



2025 Omnibus Pension and Retirement Bill: SF 2884 (Frentz, Lillie/O'Driscoll), 2nd Engrossment, as passed by the Legislature, and signed by the Governor as Laws 2025, Chapter 37

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Introduction

Minnesota Laws 2025, Chapter 37, is the 2025 Omnibus Pension and Retirement bill. It was passed by the Senate and House of Representatives as SF 2884 (Frentz; Lillie/O'Driscoll). The bill is a compilation of 13 bills and many amendments considered by the Legislative Commission on Pensions and Retirement (Commission) at 7 meetings during the 2025 legislative session.

The bill was amended and passed by the Senate State and Local Government Committee on May 13, 2025, amended and passed by the Senate Finance Committee on May 17, 2025, and passed by the Senate on May 18, 2025, on a 55-12 vote. In the House, the bill as adopted by the Senate was passed by the Ways and Means Committee on May 18, 2025, and passed by the House on May 19, 2025, on a 133-1 vote. It was signed by the Governor on Friday, May 23, 2025, as Chapter 37.

A more detailed summary of each bill is available on the [Commission website](#).

Article- by- Article Summary

Article 1: Minnesota State Retirement System (MSRS)

Sources: SF 2884 (Frentz)/HF 1889 (O'Driscoll/Lillie)
HF 2237 (O'Driscoll/Lillie)

Section 1 amends Minnesota Statutes, Section 352.115, subdivision 3, by increasing the multiplier used to calculate the retirement annuity for members of the MSRS General State Employees Retirement Plan (MSRS General Plan) from 1.7% to 1.9% percent. The multiplier of 1.9% applies to years of service earned after June 30, 2025. With this change, the benefit formula for employees who became members of the General Plan or another public pension plan after June 30, 1989, will be:

*Annual retirement annuity = ((Years of service earned through June 30, 2025 x 1.7%) +
(Years of service earned after June 30, 2025 x 1.9%)) x High-five average annual salary*

Section 1 is effective July 1, 2025.

Sections 2 and 3 amend two statutes that inadvertently do not include the MSRS Correctional Employee Retirement Plan (MSRS Correctional Plan), along with the General Plan.

- Section 2 revises Section 352.22, subdivision 2b, which states that a person who receives a refund from the plan after leaving employment may repay the refund. This section governs both the MSRS General Plan and MSRS Correctional Plan but fails to include the necessary reference to the Correctional Plan. Section 2 of the bill will bring the statute into conformity with plan operation and is effective the day following final enactment.
- Section 3 revises Section 352.22, subdivision 3, which states that an employee is entitled to a deferred retirement annuity if the employee is vested when the employee terminates employment. This section fails to mention the MSRS Correctional Plan, along with the MSRS General Plan. Section 3 incorporates the MSRS Correctional Plan and, instead of stating the specific vesting requirement, the revisions refer to the relevant statute on vesting for each plan, with new clause (1) for the MSRS General Plan and new clause (2) for the MSRS Correctional Plan. Section 3 is retroactively effective from July 1, 2023, to match the effective date of the change to the vesting requirement in the 2023 Pension Budget Omnibus bill.

Section 4 increases the postretirement adjustment (often referred to as cost-of-living adjustment or COLA) from 1.5% to 1.75% for the MSRS General Plan, Legislators Retirement Plan (Legislators Plan), and Unclassified Employees Retirement Program (Unclassified Plan), beginning January 1, 2026.

Article 2: Public Employees Retirement Association (PERA)

*Sources: SF 2980 (Seeberger)/HF 2386 (O'Driscoll/Lillie), as amended by Amendment H2386-1A
SF 3192 (Frentz)/HF 2821 (O'Driscoll/Lillie)*

Sections 1 to 5, 7 and 8 amend statutes governing the pension plans administered by PERA. The changes are administrative in nature and consist of the following:

- Sections 1 and 2 revise PERA's eligibility provisions to clarify that public employees must participate in one of the three pension plans administered by PERA if the employee is expected to exceed the monthly salary threshold of \$425.
- Section 3 inserts time periods after taking office during which an elected public official who wants to be covered by the PERA General Employees Retirement Plan (PERA General Plan) must sign an election form (within 30 days) and file the election form with PERA (within 60 days).
- Sections 4 to 5 insert a time period during which a city manager must file an election to be excluded from coverage by the PERA General Plan (within 60 days of commencing employment) and clarifies language.
- Section 7 clarifies that a member's right to take a refund of accumulated employee deductions does not expire.
- Section 8 revises the statute that defines the duty disability benefit for members of the PERA Local Government Correctional Service Retirement Plan (PERA Correctional Plan) to incorporate into the calculation of the benefit amount the 2.2% multiplier that was added by legislation in 2024 and applies to years of service after June 30, 2025.

Sections 1 to 5 are effective July 1, 2025. Sections 7 and 8 are effective the day following final enactment.

Section 6 amends Section 353.27, subdivision 3a, which requires an employer to contribute an additional 1% of salary for each coordinated member until the PERA General Plan is 100% funded. Section 6 reduces the funded ratio threshold from 100% to 98%. When assets equal or exceed 98% of the plan's actuarial accrued liability, the 1% additional employer contribution is repealed. Section 6 also deletes a paragraph that is obsolete. Section 6 is effective the day following final enactment.

Section 9 increases the maximum COLA for the PERA General Plan. Under current law, the COLA for the PERA General Plan is 1% effective each January 1, unless the Social Security COLA is greater than 2%, in which case the COLA is 50% of the Social Security COLA, not to exceed 1.5%. Under the bill, the COLA for the PERA General Plan is 1% unless the Social Security COLA is greater than 1%, in which case the COLA is the same as the Social Security COLA, not to exceed 1.75%.

New paragraph (c) requires an automatic decrease to the COLA maximum in effect on January 1, from 1.75% to 1.5% if the funded status for the PERA General Plan declines to either of the following:

- 85% or less in the most recent two consecutive annual actuarial valuations; or
- 80% or less in the most recent annual actuarial valuation.

Section 9 is effective for postretirement adjustments beginning on or after January 1, 2026.

Article 3: Public Employees Defined Contribution Plan

Source: SF 2980 (Seeberger)/HF 2386 (O'Driscoll/Lillie), as amended by LCPR Amendment H2386-1A, LCPR Amendment S2884-9A, and Senate State and Local Government Committee Amendment S2884-8A

Article 3 amends statutes governing the PERA Defined Contribution Plan. Local government officials, physicians, ambulance service and rescue squad personnel, city managers, and certain other categories of local government employees are eligible to elect to participate in the Defined Contribution Plan. The changes, which were proposed by PERA, are administrative in nature, clarify the time period during which an individual may elect to participate, generally, within 30 days of commencing employment, and the time period during which the related membership election forms must be received by PERA, generally, within 60 days of commencing employment. The article also adds a reference to the Eden Valley rescue squad that is missing from the eligibility statute for the PERA Defined Contribution Plan. All sections in Article 3 are effective July 1, 2025.

Article 4: PERA Privatization

Source: SF 3355 (Pappas)

Article 4 amends nearly the entire Chapter 353F, which provides protections to members when an employer participating in the PERA General Plan "privatizes" and elects the "special benefit coverage" under this chapter. Privatization occurs when a governmental entity is sold or merged with another entity, resulting in the governmental entity losing its status as a governmental entity. When privatization occurs, the employees are no longer "public employees" and stop accruing additional salary and service

credit. Upon retirement, employees will receive a pension from the PERA General Plan, accrued to the date of privatization.

Section 1 amends Section 353F.01 (“Purpose and intent”), to replace references to “*medical facilities*” or “*medical facility*” with “*governmental subdivision*.” This change expands the scope of Chapter 353F from applying only to medical facilities that privatize to apply to all governmental entities that privatize.

Sections 2 to 12 revise the definitions applicable to Chapter 353F and add new defined terms. Terms added or redefined include:

- “*Effective date of privatization*”
- “*Funding ratio*”
- “*Governmental subdivision*”
- “*Privatization*”
- “*Privatize*” or “*privatizing*”
- “*Privatizing active employee*”

Section 13 substantially re-writes Section 353F.025, including replacing the current section title with “Withdrawal liability.”

Subdivision 1 (“Eligibility determination and calculation of withdrawal liability”) is revised to change the process for determining whether a privatizing transaction will result in a governmental subdivision losing its status as such and the method for calculating withdrawal liability. Instead of the calculation under current law that looks at whether the PERA General Plan will receive a net gain or a net loss from the privatization, the new method for calculating withdrawal liability requires the actuary to calculate the present value of accrued benefits attributable to the employees of the governmental subdivision and multiply that by the Plan’s unfunded percentage. The formula:

$$\text{Withdrawal liability} = (\text{present value of accrued benefits}) - (\text{present value of accrued benefits} \times \text{the plan's funded ratio})$$

New subdivision 1a (“Payment of withdrawal liability”) requires the privatized employer to pay PERA the withdrawal liability within six months of the privatization or elect to pay the withdrawal liability with interest in installments for no longer than 10 years.

Subdivision 2 (“Reporting privatizations”) is revised to require PERA to report on withdrawal liability to the Commission and state government committees and maintain a list in PERA’s annual report and website of privatized employers and the amount of withdrawal liability each has paid or is paying.

Sections 14 to 24 amend the rest of Chapter 353F to replace current terms with new defined terms and remove obsolete language.

Section 25 repeals as obsolete the definition of “medical facility” in subdivision 4a of Section 353F.02, the definitions section.

Section 26 provides the effective date for Sections 1 to 25, which is July 1, 2027.

Article 5: MSRS Correctional Plan Eligibility Work Group

Source: *SF 3464 (Rasmusson)/HF 3269 (Nadeau)*

The 2024 Pension and Retirement Policy and Supplemental Budget bill (2024 Omnibus Pension bill) required Commission staff to convene a work group consisting of the representatives from Department of Corrections, Department of Human Services, MSRS, and employee organizations to recommend legislation amending the statutes applicable to eligibility for the MSRS Correctional State Employees Retirement Plan (MSRS Correctional Plan) and correct the deficiencies in the process under current law for adding employees and positions to coverage by the Correctional Plan.

The work group met during the interim between the 2024 and 2025 legislative sessions. The legislation recommended by the work group substantially revises the lists of employment positions eligible for the MSRS Correctional Plan and the process by which employment positions are added to the lists and by which employees are determined as having the requisite 75% direct contact with incarcerated persons, patients, and clients and therefore entitled to retirement coverage by the Plan.

Sections 1 to 3 add a new definition for “executive director” of MSRS to the definitions section for Chapter 352 and make changes to conform to new section numbers and the new definition.

Section 4 revises Section 352.90, which states the policy reason for establishing the MSRS Correctional Plan. The changes update the language.

Section 5 adds new Section 352.901 (“Definitions applicable to the correctional plan”), a new definitions section for terms used in the statutes governing the MSRS Correctional Plan.

Section 6 adds new Section 352.905 and updates the lists of covered correctional service positions in Section 352.91 to match the employment positions of the members of the MSRS Correctional Plan. Approximately 55 employment positions that are not currently listed in Section 352.91 now appear in the list of employment positions in the new Section 352.905. These positions are not new positions but have to be added because employees in these positions are currently covered by the MSRS Correctional Plan. The bill brings the statute that governs the membership of the MSRS Correctional Plan into conformity with its actual membership.

Section 7 adds new Section 352.907, which replaces the two standing committees in current law, one of which is with the Department of Corrections and the other with the Department of Human Services, with one standing review committee, called the “Correctional plan membership committee.” The new committee is to be convened by the MSRS executive director at least once each quarter. The new committee will decide whether to add new employment positions to the lists in Section 352.905 and whether an employee satisfies the direct contact requirement.

Section 8 adds new Section 352.908, which is subdivision 6 of Section 352.91 in current law. With the repeal of Section 352.91, this subdivision is being moved to its own new section. This section states that Section 356.637 applies if an employee is erroneously covered by the MSRS Correctional Plan when the employee should have been covered by another plan or by another plan when the employee should have been covered by the MSRS Correctional Plan. Section 356.637 provides procedures for the transfer of past service credit and related contributions.

Sections 9 and 10 replace references to repealed Section 352.91 with references to new statutes, Sections 352.905 and 352.907, added by sections 6 and 7.

Section 11 repeals Section 352.91, which has been entirely replaced by new Sections 352.901, 352.905, 352.907, and 352.908.

Section 12 provides the effective date for Sections 1 to 11, which is January 1, 2026.

Article 6: Higher Education Supplemental Retirement Plan

Source: SF 2379 (Rasmusson)/HF 2022 (Berg)

Article 6 consists of one section that amends Section 356.24, subdivision 1, clause (6), to increase the limit on employer matching contributions to the higher education supplemental retirement plan offered to employees of Minnesota State Colleges and Universities from \$2,700 to \$4,300 per year. Article 6 is effective the day following final enactment.

Article 7: State Auditor's Fire Relief Association Working Group

Source: SF 1341 (Pappas)/HF 1828 (Cha)

Article 7 is legislation recommended by the State Auditor's Fire Relief Association Working Group. The article amends sections of Chapter 424A, which governs firefighter relief associations, as follows:

Sections 1 and 9 move the current March 31 reporting deadline for filing annual financial statements with the State Auditor to June 30. Sections 1 and 9 are effective on January 1, 2026.

Sections 2 and 11 make changes to Section 424A.015 ("Generally applicable firefighters relief association pension plan regulation"), which imposes requirements applicable to all relief associations. Section 2 amends subdivision 4, to bring it into compliance with the direct rollover requirements in the federal Internal Revenue Code and Minnesota Statutes, Section 356.633. The new language will allow any member, spouse, or other distributee under Section 356.633 to elect a direct rollover as described in Section 356.633. Section 11 repeals subdivision 5, which is covered by the new language in Section 2 and is no longer needed. Sections 2 and 11 are effective the day following final enactment.

Sections 3 and 4 amend Section 424A.016 to permit a relief association with a defined contribution plan to amend the relief association's bylaws to pay retirement benefits as soon as practicable following a member's separation from active service rather than waiting until age 50. Sections 3 and 4 are effective on January 1, 2026.

Section 5 amends Section 424A.05, subdivision 3, which restricts disbursements from a relief association's special fund. Four clauses are revised to permit direct rollovers as an alternative to direct payments of pension, disability, survivor, and former spouse benefits to individuals, as required by federal law and Section 356.633. Section 5 is effective the day following final enactment.

Section 6 eliminates language that could be read as permitting relief associations to deposit firefighter dues into a relief association's special fund and retains language that permits deposits of firefighter dues into the general fund. Section 6 is effective on January 1, 2026.

Section 7 removes obsolete language and a table used in calculating the accrued liability of active members of a lump sum defined benefit relief association for calendar years before 2022. Section 7 is effective the day following final enactment.

Sections 8 and 10 remove language in Section 424A.092 (applicable to lump sum relief associations) and 424A.093 (applicable to monthly relief associations) that reduces a municipality's financial obligation to a relief association's special fund by member contributions, such as dues. These changes and the change in Section 6 are necessary to comply with applicable federal and state law, which does not permit employee contributions to relief associations that are not mandatory pre-tax contributions. Sections 8 and 10 are effective on January 1, 2026.

Article 8: Firefighters Relief Associations

*Sources: SF 2752 (Maye Quade)/HF 2395 (Huot)
SF 3454 (Frentz)/HF 3278 (Lillie/O'Driscoll)*

Section 1 amends Section 424A.02, subdivision 3, to increase the maximum lump sum pension amount from \$15,000 to \$20,000 per year for each year of service for defined benefit relief associations. Section 1 is effective the day following final enactment.

Section 2 repeals an annual reporting requirement that requires relief associations to file with the Commission executive director an "Investment Business Recipient Disclosure Form." Section 356A.06, subdivision 5, requires the chief administrative officer of a "covered pension plan" to annually disclose "the recipients of investment business placed with, or investment commissions allocated among, commercial banks, investment bankers, brokerage organizations, or other investment managers." This requirement duplicates information already collected by the Office of the State Auditor. Section 2 is effective August 1, 2025.

Article 9: Minnesota Secure Choice Retirement Program

*Sources: SF 2984 (Pappas)/HF 2943 (Nadeau), as amended by LCPR Amendment 25-04681-1A, oral amendment, LCPR Amendment S2884-2A, and Senate State and Local Government Committee Amendment S2884-2A
SF 2985 (Pappas)/HF 2942 (Nadeau), as amended by LCPR Amendment 25-04680-1A and oral amendment*

Article 9 amends statutes governing the Minnesota Secure Choice Retirement Program (Program). The Program is a state-sponsored retirement program intended to benefit employees in the private sector who have no opportunity to save for retirement through an employer-sponsored retirement plan such as a 401(k) plan. The Program was established by legislation enacted in 2023 and funded by an appropriation of \$5 million. Employers that do not sponsor a retirement plan for their employees are

required to transmit a percentage of pay deducted from each employee's paycheck to a state-administered individual retirement account (IRA). Employees have the option to change the contribution percentage or opt out of the Program entirely. Employees direct the investment of their accounts into a diversified array of investment funds offered with the oversight of the State Board of Investment (SBI).

Sections 1 to 4 amend Section 187.03, the chapter's definitions section, to revise the definitions of "covered employee," "executive director," and "home and community-based services employee," and add a definition for "enrollment window."

Section 5 amends Section 187.05, by adding new subdivision 1a ("Certification by employers that are not covered employers"), to provide a process by which employers who are not "covered employers" may certify to the executive director of the Program that the employer is not a covered employer.

Section 6 amends Section 187.05, subdivision 4 ("Contribution rate"), to refer to the contribution rates in Section 187.07, subdivision 1, and state that the Program's board of directors may change the rates and the escalation schedule and must give covered employers at least six months advance notice before the effective date of any change in contribution rates.

Section 7 amends Section 187.05, subdivision 6 ("Withdrawals and distributions"), to add a date, July 1, 2028, by which the Board must include lifetime income options as an alternative for distributing a covered employee's IRA. This gives the Board more time to put this distribution option in place.

Section 8 amends Section 187.07, subdivision 1 ("Requirement to enroll employees"), to require covered employers to enroll a covered employee no later than 30 days after the employee's first day of employment.

New paragraph (b) adds the following contribution rates, which apply unless the covered employee has elected a different contribution rate or not to contribute:

- 5% for the first year of participation;
- 6% for the second year;
- 7% for the third year;
- 8% for the fourth year and each year thereafter.

New paragraph (c) states that the requirement to enroll covered employees does not apply to a covered employer until the enrollment window has opened. When the window opens, the covered employer must enroll all covered employees no later than 30 days after the end of the enrollment window.

New paragraph (d) states that the executive director must communicate in writing to each covered employee by email or otherwise the annual limit on contributions to a traditional IRA or Roth IRA and inform the employee that the employee is responsible for reducing the employee's contribution, so it does not exceed the annual limit.

Section 9 amends Section 187.07, subdivision 2 ("Remitting contributions"), to require covered employers to remit payroll deduction contributions to the Program as soon as practicable and no later than 30 days after the date of each paycheck.

Section 10 amends Section 187.07, subdivision 3 (“Distribution of information”), to require covered employers to distribute information to each covered employee no later than 14 days after the covered employee’s first day of employment.

New paragraph (b) states that the requirement to distribute information does not apply to a covered employer until the covered employer’s enrollment window has opened. The covered employer must provide the information no later than 14 days before the date of the first paycheck from which employee contributions could be deducted for transmittal to the Program.

Section 11 amends Section 187.07, subdivision 6 (“Enforcement”), gives the Board discretion to impose statutory criminal penalties against any covered employer that fails to comply with the remittal of contributions requirement. The Board still has discretion to impose civil penalties for failure to comply with the enrollment, distribution of information, and remittal of contributions requirements.

Paragraph (c) is amended to require the Board to give covered employers who fail to comply with the enrollment or distribution of information requirements written warnings for two years before assessing penalties. Notably, remittal of contributions withheld from paychecks is not included in the requirement to give written warnings for two years before assessing penalties.

Section 12 amends Section 187.08, subdivision 3 (“Membership terms”), to add a new clause (2), which states that the initial term for two of the Board members is three years, rather than the current two years. The Board members specified are the Commission-appointed retirement plan investments professional and the Governor-appointed human resources executive. This will allow for staggered terms.

Section 13 amends Section 187.08, subdivision 7 (“Executive director; staff”), to add requirements applicable to the executive director regarding participation in Board matters and filing an economic interest statement with the Campaign Finance and Public Disclosure Board.

Section 14 amends Section 187.11 (“Other state agencies to provide assistance”) to add the Commissioner of the Department of Employment and Economic Development to the specifically noted agencies with which the Board may enter into an intergovernmental agreement. Section 14 also adds a definition for “assisting with communication with employers and to verify employer compliance with chapter 187,” which appears in Section 16 in new language inserted into DEED’s statutes, to ensure that DEED provides the information the executive director of the Program needs to administer the Program. This definition, when read with the new paragraph inserted into DEED’s statutes, will ensure that when the executive director makes the request to DEED for the information that is critical to whether the Program will be successful or even open, DEED will be required to provide it.

Section 15 adds new Section 187.12 (“Penalties for noncompliance”), which is divided into four subdivisions.

Subdivision 1 (“Failure to enroll covered employees or distribute information”), states that the Board may assess penalties against a covered employer that fails to comply with the requirement to enroll covered employers and transmit payroll deduction contributions (Section 187.07, subdivision 1) or fails to distribute required information to covered employers (Section 187.07, subdivision 3) or fails to

do both. Penalties start on the second anniversary of the date on which the covered employer was first required to comply with these requirements:

- on the second anniversary, \$100 per covered employee, not to exceed \$4,000;
- on the third anniversary, \$200 per covered employee, not to exceed \$6,000;
- on the fourth anniversary, \$300 per covered employee, with no maximum; and
- on each anniversary after the fourth anniversary, \$500 per covered employee, with no maximum.

If the covered employer fails to comply with both requirements, the penalty is doubled. The date a covered employer is first required to comply is defined in subdivision 1, paragraphs (d) and (e).

Subdivision 2 ("Notice and waiver"), states that the Board must provide the covered employer with a written notice that states the amount of the penalty and informs the covered employer that the covered employer has 30 days to cure the violation or may request a waiver of the penalty from the Board for "extenuating circumstances."

Subdivision 3 ("Failure to remit contributions"), states that if a covered employer fails to remit payroll deduction contributions withheld from employee paychecks within 30 days after the deduction is withheld, the executive director of the Program must make a written demand to the covered employer requiring the covered employer to immediately remit the withheld contributions to the Program with interest at the annual rate in Section 356.59, subdivision 2, which is currently 7%. Interest starts to accrue on the tenth day after the deduction was withheld.

A covered employer is guilty of a misdemeanor if it willfully and intentionally fails to remit a payroll deduction contribution within ten days after demand. The executive director must assess a penalty of \$250 per employee deduction withheld as part of a second written demand.

Subdivision 4 ("Action; damages"), consists of four paragraphs:

- (a) A covered employee or the Attorney General is authorized to bring a civil action against a covered employer for any of the compliance failures. If the covered employer is found to have committed a violation, the covered employer is liable to the Program for the penalties noted above, plus compensatory damages and other appropriate relief.
- (b) The Attorney General is authorized to bring a criminal action, upon referral from the Board, against a covered employer for the willful and intentional failure to remit contributions.
- (c) An action under this subdivision may be filed in the district court of the county where the violation was committed, where the covered employer has a principal place of business, or any other court of competent jurisdiction.
- (d) In an action under this subdivision, the court must order a covered employer who is found to have committed a violation to pay the Program or covered employee court costs and attorney fees.

Section 16 amends Section 268.19, subdivision 1 ("Use of data"), which governs how data retained by DEED may be used, to add a provision that allows for data to be shared with the Minnesota Secure Choice Retirement Program for the purpose of "assisting with communication with employers and to verify employer compliance with chapter 187."

Section 17 provides the effective date for Sections 1 to 16, which is the day following final enactment.

Article 10: Public Pension Plans: Amortization of Liabilities; Correction of Errors

Sources: SF 3453 (Pappas)/HF 3249 (Lillie)

SF 2884 (Frentz)/HF 1889 (O'Driscoll/Lillie)

SF 2980 (Seeberger)/HF 2386 (O'Driscoll/Lillie), as amended by Amendment H2386-1A, LCPR Amendment S2884-9A, and Senate State and Local Government Committee Amendment S2884-3A

Article 10 amends statutes governing two topics: the pension plans' amortization of unfunded liabilities and the pension funds' correction of errors.

Section 1 amends Section 353G.08, subdivision 1a ("Annual funding requirements; monthly division"), which requires the executive director to determine the funding requirements of each monthly fire department account using specified amortization periods for different types of changes that impact unfunded actuarial accrued liabilities. These amortization periods conflict with the new amortization periods required by Section 5 of Article 10, which amends Section 356.215, subdivision 11. To resolve the conflict, the amortization periods in Section 353G.08, subdivision 1a, are deleted and a reference to the amortization periods in Section 356.215 is inserted. These changes are effective beginning with actuarial valuations on or after July 1, 2025.

Changes to terminology elsewhere in subdivision 1a, to use defined terms added in 2024, are effective the day following final enactment.

Note: Section 1 of Article 10 is identical to Section 1 of Article 19.

Sections 2 to 6 are legislation recommended by the Amortization Work Group established by the 2024 Omnibus Pension bill. The purpose of the Amortization Work Group was to recommend legislation amending Minnesota Statutes, Section 356.215, subdivision 11, to conform to current actuarial best practices for amortizing liabilities. The work group met during the interim between the 2024 and 2025 legislative sessions and produced a report and recommended legislation. Sections 2 to 6 amend Section 356.215, which governs all the public pension plans.

Sections 2 to 4 and 6 update definitions, clarify language, and remove unnecessary or obsolete language.

Section 5 re-writes subdivision 11 ("Amortization contributions"), by deleting most of the language in this subdivision and inserting new amortization periods that apply to changes in unfunded actuarial accrued liabilities, depending on the reason for the change. The change and the applicable amortization period are as follows:

- experience gain or loss: 15 years
- assumption or method changes: 20 years
- benefit change for active members: 15 years
- long-term benefit change for inactive members: 15 years
- short-term benefit change for inactive members: match the period during which the benefit change is in effect
- annual contribution that is more or less than the actuarially determined contribution: 15 years

The current statutory amortization end date of June 30, 2048, applies:

- to each pension plan's unfunded actuarial accrued liability as of July 1, 2024, and
- to the unfunded actuarial accrued liability resulting from benefit increases enacted in 2025 for the State Patrol Plan, Police & Fire Plan, and TRA.

Section 5 is effective beginning with the July 1, 2025, actuarial valuations.

Sections 7 to 8 amend Section 356.636 ("Correction of errors"), which applies to the pension and retirement plans administered by MSRS, PERA, TRA, and St. Paul Teachers Retirement Fund Association. This section authorizes the executive directors of the pension funds to correct errors if necessary to preserve the tax-qualified status of a pension plan, in accordance with the IRS' EPCRS correction program.

Section 7 amends subdivision 2 to remove references to particular types of errors and clarifies that an error may be corrected if the error was made by the pension fund.

Section 8 brings the reporting requirement into conformity with the changes made in Section 7, by not specifically listing the types of errors that can be corrected by the executive director. Section 7 also revises the requirement to report errors corrected during the prior calendar year to the Commission by stating that the annual report does not need to include:

- errors corrected in the ordinary course of business, which is defined in new paragraph (c); and
- correction authorized by current law.

Sections 7 to 8 are effective the day following final enactment.

Article 11: Public Safety Benefit Increases

Sources: LCPR Amendment S2884-13A, derived from SF 1122 (Frentz)/HF 139 (O'Driscoll/Lillie)

Article 11 increases the postretirement adjustment (also referred to as a COLA) for retirees in the Police & Fire Plan and the State Patrol Plan.

Section 1 amends Section 356.415, subdivision 1c, by reducing the three-year period by which a retiree's first COLA is delayed under the Police & Fire Plan by twelve months. Section 1 is effective for postretirement adjustments beginning on or after January 1, 2026.

Section 2 amends Section 356.415, subdivision 1e, by increasing the COLA for the State Patrol Plan from 1% to 1.25%. Section 2 is effective for postretirement adjustments beginning on or after January 1, 2026.

Section 3 is a session law that provides a one-time COLA for the Police & Fire Plan of 3% effective January 1, 2026. The 3% COLA is to become part of the base so future COLAs will be applied to this additional monthly amount.

Article 12: Direct State Aid for Public Safety Plans

Source: LCPR Amendment S2884-13A

Article 12 provides funding in the form of direct state aids to the Police & Fire Plan and the State Patrol Plan to fund the cost of the COLA increases in Article 11.

Section 1 adds new Section 352B.251 which requires an annual transfer from the State's general fund to the State Patrol Plan state aid in the amount of \$2,300,000 on October 1, 2025, and each October 1 thereafter. Under subdivision 2 of this new section, the state aid expires on July 1, 2048.

Section 2 amends Section 353.65, subdivision 3b, to add a new direct state aid to the Police & Fire Plan in the amount of \$17,700,000 by October 1, 2025, and each October 1 thereafter. Under new paragraph (e), the aid expires on July 1, 2048.

Section 3 provides the effective date for Sections 1 and 2, which is the day following final enactment.

Article 13: Teachers Retirement Association Benefit Increases

Source: LCPR Amendment S2884-13A

Article 13 makes two changes to the subsidized early retirement benefit available to members who reach age 62 with 30 years of service:

- Eligibility for the benefit is expanded from age 62 with 30 years of service to age 60 with 30 years of service; and
- The percentage by which a member's age 65 retirement annuity is reduced is decreased from 6% to 5% for each year that the annuity starting date precedes the normal retirement age of 65.

As under current law, this percentage is further reduced by "augmentation" of 2.5% or 3%, depending on whether the teacher started employment after or before June 30, 2006, respectively, resulting in an actual reduction of either 2.5% or 2% for each year that the annuity starting date precedes age 65.

The cost of this benefit improvement is partially funded by an increase in the employer contribution rate, which in turn is funded through the pension adjustment revenue and an appropriation.

Appendix A provides more detail about how normal and early retirement annuities are calculated, why a reduction for starting a pension early is not a "penalty," and what a "career rule" might mean.

Section 1 increases the pension adjustment revenue by 0.31%, from 2.0% to 2.31%, for fiscal year 2026 and later, for all school districts except for St. Paul. Section 1 is effective for revenue in fiscal years 2026 and later.

Section 2 increases employer contributions to TRA by 0.31%, from 9.5% to 9.81% for each coordinated member, and from 13.5% to 13.81% for each basic member ("basic" members do not receive a Social Security benefit based on their teaching service). This matches the increase in the pension adjustment revenue, which is intended to fund the increased employer contributions.

Section 3 amends Section 354.44, subdivision 6, paragraph (e), by lowering the age of eligibility for the early retirement reduction for members age 62 with 30 years of service from age 62 to age 60 and reducing the reduction percentage from 6% to 5% (which is further reduced by the 2.5% or 3% augmentation under current law). This change means that if a member has reached age 60 (instead of 62) with 30 years of service, the member's normal retirement benefit is reduced by 2 or 2.5% for each year that the annuity starting date precedes the normal retirement age of 65.

Section 4 amends Section 356.415, subdivision 1d, by deleting paragraph (e), the exceptions to the delay in receiving a first COLA required by paragraph (d). Paragraph (d) delays the start of COLAs for members who retire on or after July 1, 2024, until the member reaches the normal retirement age of 65. This means that if a member elects to take early retirement and begins to draw down a pension before age 65, the monthly amount will not increase by a cost of living adjustment until the member reaches age 65.

Paragraph (e) provides an exception from the COLA delay for members who retire early using the Rule of 90 or the age 62 with 30 years of service early retirement reduction under current law. By deleting paragraph (e), these exceptions no longer apply, with the result that all members who elect to begin drawing down a pension before age 65 will not receive a first COLA until age 65.

Sections 2 to 4 are effective June 30, 2025.

Article 14: Appropriations for TRA

Source: LCPR Amendment S2884-13A

Article 14 appropriates money from the general fund to various state agencies to fund the pension adjustment revenue and the increased employer contributions in Article 13, Sections 1 and 2. The specific appropriations are:

- \$4,000 in each of 2026 and 2027 to Department of Education
- \$17,000 in each of 2026 and 2027 to Minnesota State Academies
- \$5,000 in each of 2026 and 2027 to Perpich Center for the Arts
- \$543,000 in each of 2026 and 2027 to the Board of Trustees of the Minnesota State Colleges and Universities
- \$17,098,000 in 2026 and \$19,711,000 in 2027 to the Department of Education for K-12

Article 15: Duty Disability Benefits and Continued Health Coverage for PERA Police and Fire Plan

Source: LCPR Amendment S2884-12A

Article 15 applies to police officers and firefighters who receive a duty disability benefit under the PERA Police and Fire Plan. The changes in Article 15 apply only to P&F Plan members; there are no changes to benefits for members of the State Patrol Retirement Plan.

Section 1 amends Section 299A.465, subdivision 1, which requires the employer of a peace officer or firefighter who qualifies for a duty disability benefit to provide and pay for continuation of health coverage for the officer or firefighter until age 65.

New paragraphs (d), (e), and (f) provide the following:

- (d) For an officer or firefighter who applied for or been approved for duty disability benefits before the date of enactment, May 23, 2025, or who is approved for total and permanent duty disability benefits, the employer must provide and pay for continued health coverage until age 65.
- (e) For an officer or firefighter who applies for duty disability benefits on or after May 23, 2025. The employer must provide and pay for continued health coverage for 60 months or, if earlier, age 65.
- (f) For an officer or firefighter in the MSRS State Patrol Plan, no change from current law; i.e, the employer must provide and pay for continue health coverage until age 65.

New paragraph (h) prohibits an officer or firefighter from waiving continued health insurance coverage in exchange for payment or other consideration from the employer. This applies only to members of the P&F Plan.

New paragraph (i), along with changes to paragraph (b), prohibit an employer from challenging the continuation of health coverage once a duty disability determination is made. This too applies only to employers participating in the P&F Plan.

Section 2 adds a new paragraph (b) to Section 353.032, subdivision 3 (“Approval”), that permits an employee who is eligible for treatment of a psychological condition to continue full-time or part-time work for the employer, if the employee submits a report by a mental health professional that satisfies the statute.

Sections 3, 5, 6, and 8 amends other subdivisions in Section 353.032 to add notice requirements and make language changes to take into account the ability to continue working while in treatment.

Section 4 amends Section 353.032, subdivision 5, by adding a sentence that prohibits an employer from requiring an officer or firefighter to use accrued leave benefits while receiving psychological treatment.

Section 7 amends subdivision 9 to add a requirement that an officer or firefighter receiving treatment must providing monthly billing statements for treatment costs.

Section 9 provides the effective date for Sections 1 to 8, which is the day following final enactment.

Article 16: Funding Threshold for Terminating State Aid and Supplemental Employer Contributions

Source: LCPR Amendment S2884-14A

Minnesota law provides for several types of supplemental employer contributions and state aid to public pension plans. Article 16 increases the plan funded threshold for terminating state aids and supplemental

employer contributions, which will result in the pension plans receiving state aids and supplemental contributions for a longer period.

The pension plans affected and the increase in the funded threshold, at which the state aid or supplemental employer contribution ends, are as follows:

Section 1: MSRS Correctional Plan supplemental employer contributions

- Threshold increased from plan assets equaling or exceeding liabilities (100% funded) to plan assets equaling or exceeding liabilities by 110%, for three years.

Section 2: State Patrol Plan supplemental employer contributions

- Threshold increased from plan assets equaling or exceeding liabilities (100% funded) to plan assets equaling or exceeding liabilities by 110%, for three years.

Section 3: Police & Fire Plan direct state aid

- Threshold increased from plan assets equaling or exceeding liabilities (100% funded) to plan assets equaling or exceeding liabilities by 110%, for three years.
- Deletes the provision which ends the state aid on July 1, 2048, if earlier than reaching the threshold for three years.

Section 4: State Patrol Plan and Police & Fire Plan supplemental state aid

- Threshold increased from plan assets equaling or exceeding 90% of liabilities to plan assets equaling or exceeding 100% of liabilities, for three years.
- Deletes the provision which ends the supplemental state aid on July 1, 2048, if earlier than reaching the threshold for three years.

Section 5: MSRS Judges Retirement Plan direct state aid

- Threshold increased from plan assets equaling or exceeding liabilities (100% funded) to plan assets equaling or exceeding liabilities by 110%, for three years.
- Deletes the provision which ends the state aid on July 1, 2048, if earlier than reaching the threshold for three years.

Section 6 provides the effective date for Sections 1 to 5, which is the day following final enactment.

Article 17: Work Group on New Pension Plans for Probation Officers and 911 Telecommunicators

Source: LCPR Amendment S2884-4A, related to SF 1986 (Kupec)/HF 1779 (Wolgammott)

Article 17 establishes a work group to recommend a new pension plan at PERA for probation officers and 911 telecommunicators employed by counties and cities and a new pension plan at MSRS for probation officers and 911 telecommunicators employed by the State. The work group, which will consist of representatives from 17 different agencies, unions, and associations, is directed to meet during the interim to determine the features of the new pension plans and consider other related topics, including a cost study currently in progress at PERA and whether other public safety adjacent positions should be

included in the new plans. The work group must report their recommendations, with proposed legislation, to the Commission by January 15, 2026.

Article 18: Legislative Commission on Pensions and Retirement

Source: LCPR Amendment S2884-9A and Senate State and Local Government Committee Amendment S2884-8A, derived from SF 3467 (Rasmusson/Frentz)

Article 18 amends Section 3.85, the statute that established and governs the Legislative Commission on Pensions and Retirement (Commission).

Section 1 amends subdivision 2 (“Powers”), paragraph (d), to delete the requirement that the Commission must analyze “each item of proposed pension and retirement legislation, including amendments to each, with particular reference to analysis of their cost, actuarial soundness, and adherence to sound pension policy” and report its findings to the legislature. Complying with this requirement is not feasible or practical and is cost prohibitive due to the volume of pension and retirement legislation introduced each session and the cost of doing an actuarial cost assessment of each bill and amendment.

Section 2 amends subdivision 3 (“Membership”) to clarify that a member of the Commission serves until the earlier of the appointment of the member’s successor or the end of the member’s legislative term.

Section 3 amends subdivision 10 (“Standards for pension valuations and cost estimates”) to update terminology, limit the requirement that all public pension plans in Minnesota are subject to the Commission’s Standards for Actuarial Work (“Standards”) to only pension plans that are defined benefit plans, and replace the requirement that the Standards be update “annually” with “periodically.”

Section 4 provides the effective date for Sections 1 to 3, which is the day following final enactment.

Article 19: Statewide Volunteer Firefighter Plan

Source: LCPR Amendment S2884-9A and Senate State and Local Government Committee Amendment S2884-8A, derived from SF 3467 (Rasmusson/Frentz)

Article 19 amends various sections in Chapter 353G, which governs the PERA Statewide Volunteer Firefighter Plan (SVF Plan). Chapter 353G was substantially amended in the 2024 Omnibus Pension bill, including the addition of a defined contribution plan as an option for fire departments. The changes in Article 19 include incorporating new defined terms, adding missing language, and correcting changes made in 2024.

Section 1 amends Section 353G.08, subdivision 1a (“Annual funding requirements; monthly division”), to delete amortization periods to be used for changes, such as benefit increases, that result in a change in the unfunded actuarial accrued liabilities of a fire department’s account in the monthly division of the SVF Plan. Instead of requiring PERA’s executive director to use these amortization periods when determining a fire department’s funding requirements, new language requires the executive director to use the

amortization periods specified in Section 356.215, subdivision 11, which are added to this subdivision by Article 10, Section 5, of the bill. (Note: Section 1 of Article 19 is identical to Section 1 of Article 10.)

Section 2 adds a new subdivision 1b (“Applicable benefit level”) to Section 353G.11, which addresses the benefit level that applies when a member’s retirement benefit is calculated under either the lump sum division or the monthly division of the SVF Plan. This section also addresses how a fire department may change the benefit level. The section is currently titled “Lump sum division service pension levels,” a holdover from the pre-2024 statutes that no longer accurately describes the topics covered by this section. Commission staff will work with the Revisor’s office during the interim when the bill is incorporated into the statutes to replace this title with “Applicable benefit level; changing benefit levels.”

After the title change and the changes in Article 19 have been incorporated, Section 353G.11 will follow this outline:

353G.11 APPLICABLE BENEFIT LEVEL; CHANGING BENEFIT LEVELS.

Subd. 1b. Applicable benefit level.

Subd. 2. Benefit level changes in the lump-sum division.

Subd. 2a. Benefit level changes in the monthly division.

New subdivision 1b incorporates provisions included in Section 353G.09 in effect prior to 2024 stating that the benefit level in effect when the member terminated firefighting services applies when calculating the member’s lump sum or monthly benefit. These provisions were inadvertently omitted when this Chapter was substantially revised as part of the 2024 Omnibus Pension bill.

Sections 3 to 6 amend Section 353G.11, subdivisions 2, 2a, 4, and 5 to update and simplify language.

Sections 7, 9 and 10 amend subdivisions in Section 353G.19 (“Conversion to defined contribution plan”) to revise the requirement regarding full vesting when a tax-qualified retirement or pension plan terminates or converts from a defined benefit plan to a defined contribution plan. This requirement appears in Section 356.001, subdivision 3, and applicable federal law (Internal Revenue Code Section 401(a)(7) in effect on September 1, 1974). Full vesting is required for all accrued benefits and accounts but only “to the extent funded.” This means that if a fire department account in the SVF Plan elects to transition from coverage by the SVF Plan’s defined benefit plan to coverage by the SVF Plan’s defined contribution plan and the fire department account is less than 100% funded, all accrued benefits must become vested on the conversion effective date *only to the extent of the funding available*.

The full vesting requirement appears in subdivision 1 (“Authority to initiate conversion”), subdivision 3 (“Notice to participants”), and subdivision 4 (“Full vesting and determination of accrued benefit”) and is revised accordingly in each subdivision.

Section 8 amends Section 353G.19, subdivision 2 (“Resolutions by the governing body”), to clarify that the participating employer must determine whether the fire department account or the affiliated relief association is fully funded or underfunded as of the most recent valuation date. This determines whether the participating employer will have to approve a resolution to make a contribution to the account or relief association to eliminate any underfunding.

Section 11 amends Section 353G.19, subdivision 5 (“Surplus over full funding”) to state that, when a fire department elects to convert the fire department’s defined benefit account in the SVF Plan to a defined contribution account, and the defined benefit account is overfunded, the surplus must be allocated among active volunteer firefighters to their new accounts in the defined contribution plan. This change means that a volunteer firefighter who is no longer providing firefighting services to a fire department (i.e., a deferred member) will have an account established in the new defined contribution plan to which the amount of the former firefighter’s accrued benefit will be deposited, like all other former and active firefighters, but the former firefighter’s account will not share in the surplus.

Section 12 provides the effective date for Sections 1 to 11, which is the day following final enactment, except the amendment to Section 1, paragraph (b), clause (2), which is effective beginning with actuarial valuations on or after July 1, 2025.

Article 20: IRAP to TRA Transfers

Source: LCPR Amendment S2884-9A and Senate State and Local Government Committee Amendment S2884-8A, derived from SF 3467 (Rasmusson/Frentz)

The 2024 Omnibus Pension bill added new procedures for determining which participants in the Minnesota State Colleges and Universities Individual Retirement Account Plan (IRAP) are eligible to elect a transfer from the IRAP to the Teachers Retirement Association (TRA) and how that transfer is to occur. If the participant satisfies the eligibility requirements, the participant can elect to transfer retirement coverage to TRA and begin accruing a pension benefit. The election will result in the transfer of the participant’s IRAP account to TRA for the purchase of credit for past service toward the TRA pension. Article 20 revises provisions added in 2024.

Section 1 amends subdivision 3 (“Eligible person”) of Section 354B.215 (“Teachers Retirement Association coverage for employees who did not receive election to transfer”), to revise language regarding the following:

- A participant in the IRAP will be an “eligible person” entitled to elect a transfer from the IRAP to TRA only if the participant was previously eligible to elect a transfer. MN State staff identified periods of time and circumstances when applicable law did not authorize a transfer.
- MN State employees who are granted tenure would have had two opportunities to elect a transfer under current law: upon hire and upon achieving tenure. Even if MN State produces documentation showing that a participant was offered the opportunity to elect a transfer when the participant was hired, a participant will be considered an eligible person and have the opportunity to elect a transfer if MN State cannot produce documentation showing that the participant was offered the opportunity to elect a transfer when the participant was granted tenure or comparable permanent status.
- To give MN State more time to produce documentation regarding a previous election opportunity, the 60-day period is extended to 75 days.

Section 2 amends subdivision 4 (“Eligible person application; information required from Minnesota State”) of Section 354B.215 to extend the time period from 60 days to 75 days during which MN State

may produce documentation showing a participant was given the opportunity to elect a transfer and is therefore not eligible to make a transfer now or in the future. A new requirement is added that MN State must specify the reasons for determining a participant is not eligible for a transfer.

Both sections in Article 20 are effective retroactively from January 1, 2025.

Article 21: Fire and Police State Aid

Source: LCPR Amendment S2884-9A and Senate State and Local Government Committee Amendment S2884-8A, derived from SF 3467 (Rasmusson/Frentz)

The 2024 Omnibus Pension bill made changes to Section 477B.02 (“Qualifying for fire state aid”), to incorporate references to part-time firefighters and explicitly state in this statute that fire departments that employ part-time firefighters are eligible for fire state aid. Article 21 makes similar changes to Chapter 423A, which governs supplemental state aid, and revisions to both Chapters 423A and 477B to take into account the fire departments that employ part-time firefighters and provide coverage through the PERA General Plan, not the Police & Fire Plan.

Section 1 amends Section 423A.022, subdivision 2, which governs the allocation of supplemental state aid. The requirements for which municipalities qualify for an allocation are deleted from clause (2) of paragraph (a) and inserted as new paragraphs (b) and (d). The reference in clause (2) to “other than the municipalities solely employing firefighters with retirement coverage provided by the public employees police and fire retirement plan” is replaced with “other than municipalities solely employing firefighters with retirement coverage by one or more pension plans under chapter 353.” The new language refers to the PERA General Plan and the P&F Plan, which are the only pension plans under chapter 353.

The change from a reference to just the P&F Plan to a reference to both the General Plan and the P&F Plan brings the statute into conformity with the way this statute is administered by the Department of Revenue. A municipality is not entitled to an allocation of the 35.484% of total supplemental state aid if the municipality solely employs firefighters covered by either or both the PERA General Plan or the P&F Plan.

To receive an allocation of supplemental state aid, a municipality must also have been qualified to receive fire state aid in that calendar year, under Section 477B.02.

Section 2 amends Section 423A.022, subdivision 3 (“Reporting”), to require the executive director of PERA to report to the Department of Revenue, for the purpose of supplemental state aid, the municipalities that employ firefighters with coverage by the PERA General Plan, in addition to the reporting, as required under current law, on municipalities with firefighters in the P&F Plan or the SVF Plan.

Section 3 amends Section 424A.014, subdivision 5 (“Report by certain municipalities; exceptions”), to add a reference to the PERA General Plan and a reference to the statutes referring to employer contributions to the PERA General Plan.

Section 4 amends Section 424A.08 (“Municipality without relief association; authorized disbursements”), to clarify language and insert references to the SVF Plan, part-time firefighters, and the PERA General Plan. This section limits the use of fire state aid when a municipality is not affiliated with a relief association or participating in the SVF Plan and authorizes fire state aid to be used to pay employer contributions to the P&F Plan or the PERA General Plan.

Section 5 amends Section 477B.02, subdivision 3 (“Benefit requirements”), which governs eligibility for fire state aid. A fire department is eligible for fire state aid if:

- (a) it is associated with a relief association;
- (b) participates in the SVF Plan;
- (c) has retirement coverage for its full-time or part-time firefighters under the P&F Plan;
- (d) satisfies both (1) and (3); or
- (e) satisfies both (2) and (3).

Section 5 revises subdivision 3 by adding the requirement to clause (2) that the fire department have active firefighters and inserting a reference to the PERA General Plan in clause (3). This change to clause (3) means that a fire department will be eligible for fire state aid if the fire department has firefighters in the PERA General Plan, instead of or in addition to the P&F Plan, a relief association plan, or the SVF Plan.

Section 6 amends Section 477B.02, subdivision 8 (“PERA certification to commissioner”), to require the executive director of PERA to certify to the Department of Revenue, for the purpose of fire state aid, the fire departments that (1) participate in the SVF Plan but have no firefighters receiving credit for service toward a retirement benefit and (2) employ part-time firefighters covered by the PERA General Plan. These requirements are in addition to the certification required under current law that the PERA executive director inform the DOR about any fire departments that joined or left the SVF Plan.

Sections 7 to 10 amends Sections 477B.03 and 477B.04 to delete references to “volunteer” to align with the new definitions in Chapter 424A added by the 2024 Omnibus Pension bill and clarify language.

Section 11 provides the effective date for Sections 1 to 10, which are effective beginning with aids payable in 2026.

Article 22: State Board of Investment

Source: LCPR Amendment S2884-9A and Senate State and Local Government Committee Amendment S2884-8A, derived from SF 3467 (Rasmusson/Frentz)

Sections 1 and 2 amend Section 11A.07, subdivisions 4 and 4b, to revise a reporting deadline to allow time for the SBI to receive its annual audit report. The due date to file with the Legislative Reference Library a report summarizing the activities of the SBI during the preceding fiscal year is changed from December 31 to after completion of the applicable fiscal year audit, but no later than March 31 of each year. The new due date will align with the completion of the SBI's annual audit, which typically concludes mid-January.

Section 3 repeals Section 11A.27 (“Report on investment consultant activities and deliverables”), which eliminates the requirement for the SBI to produce a specific report on the SBI's external investment consultants. The requested information is redundant as it is included in the SBI's quarterly board materials and yearly budget documentation.

Section 4 provides the effective date for Sections 1 to 3, which is the day following final enactment.

Article 23: Miscellaneous Technical Corrections

Source: LCPR Amendment S2884-9A and Senate State and Local Government Committee Amendment S2884-8A, derived from SF 3467 (Rasmusson/Frentz)

Sections 1 and 2 amend subdivisions 4 and 6 in Section 124E.12 (“Employment”), which is in Chapter 124E governing charter schools. The changes delete obsolete language, update language, and insert references to TRA and St. Paul Teachers Retirement Fund Association, consistent with the chapters referenced.

Section 3 amends Section 181.101 (“Wages; how often paid”), to conform a reference to “volunteer firefighter, as defined in Section 424A.001” to the new definitions added to Section 424A.001 by the 2024 Omnibus Pension bill. Defined terms used in Chapter 424A were revised in 2024 and included making a distinction between “volunteer firefighters” and “on-call firefighters.” A reference to “or paid on-call” is inserted after “volunteer” to ensure that paid on-call firefighters are also covered by this statute.

Sections 4 and 5 amends Section 356.633 (“Direct rollovers”), which was substantially revised in the 2024 Omnibus Pension bill. The changes made to subdivisions 1 and 2 clarify that the direct rollover requirements apply to all public pension and retirement plans and do not apply to a distribution of less than \$200, and make other revisions to more closely mirror the federal requirements.

Section 6 adds a new subdivision 4 to Section 356.633 that requires covered retirement plans to provide the tax notice required by federal law in accordance with the timing requirements. The notice informs members and participants of their right to elect a direct rollover and what that means.

Section 7 adds new Section 356.638, titled “Military service,” which appears as subdivision 9 of Section 356.635 in current law. The rest of Section 356.635 deals with required minimum distributions, unrelated to the federally required language for military service. The language of subdivision 9 is updated and clarified.

Sections 8 and 9 revise Section 424B.22 (“Relief association dissolution and retirement plan termination”). Section 8 amends Section 424B.22, subdivision 1 (“Application”), to delete paragraphs (b) through (d), which provide the procedures for voluntarily dissolving a relief association and terminating its retirement plan, and are being moved to a new subdivision 1a, titled “Voluntary dissolution and termination,” added by Section 9.

Section 10 amends Section 424B.22, subdivision 2 (“Involuntary dissolution and termination”), to add a new clause (3) to the clauses that describe when a relief association is involuntarily dissolved and its retirement plan terminated. The new provision states that an involuntary dissolution occurs when the

governing body with which the fire department is affiliated resolves to transfer its active firefighters who are members of the relief association to the PERA P&F Plan or the PERA General Plan, and no other active firefighters remain in the relief association.

Section 11 amends Section 424B.22, subdivision 3 (“Retirement plan termination date, full vesting, and forfeitures”), to make the following changes:

- Modify the full vesting requirement upon plan termination to note that full vesting is required only to the extent funded;
- Add a new clause (2) in paragraph (b) that states that if a relief association pays interest on deferred benefits, crediting of interest ends on the retirement plan termination date.

Section 12 repeals Section 356.635, subdivision 9 (“Military service”), because it is moved to its own new Section 356.638 in Section 7.

Section 13 provides the effective date for Sections 1 to 12, which is the day following final enactment.