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State of Minnesota  
**HOUSE OF REPRESENTATIVES**  
NINETIETH SESSION

**H. F. No. 2126**

03/06/2017 Authored by O'Driscoll  
The bill was read for the first time and referred to the Committee on Government Operations and Elections Policy

1.1 A bill for an act  
1.2 relating to retirement; Minnesota State Retirement System; revising augmentation  
1.3 interest rates for certain terminated privatized employees; amending Minnesota  
Statutes 2016, section 352F.04, subdivisions 1, 2, by adding subdivisions.

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

1.6 Section 1. Minnesota Statutes 2016, section 352F.04, subdivision 1, is amended to read:

1.7 Subdivision 1. **Enhanced augmentation rates.** ~~(a)~~ The deferred annuity of a terminated  
1.8 hospital employee ~~who attained that status before June 2, 2006,~~ is subject to augmentation  
1.9 under Minnesota Statutes 1994, section 352.72, subdivision 2, except that the rate of  
1.10 augmentation is 5.5 percent compounded annually until the earlier of January 1 following  
1.11 the year in which the person attains age 55 or December 31, 2020. ~~From that date to the~~  
1.12 ~~effective date of retirement~~ January 1 following the year in which the person attains age 55  
1.13 to December 31, 2020, the augmentation rate is 7.5 percent compounded annually.

1.14 ~~(b) If a terminated hospital employee attained that status on or after June 2, 2006, the~~  
1.15 ~~augmentation rate is four percent compounded annually until January 1, following the year~~  
1.16 ~~in which the person attains age 55. From that date to the effective date of retirement, the~~  
1.17 ~~augmentation rate is six percent compounded annually.~~

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

2.1 Sec. 2. Minnesota Statutes 2016, section 352F.04, is amended by adding a subdivision to  
2.2 read:

2.3 Subd. 1a. **Regular augmentation rates.** From January 1, 2021, to the effective date of  
2.4 retirement, the augmentation rate applicable to the deferred annuity of a terminated hospital  
2.5 employee is 4.5 percent, compounded annually.

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

2.7 Sec. 3. Minnesota Statutes 2016, section 352F.04, subdivision 2, is amended to read:

2.8 Subd. 2. ~~Exceptions~~ Exception. The ~~increased~~ enhanced augmentation rates specified  
2.9 in subdivision 1 do not apply if the terminated hospital employee:

2.10 ~~(1) becomes covered again by a retirement plan enumerated in section 356.30, subdivision~~  
2.11 ~~3; or~~

2.12 ~~(2) begins receipt of a retirement annuity under chapter 352 before age 62 while employed~~  
2.13 ~~by the employer which assumed operations of the medical facility or other public employing~~  
2.14 ~~unit or purchased the medical facility or other public employing unit.~~

2.15 **EFFECTIVE DATE.** This section is effective retroactively from July 1, 2015.

2.16 Sec. 4. Minnesota Statutes 2016, section 352F.04, is amended by adding a subdivision to  
2.17 read:

2.18 Subd. 3. **Return to covered employment.** (a) If a terminated hospital employee becomes  
2.19 covered by a retirement plan enumerated in section 356.30, subdivision 3, the employee  
2.20 shall be entitled to whichever of the following annuities produces the highest monthly  
2.21 payment:

2.22 (1) the deferred annuity and augmentation to which the employee would have been  
2.23 entitled under subdivision 1 reduced by the dollar amount of any annuity earned under any  
2.24 enumerated retirement plan after the effective date defined in section 352F.02, subdivision  
2.25 3;

2.26 (2) a combined service annuity calculated under section 356.30; or

2.27 (3) an annuity calculated under section 352.72 for coverage by more than one retirement  
2.28 system using the augmentation rates set forth in section 352.72, subdivision 2, paragraph  
2.29 (a).

2.30 (b) This subdivision applies to any terminated hospital employee who begins to receive  
2.31 a retirement annuity under chapter 352 on or after July 1, 2015.

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

3.2 Sec. 5. **ANNUITY ADJUSTMENT.**

3.3 Under Minnesota Statutes, section 352F.04, subdivision 3, if any terminated hospital  
3.4 employee began to receive a retirement annuity under Minnesota Statutes, chapter 352, as  
3.5 adjusted under Minnesota Statutes, chapter 352F, on or after July 1, 2015, but prior to the  
3.6 effective date of this section, the terminated hospital employee's annuity must be recalculated  
3.7 under Minnesota Statutes, section 352F.04, subdivision 3, and, if the monthly amount as  
3.8 recalculated exceeds the monthly amount being received by the terminated hospital employee,  
3.9 the Minnesota State Retirement System shall:

3.10 (1) begin paying the recalculated monthly amount as of the first payment date after the  
3.11 effective date of this section; and

3.12 (2) pay the sum of the difference between the amount the terminated hospital employee  
3.13 received each month since commencement of the annuity and the amount the terminated  
3.14 hospital employee would have received under Minnesota Statutes, section 352F.04,  
3.15 subdivision 3, for that month. The sum of the difference each month shall be paid in a lump  
3.16 sum to the terminated hospital employee along with the first payment of the recalculated  
3.17 amount under clause (1).

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