



2026 Omnibus Pension and Retirement Bill: HF 4074 (Lillie), 2nd Engrossment

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Introduction

HF 4074 (Lillie), the Second Engrossment, is the 2026 Omnibus Pension and Retirement Bill. The bill is a compilation of 16 bills and many amendments heard and approved by the Legislative Commission on Pensions and Retirement (Commission) during the 2026 legislative session.

HF 4074 was amended and passed by the House State Government Finance and Policy Committee on April 16, 2026, and re-referred to the House Ways and Means Committee. At its meeting on May 5, 2026, the Commission considered S4276-DE1, the delete-everything amendment to HF 4074, and after approving 12 amendments, voted unanimously to recommend the bill, as amended, to pass as the 2026 Omnibus Pension and Retirement Bill. The Commission forwarded the recommendation to the House and Senate committees of jurisdiction. The bill was amended and passed by the House Ways and Means Committee on May 7, 2026, and referred to the House General Register.

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

Article- by- Article Summary

Article 1: Minnesota State Retirement System (MSRS)

Source: *SF 4276 (Frentz)/HF 4074 (Lillie)*

Article 1 amends statutes governing the pension plans administered by MSRS.

Section 1 amends section 352.021, subdivision 2, to clarify that a state employee is covered by the MSRS General State Employees Retirement Plan (MSRS General Plan) unless the state employee is covered by the MSRS Correctional Employees Retirement Plan (MSRS Correctional Plan) under section 352.905. Section 1 also clarifies that salary deductions are credited to the state employee's account in the fund of the plan that provides retirement coverage.

Sections 2 to 5 amend section 352.029, which governs coverage by MSRS for employees of labor organizations to treat MSRS Correctional Plan members the same as MSRS General Plan members.

- Section 2 amends subdivision 1 to clarify that paragraph (a) allows state employees covered by the MSRS General Plan to elect coverage by the MSRS General Plan while on a leave of absence

without pay to provide service as an employee or officer of a labor organization representing state employees. Section 2 adds new paragraph (b), which states that a state employee covered by the MSRS Correctional Plan who is on a leave of absence to provide service to a labor organization may elect to be covered by the MSRS Correctional Plan.

- Section 3 amends subdivision 2 to reference both the MSRS General Plan and the MSRS Correctional Plan in describing the process to elect coverage by the applicable plan.
- Section 4 amends subdivision 2a by inserting a reference to section 352.92, which is the section that sets out the required contributions, including the supplemental employer contributions, to the MSRS Correctional Plan. Section 4 also makes technical and conforming changes.
- Section 5 amends subdivision 3 to reference both employees covered by the MSRS General Plan and employees covered by the MSRS Correctional Plan in describing the contributions required and who pays those contributions.

Section 6 amends section 352.115, subdivision 7a, which describes the application procedure for a person applying for an annuity, refund, or disability, survivor, or death benefit from any of the MSRS-administered pension and retirement plans. Section 6 updates the procedure so that filing an application is effective on the date an original application is received by MSRS, but to complete the application, supporting documents must be received by MSRS no later than 60 days after filing the application.

Section 7 amends section 352.115, subdivision 8, by breaking up the large subdivision into four paragraphs and clarifying the language.

Section 8 amends section 352.115, subdivision 9, to include a reference to Chapter 356. Chapter 356 includes sections that may result in the revocation of a benefit in certain circumstances.

Sections 9, 10, and 14 amend section 352.87, which is the statute that governs the special coverage for employees of the State Fire Marshal Division.

- Section 9 amends subdivision 1 to revise how a deputy state fire marshal, fire/arson investigator, becomes covered by the fire marshal subplan. Instead of employees electing into the special coverage, the changes in this section will mean that fire marshals will be covered by the special coverage unless they were first employed before July 1, 2026, and elected not to be covered.
- Section 10 clarifies language in section 352.87, subdivision 2.
- Section 14 repeals subdivision 8, which describes the process for electing coverage by the fire marshal subplan and making retroactive salary deduction contributions that must be made for retroactive coverage starting with the employee's employment date. Because Section 9 removes the ability to elect coverage going forward and coverage will be the default, subdivision 8 will not be applicable as of July 1, 2026.

Section 11 amends section 352.905 by adding new subdivision 8 to the eligibility section for the MSRS Correctional Plan to clarify that members who take leave to provide service as an employee or officer of a labor organization representing state employees will continue to be covered by the Correctional Plan.

Section 12 amends section 352.907, a new provision enacted in 2025 that establishes a committee to review changes to coverage under the MSRS Correctional Plan. Section 12 amends section 352.907 to note that meetings of the correctional plan membership committee are not subject to chapter 13D, which are the state's open meeting laws. Section 12 also states that the correctional plan membership committee is not an agency for the purposes of sections 15.0597 and 15.0599, which require agencies to report to the Secretary of State and follow certain appointment procedures.

Section 13 is a session law that consists of four subdivisions. This session law is "special legislation" that allows two deputy state fire marshals who missed making the election for the special coverage for fire marshals to make the election and pay the missed employee contributions plus interest. The employer must then pay the missed employer contributions plus interest.

All sections are effective July 1, 2026.

Article 2: Public Employees Retirement Association (PERA)

*Source: SF 4721 (Frentz)/HF 4514 (Lillie)
LCPR Amendment S4276-14A*

Sections 1 and 4 amend statutes governing the Public Employees Police and Fire Plan (Police & Fire Plan) administered by PERA.

- Section 1 provides funding in the form of direct state aid to the Police & Fire Plan to fund the cost of reducing the postretirement adjustment (COLA) delay in Section 4. Section 1 amends section 353.65, subdivision 3b, to add a new direct state aid to the Police & Fire Plan in the amount of \$8,000,000 by October 1, 2026, and each October 1 thereafter. Under new paragraph (g), the aid expires on July 1, 2042.
- Section 4 amends section 356.415, subdivision 1c, by reducing the waiting period for a retiree or benefit recipient to receive a full COLA from 24 months to 12 months under the Police & Fire Plan. In addition, the waiting period for a partial COLA is reduced from 13 months to 1 month.

Section 1 is effective the day following final enactment. Section 4 is effective for postretirement adjustments beginning on or after January 1, 2027.

Articles 2, 3, and 5 amend statutes governing the Local Government Correctional Service Retirement Plan (Correctional Plan) administered by PERA.

- Section 2 amends section 353E.03, subdivision 1, which sets out the percentage of salary an employee must contribute to the PERA Correctional Plan. Section 2 decreases the employee contribution rate from 6.83% to 6% of salary.
- Section 3 amends section 353E.03, subdivision 2, which sets out the percentage of an employee's salary that the employer must contribute to the PERA Correctional Plan. Section 3 decreases the employer contribution rate from 10.25% to 9% of salary.
- Section 5 amends section 356.415, subdivision 1g, which provides the COLA for the PERA Correctional Plan. Section 5 increases the maximum COLA for the PERA Correctional Plan. Under

current law, the COLA for the PERA Correctional Plan is 1% effective each January 1, unless the Social Security COLA is greater than 1%, in which case the COLA is 100% of the Social Security COLA, not to exceed 2.5%. Under the bill, the COLA maximum is increased from 2.5% to 3%. The remaining changes in Section 5 are technical changes.

Sections 2 and 3 are effective January 1, 2027. Section 5 is effective for postretirement adjustments beginning on or after January 1, 2027.

Article 3: Teachers Retirement Association (TRA); St. Paul Teachers Retirement Fund Association (St. Paul Teachers)

*Source: SF 4330 (Rasmusson)/HF 4167 (Nadeau)
SF 4765 (Rasmusson)/HF 4429 (Nadeau)
LCPR Amendment S4276-2A
LCPR Amendment S4276-16A*

Sections 1, 4, and 5 amend statutes governing the age at which a teacher covered by TRA can enter into a return-to-work agreement before the effective date of retirement and still commence receipt of a retirement annuity from TRA. The age is reduced from 62 to 59½.

- Section 1 amends section 354.05, subdivision 37, which defines “termination of teaching service.” Termination has not occurred if the teacher entered into a return to work agreement before age 62. The age is changed from 62 to 59½.
- Section 4 amends section 354.444, subdivision 2, which authorizes teachers to retire, begin receipt of a retirement annuity, and return to work. Under this section, a teacher is authorized to enter into a written agreement with the employing unit to return to work before retirement, but only if the teacher is at least age 62. Subdivision 2 is revised to change the age from 62 to 59½.
- Section 5 amends section 354.444, subdivision 3, by adding a new paragraph that states that a member who is at least age 59½ may, before the effective date of retirement, enter into a written agreement to return to work.

Sections 2, 3, 6, and 7 amend statutes governing TRA’s disability benefits. The changes add physician assistants to the providers who can examine members and provide documentation to TRA for disability benefit purposes.

Section 8 amends section 354A.011, subdivision 14b, to add a “licensed physician assistant” to the definition of “medical expert,” which is applicable to the statutes governing St. Paul Teachers.

Section 9 revises the audit requirement for St. Paul Teachers in section 354A.021, such that the audit will be conducted by the state auditor unless the auditor notifies St. Paul Teachers that the state auditor will not conduct the audit for a particular year. For any year that the auditor does not perform the audit, St. Paul Teachers must have an audit conducted by a CPA firm.

Section 10 amends section 354A.12, subdivision 1, which sets out the percentage of salary an employee must contribute to St. Paul Teachers. Section 10 decreases the employee contribution rate from 11.5% to 10.5% of salary for basic members and from 9% to 8% of salary for coordinated members.

Sections 11 and 12 relate to the funding of the cost of reducing employee contributions in Section 10. Section 11 amends section 354A.12, subdivision 3a, to add a new direct state aid to St. Paul Teachers in the amount of \$3,400,000. Under Section 12, aid will terminate the day after plan assets equal or exceed liabilities (100% funded) for three years, or July 1, 2048, whichever is earlier.

Section 13 revises the report requirement for St. Paul Teachers in section 356.219, subdivision 1, such that St. Paul Teachers does not have to submit a report to the state auditor if St. Paul Teachers is audited by the state auditor, or submits to the state auditor an audit that was conducted in accordance with auditing standards generally accepted in the United States.

Sections 14 and 15 amend session laws governing TRA and St. Paul Teachers. The changes extend by three years the suspension of the earnings limitation for retirees of TRA and St. Paul Teachers returning to teaching service that is scheduled to expire on January 1, 2029, and, without the extension, would impact annuity payments beginning in 2029. Under section 14, the earnings limitation will not apply to salary earned in fiscal years 2025 through 2030 for teachers covered by TRA, or calendar years 2025 through 2030 for teachers covered by St. Paul Teachers. Annuity payments to re-employed teachers covered by either TRA or St. Paul Teachers will not be deferred or forfeited during calendar years 2026 through 2031. Section 15 extends the expiration of the session from 2029 to 2032

Sections 10, 11, and 12 are effective July 1, 2026. The remaining sections are effective the day following final enactment.

Article 4: Probation and Telecommunicator Retirement Subplan of the MSRS General State Employees Retirement Plan

*Source: LCPR Amendment S4276-12A
House Amendment H4074A8*

Section 2 establishes the Probation and Telecommunicator Retirement Subplan administered by MSRS by adding new section 352.88, titled “Probation Officers and Public Safety Telecommunicators” to Chapter 352. Key features of the MSRS Probation and Telecommunicator Subplan are the following:

- **Eligibility:** Employees who are employed in a covered employment position or whose duties are certified by the employer as those of a probation officer or public safety telecommunicator are required to participate in the MSRS Probation and Telecommunicator Subplan. However, employees who are age 60 or older with three years of service in the MSRS General Plan on January 1, 2027, will remain in the MSRS General Plan.
- **Vesting:** 3 years
- **Normal Retirement Age:** 60
- **Early Retirement Age:** 55
- **Benefit Formula Multiplier:** 1.9%

- **COLA:** 1.75%
- **Employer Contribution Rate:** 8.25%
- **Employee Contribution Rate:** 8.71%

Section 3 adds new section 352.881, titled “Subplan Coverage Changes,” which creates new standing review committees in the Department of Corrections, Department of Public Safety, and Metropolitan Council. Members of each committee are to be appointed by the Commissioner of Corrections, the Commissioner of Public Safety, and the General Manager of Metro Transit, respectively. The committees will oversee changes to the titles of an employment position and approve or deny coverage by the new subplan. An employee will have the right to appeal a committee determination.

Sections 1, 4, and 5 make changes to current statutes to incorporate references to the MSRS Probation and Telecommunicator Retirement Subplan.

Sections 1–5 are effective January 1, 2027.

Section 6 consists of appropriations to the agencies that employ employees who will be participating in the new MSRS Probation and Telecommunicator Retirement Subplan. The employers are required to contribute an additional 2% of pay to the new plan, and the appropriation to each agency funds the cost of the additional contributions.

- Paragraph (a) appropriates \$272,000 in fiscal year 2027 from the general fund to the commissioner of corrections. The base for this appropriation is \$545,000 in fiscal years 2028 and 2029.
- Paragraph (b) appropriates \$14,000 in fiscal year 2027 from the general fund to the commissioner of public safety. The base for this appropriation is \$29,000 in fiscal years 2028 and 2029.
- Paragraph (c) appropriates \$40,000 in fiscal year 2027 from the general fund to the Metropolitan Council. The base for this appropriation is \$80,000 in fiscal years 2028 and 2029.
- Paragraph (d) appropriates \$7,000 in fiscal year 2027 from the trunk highway fund to the commissioner of public safety. The base for this appropriation is \$14,000 in fiscal years 2028 and 2029.

Article 5: Local Government Probation and Telecommunicator Retirement Plan

Sources: LCPR Amendment S4276-10A

LCPR Amendment S4276-11A

Sections 26–35 and 52 establish the Local Government Probation and Telecommunicator Retirement Plan to be administered by PERA by adding new Chapter 353H. Key features of the PERA Probation and Telecommunicator Plan are the following:

- **Eligibility:** Employees who meet the definition of a probation officer or public safety telecommunicator are required to participate in the PERA Probation and Telecommunicator Plan.

However, a person who first became a public employee or a member of a pension fund before July 1, 1989, is not eligible to participate as a member of the PERA Probation and Telecommunicator Plan.

- **Vesting:** 3 years
- **Normal Retirement Age:** 60
- **Early Retirement Age:** 55
- **Benefit Formula Multiplier:** 1.9%
- **COLA:** 100% of Social Security COLA, with a 1% minimum and 1.75% maximum
- **Employer Contribution Rate:** 7.5%
- **Employee Contribution Rate:** 8.82%

Section 45 adds a new subdivision 1h to section 356.415, which will provide a COLA for members of the new plan.

Sections 1–25, 36–44, and 46–51 make changes to current statutes to incorporate references to the PERA Probation and Telecommunicator Plan.

Sections 1 to 44 and Sections 46 to 52 are effective January 1, 2027. Section 45 is effective for postretirement adjustments beginning on or after January 1, 2027.

Article 6: Probation and Telecommunicator Plans; Transfers from the General Fund; Temporary Reduction in Employee Contribution Rates

Source: LCPR Amendment S4276-17A

Article 6 is a session law consisting of two sections:

Section 1 transfers money from the general fund to the local government probation and telecommunicator retirement fund and the general state employees retirement fund to fund the cost of the employee contribution decrease in Section 2.

- Subdivision 1 requires a one-time transfer to the local government probation and telecommunicator retirement fund in the amount of \$2,610,000 no later than January 15, 2027.
- Subdivision 2 requires a one-time transfer to the general state employees retirement fund for the benefit of probation officers and public safety telecommunicators covered by the new MSRS subplan in the amount of \$390,000 no later than January 15, 2027.

Section 2 reduces the employee contributions rates for members of the new MSRS subplan and PERA local government probation and telecommunicator plan for the first 20 months (through August 2028).

- For the MSRS Probation and Telecommunicator subplan, instead of paying the General Plan rate of 6% of pay, plus 2.71% of pay, members will pay only an additional 2% of pay through August 2028. Beginning in September 2028, the total employee contribution rate will be 8.71% of pay.

- For the PERA Probation and Telecommunicator Plan, instead of paying 8.82% of pay, members will pay 8% of pay through August 2028. Starting in September 2028, members will pay 8.82% of pay.

Sections 1 and 2 are effective January 1, 2027.

Article 7: Volunteer Firefighters

*Source: SF 3588 (Pappas)/HF 3456 (Cha)
SF 3897 (Gustafson)/HF 3703 (Nadeau)
SF 3828 (Limmer)/HF 3512 (Robbins), as amended by S3828-DE1
LCPR Amendment S4276-5A
LCPR Amendment S4276-15A*

Article 4 amends statutes governing firefighter relief associations and the Statewide Volunteer Firefighter Plan and includes legislation recommended by the State Auditor's Fire Relief Association Working Group. Article 4 also includes a session law that applies to the Maple Plain Fire Relief Association, the city of Maple Plain, and the Statewide Volunteer Firefighter Plan.

Sections 1 and 2 amend two sections of Chapter 353G, which governs the Statewide Volunteer Firefighter Plan. Under current law, the executive director of PERA must determine the funding requirements for each account in the lump-sum division of the defined benefit plan on or before August 1 every other year. Sections 1 and 2 change this from a biennial requirement to an annual requirement.

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

Sections 3–6 amend the definitions of “firefighting service,” “separate from active service,” “break in service,” and “firefighter” in section 424A.001.

- Section 3 expands the definition of “firefighting service” to include duties performed by emergency volunteer emergency medical personnel, if approved by the presiding municipality or municipalities under section 424A.01.
- Sections 4 and 5 revise the definitions of “separate from active service” and “break in service,” respectively, to use “firefighting service,” which is a defined term, rather than listing different types of duties.
- Section 6 clarifies the definition of “firefighter.”

Sections 3–6 are effective January 1, 2027.

Sections 7, 9, and 19 amend Minnesota Statutes, section 424A.01, subdivision 6, which governs the service pension calculation requirements for firefighters who return to active fire department service and relief association membership following a break in service.

- Section 7 generally inserts what was in section 424A.01, subdivision 6, into new section 424A.012, but reorganizes and revises the provisions to improve readability and reduce ambiguity. Specifically, Section 7 reorganizes the provisions into two subdivisions. Subdivision 1

establishes the pension calculation for firefighters who return to active service after a break in service and have not previously received a pension or disability benefit. Subdivision 2 establishes the service pension calculation for firefighters who return to active service after a break in service and have previously been paid a service pension or disability benefit.

Section 7 does not change how a firefighter's pension is calculated. However, Section 7 removes the condition that a firefighter must meet the minimum resumption service requirements if a firefighter returns to active firefighter service after being paid a pension or disability benefit from the relief association. Instead, a relief association may define vesting requirements in its bylaws solely for former firefighters who have been paid a pension or disability benefit and return to active relief association membership. Lastly, Section 7 clarifies that only defined benefit relief associations may, in their bylaws, define a minimum resumption service requirement that applies to firefighters who return to active membership but have not been paid a pension or disability benefit for their original period of service.

- Section 9 amends 424A.016, subdivision 4, to make a conforming change to reflect the changes in section 5.
- Section 19 repeals section 424A.01, subdivision 6.

Sections 7, 9, and 19 are effective January 1, 2027.

Section 8 amends section 424A.014, subdivision 1, to increase the threshold at which an annual financial report and audited financial statements are required. The threshold is increased from \$750,000 to \$1,000,000. If the \$1,000,000 threshold is exceeded, the relief association must file an annual financial report and audited financial statements with the State Auditor in the calendar year following the year in which the threshold was exceeded.

Section 8 is effective December 31, 2026, and applies to audited financial statements for calendar year 2026 and thereafter. A relief association that does not have special fund assets or special fund liabilities that exceed \$1,000,000 on December 31, 2026, is not required to submit audited financial statements under section 424A.014, subdivision 1, unless and until the association's special fund assets or special fund liabilities exceed \$1,000,000, even if audited financial statements were required immediately prior to the effective date.

Section 10 amends section 424A.016, subdivision 6, to delete a reference to the obsolete term "interest" from the provision that explains how investment performance on a deferred pension must be allocated.

Section 10 is effective the day following final enactment.

Section 11 amends section 424A.05, subdivision 3, which specifies the purposes for which disbursements from the special fund may be made, to add the purchase of an annuity that replaces a monthly benefit service pension.

Section 11 is effective the day following final enactment.

Sections 12–15 revise section 424B.22, which sets forth the procedures a relief association must follow to terminate the retirement plan it administers.

- Section 12 amends section 424B.22, subdivision 5, by deleting references to “present value.” When the board of trustees determines each firefighter’s benefit, the board will not be required to determine the present value of the benefits. The language in subdivision 5, as revised by Section 12, will require the board of trustees to determine “each participant’s accrued benefit” and does not direct that the present value of the benefit be calculated. Additionally, Section 12 deletes the requirement that the board of trustees take into account the earliest date the retirement benefit would have been payable, which is relevant to a calculation of present value.
- Section 13 amends section 424B.22, subdivision 7, by adding language that defines “surplus” and deleting references to “present value” so that any surplus will be allocated in the ratio of each firefighter’s accrued benefit to the total of all firefighters’ accrued benefits. Section 13 also adds a sentence to direct that if a retirement benefit is payable as a monthly pension, the relief association must allocate surplus by calculating the lump sum present value of the monthly pension.
- Section 14 amends section 424B.22, subdivision 8, to clarify language regarding distributions upon termination of the retirement plan.
- Section 15 amends section 424B.22, subdivision 9, by deleting unnecessary definitions for “retirement benefit” and “individual retirement account.” Section 15 also rewrites a paragraph of the subdivision to account for nonresponsive participants, in addition to missing participants. Upon a plan’s termination, all assets must be distributed. If a firefighter cannot be located or will not respond to requests to elect a direct payment or rollover or, in the case of monthly pensions, a lump sum or annuity, paragraph (b) directs the board of trustees to either transfer the benefit to an IRA in the name of the participant or to escheat the benefit to the state. Lastly, Section 15 adds paragraph (c), which provides guidance on how to handle a monthly pension when a participant is missing or nonresponsive.

Sections 12–15 are effective the day following final enactment.

Sections 16–18 are session laws that apply to the termination of the participation of the Maple Plain fire department in the Statewide Volunteer Firefighter Plan.

- Section 16, paragraph (a), requires PERA to transfer assets, liabilities, and records from the Statewide Volunteer Firefighter Plan to the Maple Plain Fire Relief Association, no later than 60 days after the effective date. Paragraph (b) notes that section 353G.17, which governs transfers, applies except as changed by paragraph (b). Clauses (1) to (9) of paragraph (b) either list the provisions in section 353G.17 that do not apply or revise the provisions of section 353G.17.
- Section 17 states that after the transfer, the Maple Plain Fire Relief Association must make distributions in accordance with section 424B.22 and subsequently terminate and dissolve the relief association in accordance with Minnesota law.
- Section 18 applies to supplemental benefits, which are payments made to firefighters when they receive a distribution from a relief association plan or the Statewide Volunteer Firefighter Plan to help the recipient pay income tax on the distribution. Section 18, paragraph (a), gives the city of

Maple Plain authority, but not the obligation, to make supplemental payments and seek reimbursement from the commissioner of revenue. If the city makes the supplemental payments, the Maple Plain Fire Relief Association is relieved of that requirement, under Section 18, paragraph (b).

Sections 16–18 are effective the day following final enactment.

Article 8: All Public Pension Plans

*Source: SF 4373 (Frentz), as amended by S4373-1A
SF 4588 (Frentz)/HF 4517 (Lillie)
HF 4162 (O’Driscoll), as amended by H4162-DE1
LCPR Amendment S4276-12A*

Sections 1, 2, 4, 5, 7–9, and 11–13 apply to the pension plans administered by MSRS (except the State Patrol, Judges, and Legislators Plans), PERA, and TRA, and require the employer of a reemployed annuitant to make employer contributions to the applicable pension plan.

- Sections 1 and 2 amend section 43A.346, which applies to a terminated state employee who accepts a postretirement option (PRO) position.
- Section 4 amends section 352.115, subdivision 10, and applies to annuitants who are reemployed in positions covered by the MSRS General Plan or the MSRS Correctional Plan.
- Section 5 amends section 352.1155, subdivision 3, which applies to a person who was a member of the MSRS General Plan and an employee of Minnesota State Colleges and Universities (MN State), and who returns to work for MN State under section 352.1155.
- Section 7 amends section 353.37, subdivision 5, and applies to annuitants who are reemployed in positions covered by the PERA General Plan, PERA Correctional Plan, or PERA Public Employees Police and Fire Plan (PERA P&F Plan).
- Sections 8 and 9 amend section 353.371, which applies to terminated members of the PERA General Plan who enter into a phased retirement agreement to continue employment.
- Section 11 amends section 354.44, subdivision 5, which applies to a member of TRA who resumes teaching service after retirement.
- Section 12 amends section 354.444, subdivision 5, which applies to a member of TRA who enters into a return-to-work agreement.
- Section 13 amends section 354.445, which applies to a person who was a member of TRA and an employee of MN State, and who returns to work for MN State under section 354.445. Section 13 also clarifies that employee contributions are not required during the period of reemployment.

Sections 1, 2, 4, and 5 are effective on the first day of the payroll period beginning on or after January 1, 2027. Sections 7–9 are effective January 1, 2027. Sections 11–13 are effective on the first day of the payroll period beginning on or after July 1, 2026.

Sections 3, 6, 10, 14, and 15 apply to the pension plans administered by MSRS, PERA, TRA, and St. Paul Teachers, and include clarifying changes needed due to the Minnesota Paid Leave program that took effect on January 1, 2026. For MSRS, PERA, TRA, and St. Paul Teachers, the definition of “salary” is amended to state that “salary” does not include “payments from the family and medical benefit insurance account for Minnesota paid leave under chapter 268B.”

- In addition to the salary definition change, Section 6 amends section 353.01, subdivision 10, governing PERA, to strike language and simplify when compensation paid during an authorized leave of absence will be considered part of the member’s salary. Section 6 also removes a reference to section 353.86, which was repealed in 2024.
- In addition to the salary definition change, Section 15 amends section 354A.095, governing St. Paul Teachers, to clarify that a member who is on an authorized parental or maternity leave can purchase service credit for that period of leave. These changes allow a member to purchase service credit for leave taken under the Minnesota Paid Leave program.

Sections 3, 10, 14, and 15 are effective retroactively from January 1, 2026. Section 6 has the following effective dates: the amendments to section 353.01, subdivision 10, paragraph (a), clauses (4) and (5), and paragraph (b), clause (11), are effective July 1, 2026. The amendment to section 353.01, subdivision 10, paragraph (b), clause (7), is effective retroactively from January 1, 2026.

Sections 16–18 establish a mixed service approach for calculating annuities for members of certain pension plans.

- Section 16 amends section 356.30, subdivision 1, which sets the eligibility for and how to compute an annuity under the combined service annuity approach. Section 1 adds “except as provided in subdivision 1a,” to the sentence that allows a person to elect to receive a retirement annuity from each covered retirement plan subject to the combined service annuity provisions. Subdivision 1a sets out the provisions of the mixed service approach.
- Section 17 adds subdivision 1a to section 356.30, and the new subdivision establishes the mixed service approach for calculating annuities when a person is eligible to receive annuities from certain pension plans.
 - For a person who is eligible to receive annuities from the MSRS General Plan and the MSRS Correctional Plan, the mixed service approach would allow a member to start receiving a retirement annuity from the MSRS Correctional Plan at age 55 and wait until the full retirement age of 66 to receive an unreduced retirement annuity from the MSRS General Plan, with both annuities being calculated based on the member’s highest average salary for 5 consecutive years under either plan.
 - For a person who is eligible to receive annuities from the MSRS General Plan and the MSRS Probation and Telecommunicator Subplan, the mixed service approach would allow a member to start receiving a retirement annuity from the MSRS Probation and Telecommunicator Subplan at age 60 and wait until the full retirement age of 66 to receive an unreduced retirement annuity from the MSRS General Plan, with both annuities being calculated based on the member’s highest average salary for 5 consecutive years under either plan.

- For a person who (1) transferred from the PERA General Plan to the PERA Probation and Telecommunicator Plan on January 1, 2027, and (2) is eligible to receive annuities from the PERA Probation and Telecommunicator Plan for allowable service earned under the PERA General Plan and the PERA Probation and Telecommunicator Plan, the mixed service approach would allow a member to start receiving a retirement annuity from the PERA Probation and Telecommunicator Plan at age 60 and wait until the full retirement age of 66 to receive an unreduced retirement annuity from the PERA General Plan, with both annuities being calculated based on the member's highest average salary for 5 consecutive years under either plan.
- Section 18 amends section 356.30, subdivision 3, by adding the PERA Probation and Telecommunicator Plan and the subplans of the MSRS General Plan to the list of covered plans that section 356.30 applies to.

Sections 16–18 are effective January 1, 2027.

Section 19 applies to all pension plans administered by MSRS, PERA, and TRA, and amends section 356.461, subdivision 1, which provides the investment return assumption to be used in computing joint and survivor annuities.

- Paragraph (a) states the investment return assumption for computing joint and survivor annuities is 6.5% unless a different percentage has been approved or deemed approved under paragraph (b).
- Paragraph (b) allows the governing board of a covered retirement plan to propose a change in the investment return assumption for computing joint and survivor annuities. Paragraph (b) also states that the assumption may be changed only with the approval of the Commission or after a period of one year has elapsed since the date on which the proposed assumption change was received by the Commission without Commission action. This is a similar process to how other assumptions in the appendix can be changed. “Covered retirement plan” is defined in section 356.461, subdivision 2, and includes all the MSRS- and PERA-administered pension plans and TRA, but not St. Paul Teachers.
- Paragraph (c) provides that the executive director of the Commission must update the appendix whenever a change in the assumption is approved or deemed approved.

Section 19 is effective July 1, 2026.

Article 9: Minnesota Secure Choice Retirement Program

Source: SF 4797 (Pappas)/HF 4921 (Nadeau), as amended by 26-07808-1A

Article 9 amends statutes in Chapter 187, which governs the Minnesota Secure Choice Retirement Program (Program), 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. The Program opened for enrollment of covered employers and covered employees in January 2026.

Section 1 amends the definitions section for Chapter 187 to add a new definition for “annual report.” The definition consolidates two annual reporting requirements in current law (section 187.08, subdivision 8, paragraphs (9) and (10)) into one requirement.

Section 2 amends the definition of “covered employee” to include individuals described in section 187.05, subdivision 7, who are not employed by a covered employer but are permitted to participate in the Program.

Section 3 amends the definition of “enrollment window” to add two windows, in addition to the window for enrolling employees when the employer is first required to join the Program. The two additional windows are the first 21 days of a covered employee’s employment with a covered employer and the first 21 days of January after the year in which an employer first becomes a covered employer.

Section 4 adds a definition for a new defined term, “waiting period,” which is the 30-day period that begins on the day a covered employee is enrolled in the Program.

Section 5 amends section 187.05, subdivision 1, to include references to individuals who are not employed by a covered employer but permitted to participate in the Program and make payments to the Program.

Section 6 amends section 187.05, subdivision 1a, which allows employers to certify to the Program that the employer is not a covered employer, to replace the reference to filing a form with the executive director of the Program with a reference to filing a certification through the Program’s online portal, by mail, or by email, with the consent of the executive director. Section 6 also adds a new paragraph to subdivision 1a to authorize the executive director to seek supporting documentation from an employer if needed to provide support for a certification.

Section 7 amends section 187.05, subdivision 4, to require the board to provide notice to covered employees, in addition to covered employers as required under current law, of a change in the employee contribution rate or escalation schedule. Paragraph (b) in current law is deleted because it is included in a new subdivision to section 187.05, which is added by Section 9.

Section 8 amends section 187.05, subdivision 7, to allow home and community-based services employees “twelve” months rather than “six” months to open an account in the Program.

Section 9 amends section 187.05 to add new subdivision 9, which addresses covered employees’ right to begin making contributions, change the rate of contributions, elect not to contribute, or cease contributing at least annually. These provisions are currently in section 187.05, subdivision 4, paragraph (b), but are deleted by Section 7.

Section 10 amends section 187.06, subdivision 3, which requires opening an individual account for each covered employee, to include a reference to individuals who are not employed by a covered employer but permitted to participate in the Program and make payments to the Program.

Section 11 amends section 187.07, subdivision 1, which directs covered employers to enroll employees and begin making payroll deduction contributions from paychecks. New language incorporates the requirements that covered employers enroll covered employees during the applicable enrollment period

and begin withholding payroll deduction contributions from the first paycheck after a covered employee's waiting period. Section 11 also deletes:

- paragraph (b) in current law, which details the default contribution rate and escalation schedule for contributions, because this provision is included in new subdivision 1a of section 187.07, which is added by Section 12; and
- paragraph (d) in current law, which requires the executive director to communicate annually to each covered employee the limits on employee contributions under applicable federal law, because this provision is included as subdivision 2 in new section 187.13, which is added by Section 20.

Section 12 amends section 187.07 to add new subdivision 1a, which provides the default employee contribution rate and the contribution escalation schedule that is being moved from section 187.07, subdivision 1, in current law to this new subdivision 1a.

Section 13 amends section 187.08, subdivision 1, which describes the board of directors. Section 13 replaces specific experience criteria with a requirement that the board members appointed by the Commission have "relevant experience."

Section 14 amends section 187.08, subdivision 2, by adding new paragraph (b), which states that if a member of the board wishes to serve an additional term, the Commission does not have to seek candidates to fill the seat as if it were to be vacant. This new paragraph also requires the executive director of the Program to notify the secretary of state and the chair or executive director of the Commission about the incumbent's desire to serve an additional term.

Section 15 amends section 187.08, subdivision 3, which defines the term of office for directors. Paragraph (b) is revised to require an incumbent seeking to serve an additional term to notify the chair of the board and the executive director of the Program.

Section 16 amends section 187.08, subdivision 6, to authorize the chair to serve indefinitely if reelected by the directors and to add a new paragraph that defines quorum and allows a simple majority vote of members present to approve any item of board business.

Section 17 amends section 187.08, subdivision 8, which lists the duties of the board of directors, to delete:

- clause (8), which is being moved to new section 187.13, subdivision 1, specifically on "Required notices" in Section 20; and
- language in clause (9) and all of clause (10), which is being moved to the new definition of "annual report" in Section 1.

Section 18 amends section 187.11, which requires other agencies to provide assistance to the Program. Paragraph (c) is amended to revise the requirement that the commissioner of administration provide office space for the Program in the Capitol complex to require the commissioner to assist in finding office space in St. Paul.

Section 19 amends section 187.12, subdivision 1, which imposes penalties against covered employers for failing to enroll a covered employee or provide information to a covered employee. This subdivision is revised to delete references to the failure to provide information to covered employees. This duty is transferred from covered employers to the Program by new section 187.13, which is added by Section 20. The covered employers' duty to provide information, which is in section 187.07, subdivision 3, is repealed in Section 22.

Section 20 adds new section 187.13 ("Required Notices") to Chapter 187. This new section requires the Program to provide information about the Program, procedures, and disclaimers, among other items, to all covered employees within the first 7 days of employment (subdivision 1) and annual notice to covered employees about the annual limits under federal law on contributions to IRAs (subdivision 2).

Section 21 adds new section 187.14 ("Confidentiality of Data and Nonsolicitation") to Chapter 187. This new section prohibits disclosure of private data on individuals, unless permitted by an exception (subdivision 1), and prohibits solicitation by recordkeepers and others of covered employees, account owners, or beneficiaries (subdivision 2).

Section 22 repeals section 187.07, subdivision 3, which required covered employers to provide information to new covered employees. That duty is transferred to the Program and appears in new section 187.13, which is added by Section 20.

All sections are effective the day following final enactment.

Article 10: Supplemental Plans

Source: SF 4587 (Westlin)/HF 4694 (O'Driscoll)

Article 10 consists of one section that amends section 356.24, subdivision 3. Subdivision 3 defines "deferred compensation plan," which is one of the exceptions to the prohibition against public employers contributing public funds to pension or deferred compensation plans that are in addition to the primary pension plan that covers public employees. Section 356.24 refers to these additional plans as "supplemental" to distinguish them from the "primary" pension plans, which include the statewide pension plans administered by MSRS, PERA, and TRA.

Subdivision 3 defines "deferred compensation plan" by referencing several requirements that must be met. One requirement, in paragraph (c), requires vendors and plan administrators to disclose annually to plan participants, for each investment fund, all fees and rates of return over one-, five-, and ten-year periods, and file this disclosure with the Commission executive director.

Section 1 amends paragraph (c) to eliminate the final sentence of the paragraph, which is the requirement that the investment fee and rates of return disclosure be filed with the Commission executive director.

Section 1 is effective the day following final enactment.

Article 11: Health Care Savings Plan

Source: SF 4764 (Nelson)/HF 4630 (Cha), as amended by S4764-1A

Article 11 consists of one section that amends section 352.98, subdivision 3, which applies to the Health Care Savings Plan administered by MSRS. Under current law, contributions to the Health Care Savings Plan must be defined in a personnel policy or collective bargaining agreement.

Section 1 breaks subdivision 3 into four paragraphs and adds “participation plan” and “resolution of the governing body” to the provision directing where contributions must be defined, which will permit individuals who are elected officials to participate in the Health Care Savings Plan.

Section 1 is effective the day following final enactment.

Article 12: Work Groups

*Source: SF 4766 (Seeberger)/HF 4723 (Johnson), as amended by S4766-DE1
SF 4464 (Howe)/HF 4988 (Novotny), as amended by S4464-DE4*

Article 12 establishes two work groups that are required to meet during the interim between the 2026 and 2027 legislative sessions to recommend legislation on two different topics.

Section 1 establishes the Work Group on Vesting and Emergency Medical Providers in Firefighter Relief Associations and the Statewide Volunteer Firefighter Plan. The work group is to recommend legislation that would:

- shorten the vesting schedule for firefighter relief associations to a maximum of ten years;
- require that firefighter relief associations include volunteer or paid on-call emergency medical providers as members on the same basis as volunteer or paid on-call firefighters; and
- make the same changes to the PERA Statewide Volunteer Firefighter Plan as are recommended for firefighter relief associations.

The work group, which will consist of representatives from 8 different organizations and agencies, must report its recommendations, with proposed legislation, to the Commission by January 29, 2027, or, if later, the date all members of the Commission have been appointed for the 2027–2028 biennium.

Section 2 establishes the Work Group on Duty Disability and the Public Safety Officer’s Benefit Account. The work group is to recommend legislation that would:

- reform duty disability for members of the public employees police and fire plan; and
- ensure that members of the police and fire plan who become duty disabled have access to affordable health insurance coverage until Medicare eligibility.

The work group will consist of representatives from 15 different organizations and agencies as well as legislators who wish to participate. Legislation recommended by the work group must address 7 topics, including the impending shortfall in the public safety officer’s benefit account and reforming the process

for approving duty disability applications, or report the reason for not including a topic in a report. The work group must report its recommendations, with proposed legislation, to the Commission by March 1, 2027, or, if later, the date all members of the Commission have been appointed for the 2027–2028 biennium.

Section 3 provides authorization to the Commission executive director to retain experts to assist the work group and, with the approval of the chair, vice chair, or secretary of the Commission, pay for their services with funds in an LCC account established in 2024 to pay for additional actuarial services.

Article 13: Special Legislation

*Source: SF 1213 (Miller)/HF 2117 (Repinski), as amended by S1213-1A
HF 4402 (Jordan), as amended by H4402-2A*

Section 1 is a session law that applies to one individual. Section 1 consists of two subdivisions.

- Subdivision 1 (“Definitions”) provides definitions for “board of trustees,” “IRAP,” and “MN State.”
- Subdivision 2 (“Location of IRAP account required”) provides a definition of the “eligible person” and requires the board of trustees to locate the contributions or pay the eligible person.
 - The “eligible person” is defined as a person who was employed by Winona State University from July 1, 1991, to June 30, 1996, and has copies of pay stubs showing payroll deduction contributions to the IRAP on dates in 1991 through 1993 in specified amounts.
 - No later than 60 days after the bill is enacted, the board of trustees is required to either: locate the eligible person's account to which the payroll deduction contributions were deposited; or pay the eligible person an amount equal to \$30,000.

Section 1 is effective the day following final enactment.

Section 2 is a session law that applies to one individual and the city of Minneapolis. Section 2 consists of one section with six subdivisions and an effective date provision that sets forth requirements for local approval.

- Subdivision 1 (“Definitions”) provides definitions for “city,” “executive director,” “fund,” and “general plan.”
- Subdivision 2 (“Authorization”), paragraph (a), states that an eligible person is entitled to:
 - have the City pay the omitted employee contributions for 2016 to 2018 plus interest, on the eligible person's behalf; and
 - upon the City making the required payment, receive credit for allowable service in the PERA General Plan for the periods of service described in subdivision 4.

Paragraph (b) requires the executive director to credit the eligible person with the service upon receipt of the payments.

- Subdivision 3 (“Eligible person”) defines an “eligible person” by reference to events rather than the former employee’s personal information, such as birth date or employee identification number, as has historically been the approach with pension-related bills for individuals.

- Subdivision 4 (“Periods of uncredited prior service”) defines the periods of uncredited prior service that may be purchased.
- Subdivision 5 (“Payment by employer”) requires the executive director of PERA to determine and notify the City and the eligible person of the amount of the payment required, which is the amount that the former employee and the City would have contributed for the periods in 2016, 2017, and 2018, had the former employee been correctly reported, plus interest. The City must pay the amount determined by PERA in a lump-sum within 60 days of the date on which the executive director notifies the City of the amount of the payment.
- Subdivision 6 (“Collection of unpaid amounts”) authorizes the executive director of PERA to take action to collect payment under section 353.28, subdivision 6, if the City fails to make the payment under subdivision 5. Section 353.28, subdivision 6, allows the executive director to seek collection by the county auditor or the commissioner of management and budget from property tax revenue or state aid payable to the City.
- The effective date states that Section 2 is effective upon approval by the Minneapolis City Council and compliance with section 645.021. Section 645.021 requires that the legislation be approved by the City’s governing body and that the City’s chief clerical officer file a certificate of approval with the Secretary of State. If the certificate of approval is not filed before the first day of the next regular session of the legislature, the law does not take effect.

Article 14: State Board of Investment (SBI)

Source: LCPR Amendment S4276-6A

Section 1 makes technical changes to section 11A.04, which outlines the duties and powers of the SBI.

Sections 2 and 3 amend section 11A.07, subdivisions 4 and 5, to provide that the executive director of the SBI may modify the billing procedure or apportionment of expenses and revise the procedures for apportioning expenses among the funds for which the SBI provides investment services.

Section 4 removes the fixed appropriation of \$139,000 to the SBI for expenses associated with managing the General Fund assets. The changes in Article 4 will result in a revenue loss to the General Fund of approximately \$782,000 per year. This revenue loss is partially offset by the removal of the direct appropriation in Section 4.

Article 15: Administrative, Technical, and Conforming Changes Related to Volunteer and Paid On- Call Firefighters

Source: LCPR Amendment S4276-3A

Article 15 consists of twenty-six sections plus an effective date provision.

Sections 1–11 and 13–25 remove outdated language and bring language in various statutes into conformity with the definitions and terms used in Chapters 424A, 353G, and other relevant chapters.

Section 12 amends section 353G.18, subdivision 4, which provides the termination procedures for entities that wish to terminate participation in the Statewide Volunteer Firefighter Plan. Under current law, when a plan terminates, the surplus (assets in excess of liabilities) is allocated among active and deferred members. However, when a defined benefit plan converts to a defined contribution plan, the surplus is allocated among only active members. Section 12 revises the inconsistency—when a plan terminates, the surplus goes to the active members only.

Section 26 has a revisor instruction that will change “firefighters relief associations” (and various permutations of that term) to “firefighter relief associations.”

All sections are effective the day following final enactment.

Article 16: Miscellaneous Technical Corrections

Source: LCPR Amendment S4276-3A

Section 1 changes references in section 299A.465, the duty disability health insurance section, from “the date of enactment” to “May 24, 2025,” which was the actual date of enactment.

Section 2 changes a reference from “section 354A.31, subdivision 6, paragraph (b),” to “section 354A.31, subdivision 6, paragraph (c)” in section 354A.29, subdivision 7.

Section 3 adds “participation plan, or resolution of the governing body” to section 356.24, subdivision 1. This is a conforming change that is necessary because of the changes made in Article 11.

Section 4 amends a reference from section “352G.02” to section “353G.02” in section 423A.011, subdivision 2.

All sections are effective the day following final enactment.