members of the work group must elect a chair or co-chairs at the first meeting.
60.30 The chair or co-chair is not required to be a member of the work group.

60.31 (c) Meetings may be conducted remotely or in person or a combination of remotely and
60.32 in person.

61.1 (d) Commission staff must provide meeting space, if needed, and administrative support
61.2 to the chair or co-chairs of the work group.

61.3 Subd. 6. **Compensation; lobbying; retaliation.** (a) Members of the work group serve
61.4 without compensation.

61.5 (b) Participation in the work group is not lobbying under Minnesota Statutes, chapter
61.6 10A.

61.7 (c) An individual's employer or an organization or association of which an individual
61.8 is a member must not retaliate against the individual because of the individual's participation
61.9 in the work group.

61.10 Subd. 7. **Expiration.** The work group expires June 30, 2027.

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

61.12 **ARTICLE 10**

61.13 **SPECIAL LEGISLATION**

61.14 Section 1. **MISSING IRAP ACCOUNT OF AN ELIGIBLE PERSON.**

61.15 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have
61.16 the meanings given.

61.17 (b) "Board of trustees" has the meaning given in Minnesota Statutes, section 354B.20,
61.18 subdivision 11.

61.19 (c) "IRAP" means the higher education individual retirement account plan established
61.20 by Minnesota Statutes, chapter 354B.

61.21 (d) "MN State" means Minnesota State Colleges and Universities.

61.22 Subd. 2. **Location of IRAP account required.** (a) Notwithstanding any state law to the
61.23 contrary, MN State must locate the IRAP account of the eligible person described in
61.24 paragraph (b) to which contributions deducted from the eligible person's pay in 1991 through
61.25 1994 were deposited or pay the eligible person an amount of \$30,000.

61.26 (b) The eligible person is a person who:

61.27 (1) was employed by Winona State University from July 1, 1991, to June 30, 1996; and

61.28 (2) has copies of pay stubs showing payroll deduction contributions to the IRAP dated
61.29 December 27, 1991, March 20, 1992, August 21, 1992, March 5, 1993, and April 16, 1993,
61.30 in amounts of \$18.72 or \$19.93, which must be considered as adequate proof that payroll

62.1 deduction contributions were taken each per pay period beginning September 3, 1991, to
62.2 October 31, 1994, for deposit into the eligible person's IRAP account.

62.3 (c) No later than 60 days after the effective date of this section, the board of trustees
62.4 must either:

62.5 (1) locate the eligible person's IRAP account to which payroll deduction contributions
62.6 were deposited and provide the eligible person with information regarding the individual
62.7 or entity holding the IRAP account, an accounting of the amounts contributed and investment
62.8 earnings thereon, and instructions on how the eligible person can access the account; or

62.9 (2) pay the eligible person an amount equal to \$30,000.

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

62.11 **Sec. 2. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION GENERAL**
62.12 **EMPLOYEES RETIREMENT PLAN; SERVICE CREDIT PURCHASE BY AN**
62.13 **ELIGIBLE EMPLOYEE.**

62.14 Subdivision 1. **Definitions.** For purposes of this section, the following terms have the
62.15 meanings given:

62.16 (1) "city" means the city of Minneapolis;

62.17 (2) "executive director" means the executive director of the Public Employees Retirement
62.18 Association;

62.19 (3) "fund" means the general employees retirement fund administered by the Public
62.20 Employees Retirement Association; and

62.21 (4) "general plan" means the general employees retirement plan of the Public Employees
62.22 Retirement Association.

62.23 Subd. 2. **Authorization.** (a) Notwithstanding any state law to the contrary, an eligible
62.24 person described in subdivision 3 is entitled to:

62.25 (1) have the city pay the amount required under subdivision 5, paragraph (a), on the
62.26 eligible person's behalf; and

62.27 (2) upon the city making the payments required under subdivision 5, paragraphs (a) and
62.28 (b), receive credit for allowable service in the general plan for the periods of service described
62.29 in subdivision 4.

63.1 (b) Upon receiving the payments described in subdivision 5, the executive director must
63.2 credit the eligible person with allowable service for the periods of service described in
63.3 subdivision 4.

63.4 Subd. 3. **Eligible person.** An eligible person is a person who:

63.5 (1) was initially employed by the city on April 26, 2016, in the fleet services division
63.6 of the public works department;

63.7 (2) received salary for periods of employment with the city that occurred beginning May
63.8 29, 2016, through November 4, 2022, and during portions of those periods of employment
63.9 the city failed to deduct employee contributions and make employer contributions as required
63.10 by Minnesota Statutes, section 353.27; and

63.11 (3) terminated employment with the city on November 4, 2022.

63.12 Subd. 4. **Periods of uncredited prior service.** The periods of uncredited prior service
63.13 available for purchase are:

63.14 (1) May 29, 2016, through October 15, 2016;

63.15 (2) April 11, 2017, through October 10, 2017; and

63.16 (3) April 27, 2018, through November, 24, 2018.

63.17 Subd. 5. **Payment by employer.** (a) On behalf of the eligible person, the city must pay
63.18 to the fund an amount equal to the total amount of employee contributions that would have
63.19 been deducted from the eligible person's salary and paid to the fund based on the eligible
63.20 person's salary for each period of employment described in subdivision 4, plus interest
63.21 compounded annually at the applicable annual rate or rates specified in Minnesota Statutes,
63.22 section 356.59, subdivision 3, from the date each employee contribution deduction should
63.23 have been paid until the date the payment is made.

63.24 (b) The city must pay to the fund an amount equal to the total amount of employer
63.25 contributions that the city would have made to the fund based on the eligible person's salary
63.26 for each period of employment described in subdivision 4, plus interest compounded annually
63.27 at the applicable annual rate or rates specified in Minnesota Statutes, section 356.59,
63.28 subdivision 3, from the date each employer contribution should have been paid until the
63.29 date the payment is made.

63.30 (c) The executive director must determine the amount of the payments required under
63.31 paragraphs (a) and (b) and notify the city and the eligible person regarding the amount and
63.32 the basis for determining the amount.

64.1 (d) The city must make the payments required under paragraphs (a) and (b) in a lump
 64.2 sum no later than 60 days after the date on which the executive director notifies the city
 64.3 under paragraph (c).

64.4 Subd. 6. **Collection of unpaid amounts.** If the city fails to make all of the payments
 64.5 required by subdivision 5, the executive director must follow the procedures in Minnesota
 64.6 Statutes, section 353.28, subdivision 6, to collect the amount not paid.

64.7 **EFFECTIVE DATE; LOCAL APPROVAL.** This section is effective upon approval
 64.8 by the Minneapolis City Council and compliance with Minnesota Statutes, section 645.021."

64.9 Delete the title and insert:

64.10 "A bill for an act

64.11 relating to retirement; Minnesota State Retirement System; making administrative
 64.12 and technical changes; modifying enrollment procedures and allowing deputy fire
 64.13 marshals who missed the election opportunity to elect the special coverage for
 64.14 state fire marshals; Public Employees Retirement Association; local government
 64.15 correctional service retirement plan; reducing the employee and employer
 64.16 contribution rates and increasing postretirement adjustments; Teachers Retirement
 64.17 Association; making administrative changes; lowering the age at which a teacher
 64.18 can receive a retirement annuity and enter a return to work agreement; extending
 64.19 the suspension of earnings limitation for reemployed retired teachers; modifying
 64.20 the termination process for firefighter relief associations; implementing
 64.21 recommendations of the State Auditor's fire relief association working group;
 64.22 special legislation abbreviating the requirements to permit the Maple Plain fire
 64.23 department to terminate participation in the statewide volunteer firefighter plan;
 64.24 modifying the definition of "salary" to exclude pay from the family and medical
 64.25 benefit insurance account for Minnesota paid leave; requiring the employer of a
 64.26 reemployed annuitant to make employer contributions to the pension plan that
 64.27 covers the annuitant; moving the investment return assumption for computing joint
 64.28 and survivor annuities from the statute to the actuarial standards; authorizing
 64.29 elected officials to participate in the health care savings plan; Minnesota Secure
 64.30 Choice Retirement Program; revising definitions; transferring the requirement to
 64.31 provide information to covered employees upon enrollment from covered employers
 64.32 to the program's board of directors; modifying the annual reporting requirements;
 64.33 prohibiting disclosure of confidential data and vendor solicitation; eliminating the
 64.34 requirement that deferred compensation plans and 403(b) arrangements file a copy
 64.35 of investment return and fee disclosure with the executive director of the Legislative
 64.36 Commission on Pensions and Retirement; establishing a work group on shortening
 64.37 vesting schedules and adding emergency medical providers as members of
 64.38 firefighter relief associations; special legislation authorizing an eligible person
 64.39 covered by the Public Employees Retirement Association general employees
 64.40 retirement plan to purchase service credit for periods of omitted service; special
 64.41 legislation requiring Minnesota State Colleges and Universities to find a
 64.42 participant's individual retirement account plan account or pay the eligible person
 64.43 the estimated value of the account; amending Minnesota Statutes 2024, sections
 64.44 43A.346, subdivisions 8, 10; 187.03, by adding subdivisions; 187.05, subdivisions
 64.45 1, 7, by adding a subdivision; 187.06, subdivision 3; 187.07, by adding a
 64.46 subdivision; 187.08, subdivisions 1, 2, 6, 8; 352.01, subdivision 13; 352.021,
 64.47 subdivision 2; 352.029, subdivisions 1, 2, 2a; 352.115, subdivisions 7a, 8, 9, 10;
 64.48 352.1155, subdivision 3; 352.87, subdivisions 1, 2; 352.98, subdivision 3; 353.01,
 64.49 subdivision 10; 353.37, subdivision 5; 353.371, subdivisions 6, 7; 353E.03,
 64.50 subdivisions 1, 2; 354.05, subdivisions 35, 37, by adding a subdivision; 354.07,

65.1 subdivision 2; 354.44, subdivision 5; 354.444, subdivisions 2, 3, 5; 354.445;
65.2 354.48, subdivisions 4, 6; 354A.011, subdivision 24; 354A.095; 356.24, subdivision
65.3 3; 356.415, subdivision 1g; 356.461, subdivision 1; 424A.001, subdivisions 8, 9,
65.4 9a, 9b; 424A.014, subdivision 1; 424A.016, subdivision 4; 424B.22, subdivisions
65.5 5, 7, 8, 9; Minnesota Statutes 2025 Supplement, sections 187.03, subdivisions 5,
65.6 6a; 187.05, subdivisions 1a, 4; 187.07, subdivision 1; 187.08, subdivision 3; 187.11;
65.7 187.12, subdivision 1; 352.029, subdivision 3; 352.905, by adding a subdivision;
65.8 352.907, by adding a subdivision; 424A.016, subdivision 6; 424A.05, subdivision
65.9 3; Laws 2022, chapter 65, article 3, section 1, subdivisions 2, as amended, 3, as
65.10 amended; proposing coding for new law in Minnesota Statutes, chapters 187;
65.11 424A; repealing Minnesota Statutes 2024, sections 352.87, subdivision 8; 424A.01,
65.12 subdivision 6; Minnesota Statutes 2025 Supplement, section 187.07, subdivision
65.13 3."