

This Document can be made available in alternative formats upon request

State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FIRST SESSION

H. F. No. 2632

03/20/2019 Authored by Murphy by request
The bill was read for the first time and referred to the Committee on Government Operations

1.1 A bill for an act
1.2 relating to retirement; Minnesota State Retirement System administrative revisions;
1.3 establishing application filing procedures; clarifying voting rights of unclassified
1.4 plan members; establishing rights upon partial repayment of a refund; payment of
1.5 contributions for retroactive coverage elected by employees of the Department of
1.6 Military Affairs and the Fire Marshal Division; making other changes of an
1.7 administrative nature; amending Minnesota Statutes 2018, sections 3A.02, by
1.8 adding a subdivision; 352.03, subdivisions 1, 1b; 352.113, subdivision 2; 352.115,
1.9 subdivision 7, by adding a subdivision; 352.23; 352.85, subdivision 4; 352.87,
1.10 subdivision 8; 352B.08, by adding a subdivision; 352D.05, subdivision 3; 352F.04,
1.11 subdivision 1; 490.126, subdivision 3; proposing coding for new law in Minnesota
1.12 Statutes, chapter 356; repealing Minnesota Statutes 2018, section 352F.06.

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

1.14 Section 1. Minnesota Statutes 2018, section 3A.02, is amended by adding a subdivision
1.15 to read:

1.16 Subd. 7. Application procedure. The application for a benefit or refund made under
1.17 this chapter must comply with section 352.115, subdivision 7a.

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

1.19 Sec. 2. Minnesota Statutes 2018, section 352.03, subdivision 1, is amended to read:

1.20 Subdivision 1. **Membership of board; election; term.** (a) The policy-making function
1.21 of the system is vested in a board of 11 members known as the board of directors. This
1.22 board shall consist of:

1.23 (1) three members appointed by the governor, one of whom must be a constitutional
1.24 officer or appointed state official and two of whom must be public members knowledgeable
1.25 in pension matters;

2.1 (2) four state employees elected by active ~~members~~ and ~~former~~ inactive vested members
 2.2 ~~eligible for a deferred annuity from~~ of the general state employees retirement plan and
 2.3 members with an account balance in the unclassified employees retirement program,
 2.4 excluding employees and ~~deferred annuitants~~ inactive vested members for whom a board
 2.5 member is designated under clause (3);

2.6 (3) one employee of the Metropolitan Council's transit operations or its successor agency
 2.7 designated by the executive committee of the labor organization that is the exclusive
 2.8 bargaining agent representing employees of the transit division;

2.9 (4) one employee who is a member of the State Patrol retirement plan elected by active
 2.10 ~~members~~ and ~~former~~ inactive vested members ~~eligible for a deferred annuity from~~ of that
 2.11 plan;

2.12 (5) one employee who is a member of the correctional state employees retirement plan
 2.13 established under this chapter elected by active ~~members~~ and ~~former~~ inactive vested members
 2.14 ~~eligible for a deferred annuity from~~ of that plan; and

2.15 (6) one retired employee of a plan included in the system, elected by disabled and retired
 2.16 employees of the plans administered by the system at a time and in a manner determined
 2.17 by the board.

2.18 (b) The terms of the four elected state employees under paragraph (a), clause (2), must
 2.19 be staggered, with two of the state employee board positions elected each biennium, whose
 2.20 terms of office begin on the first Monday in May after their election. Elected members and
 2.21 the appointed member of the Metropolitan Council's transit operations hold office for a term
 2.22 of four years and until their successors are elected or appointed, and have qualified.

2.23 (c) An employee or former employee of the system is not eligible for membership on
 2.24 the board of directors. A state employee on leave of absence is not eligible for election or
 2.25 reelection to membership on the board of directors.

2.26 (d) The term of any board member who is on leave for more than six months
 2.27 automatically ends on expiration of the term of office.

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

2.29 Sec. 3. Minnesota Statutes 2018, section 352.03, subdivision 1b, is amended to read:

2.30 Subd. 1b. **Membership voting limitations.** (a) Active members and ~~former~~ inactive
 2.31 vested members ~~eligible for a deferred annuity from~~ of a plan under this chapter ~~or~~ chapter

3.1 352B, or chapter 352D are eligible to vote in board elections as further specified and restricted
3.2 in this section.

3.3 (b) Retired members and disabilitants from a plan in the system may vote only for the
3.4 retired member position under subdivision 1, paragraph (a), clause (6).

3.5 (c) If ~~a former~~ an inactive vested member ~~eligible for a deferred annuity from~~ of a plan
3.6 under this chapter or, chapter 352B, or chapter 352D is a deferred annuitant from an inactive
3.7 vested member of more than one plan covered by the system, that person is eligible to vote
3.8 only in elections applicable for ~~deferred annuitants from~~ inactive vested members of the
3.9 plan in the system from which the person last received allowable service.

3.10 (d) If a person is an active member of a plan in the system and is ~~a deferred annuitant~~
3.11 an inactive vested member or a retiree from another plan or plans in the system, the person
3.12 is only eligible to vote in board elections applicable due to the active member plan
3.13 membership.

3.14 (e) If a person is ~~a deferred annuitant~~ an inactive vested member from a plan in the
3.15 system and is also a retiree from another plan in the system, the person is only eligible to
3.16 vote in elections applicable due to the retiree status.

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

3.18 Sec. 4. Minnesota Statutes 2018, section 352.113, subdivision 2, is amended to read:

3.19 Subd. 2. **Application; accrual of benefits.** (a) An employee making claim for a total
3.20 and permanent disability benefit, or someone acting on behalf of the employee upon proof
3.21 of authority satisfactory to the director, shall file a written application for benefits in the
3.22 office of the system on or before the deadline specified in subdivision 4, paragraph (g).

3.23 (b) The application must be in a form and manner prescribed by the executive director
3.24 and include the medical reports required by subdivision 4, paragraph (b).

3.25 (c) The benefit shall begin to accrue the day following the start of disability or the day
3.26 following the last day paid, whichever is later, but not earlier than 180 days before the date
3.27 the application is filed ~~with the director~~ in an office of the system.

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

4.1 Sec. 5. Minnesota Statutes 2018, section 352.115, subdivision 7, is amended to read:

4.2 Subd. 7. **Application for annuity.** Application for annuity or optional annuity payment
4.3 may be made by the employee at time of retirement, or by someone acting ~~in~~ on behalf of
4.4 the employee; upon proof of authority satisfactory to the director.

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

4.6 Sec. 6. Minnesota Statutes 2018, section 352.115, is amended by adding a subdivision to
4.7 read:

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

4.11 (b) Filing of an application under paragraph (a) is not complete until an original
4.12 application and supporting documents are received in an office of the system or received
4.13 by a person authorized by the director. An original application may not be an electronic
4.14 copy or facsimile copy and if received in an office of the system, must be delivered by
4.15 personal service or mail.

4.16 (c) In this subdivision, "supporting documents" are:

4.17 (1) documents sufficient to verify birth;

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

4.20 (3) the acknowledgment required by section 356.46, subdivision 3, paragraph (b).

4.21 Supporting documents are not required to be original documents except as determined
4.22 by the director.

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

4.24 Sec. 7. Minnesota Statutes 2018, section 352.23, is amended to read:

4.25 **352.23 TERMINATION OF RIGHTS; REPAYMENT OF REFUND.**

4.26 (a) When any employee accepts a refund as provided in section 352.22, all existing
4.27 allowable service credits and all rights and benefits to which the employee was entitled
4.28 before accepting the refund terminate.

4.29 (b) Terminated service credits and rights must not again be restored until the former
4.30 employee acquires at least six months of allowable service credit after taking the last refund

5.1 and repays all refunds previously taken from the retirement fund with interest as provided
 5.2 in paragraph (d). If an employee repays only part of a refund or repays a refund in partial
 5.3 payments as permitted under paragraph (d), service credit will be restored in accordance
 5.4 with section 356.44. An employee will not be considered as entitled to any other benefit,
 5.5 including benefits for which the employee may be eligible because of the employee's original
 5.6 hire date into public employment, until full repayment of all refunds has been made.

5.7 (c) Repayment of refunds entitles the employee only to credit for service covered by (1)
 5.8 salary deductions; (2) payments previously made in lieu of salary deductions as permitted
 5.9 under law in effect when the payment in lieu of deductions was made; (3) payments made
 5.10 to obtain credit for service as permitted by laws in effect when payment was made; and (4)
 5.11 allowable service previously credited while receiving temporary workers' compensation as
 5.12 provided in section 352.01, subdivision 11, paragraph (a), clause (3).

5.13 (d) Payments under this section for repayment of refunds are to be paid with interest at
 5.14 the applicable annual rate or rates specified in section 356.59, subdivision 2, compounded
 5.15 annually, from the date the refund was taken until the date the refund is repaid. Repayment
 5.16 may be made in partial payments consistent with section 356.44 during employment or in
 5.17 a lump sum up to six months after termination from service.

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

5.19 Sec. 8. Minnesota Statutes 2018, section 352.85, subdivision 4, is amended to read:

5.20 Subd. 4. **Election of coverage.** To be covered by this section ~~352.85~~, any employee of
 5.21 the Department of Military Affairs, described in subdivision 1, must file a notice with the
 5.22 executive director of the system on a form prescribed by the executive director stating
 5.23 ~~whether or not~~ that the employee elects to be covered. Notice must be filed within 90 days
 5.24 of employment. Elected coverage is effective retroactively as of the first day of employment.
 5.25 Amounts that would have been deducted from the employee's salary starting with the first
 5.26 day of employment but were not deducted because the employee had not yet filed the election
 5.27 must be deducted from the employee's future salary in accordance with a schedule of
 5.28 deductions determined by the executive director and the Department of Military Affairs.
 5.29 Elections are irrevocable during any period of covered employment. A failure to file a timely
 5.30 notice is deemed a waiver of coverage by this section.

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

6.1 Sec. 9. Minnesota Statutes 2018, section 352.87, subdivision 8, is amended to read:

6.2 Subd. 8. **Election of coverage.** To be covered by this section, an employee of the
6.3 Department of Public Safety described in subdivision 1 who is employed in a position
6.4 described in that subdivision must file a notice with the executive director of the ~~Minnesota~~
6.5 ~~State Retirement~~ system on a form prescribed by the executive director stating ~~whether or~~
6.6 ~~not~~ that the employee elects to be covered by this section. Notice must be filed within 90
6.7 days of employment. Elected coverage is effective retroactively as of the first day of
6.8 employment. Amounts that would have been deducted from the employee's salary starting
6.9 with the first day of employment but were not deducted because the employee had not yet
6.10 filed the election must be deducted from the employee's future salary in accordance with a
6.11 schedule of deductions determined by the executive director and the Department of Public
6.12 Safety. Elections are irrevocable during any period of covered employment. A failure to
6.13 file a timely notice is deemed a waiver of coverage by this section.

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

6.15 Sec. 10. Minnesota Statutes 2018, section 352B.08, is amended by adding a subdivision
6.16 to read:

6.17 Subd. 1a. **Application procedure.** The application for a benefit or refund made under
6.18 this chapter must comply with section 352.115, subdivision 7a.

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

6.20 Sec. 11. Minnesota Statutes 2018, section 352D.05, subdivision 3, is amended to read:

6.21 Subd. 3. **Full or partial withdrawal.** After termination of covered employment or at
6.22 any time thereafter, a participant is entitled, upon application, to withdraw the cash value
6.23 of the participant's total shares or leave such shares on deposit with the supplemental
6.24 retirement fund. The account is valued at the end of the most recent United States investment
6.25 market day following receipt of the application for withdrawal. The application for
6.26 withdrawal must be an original application, not an electronic or facsimile copy and must
6.27 be received in an office of the system or by a person authorized by the executive director.
6.28 Shares not withdrawn remain on deposit with the supplemental retirement fund until the
6.29 former participant becomes at least 55 years old, and applies for an annuity under section
6.30 352D.06, subdivision 1.

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

7.1 Sec. 12. Minnesota Statutes 2018, section 352F.04, subdivision 1, is amended to read:

7.2 Subdivision 1. **Enhanced augmentation rates.** The deferred annuity of a terminated
 7.3 hospital employee is subject to augmentation under Minnesota Statutes 1994, section 352.72,
 7.4 subdivision 2, except that the rate of augmentation to be applied each January 1 is set by
 7.5 this subdivision. For augmentation through December 31, 2018, the rate of augmentation
 7.6 is set under Minnesota Statutes 2016, section 352.04, subdivision 1. For augmentation
 7.7 beginning January 1, 2019, the rate of augmentation is the following:

7.8	January 1, 2019	4.5 percent
7.9	January 1, 2020	3.75 percent
7.10	January 1, 2021	3.0 percent
7.11	January 1, 2022	2.25 percent
7.12	January 1, 2023	1.5 percent
7.13	January 1, 2024	0.75 percent

7.14 After December 31, 2024, the deferred annuity must not be augmented.

7.15 Augmentation for each year is effective as of January 1 of that year.

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

7.17 Sec. 13. **[356.97] INFORMATION SERVICES AND TECHNOLOGY.**

7.18 The executive directors subject to the standard of fiduciary conduct under chapter 356A
 7.19 and the boards to which they report are exempt from the requirements of chapter 16E. An
 7.20 executive director or board may use services provided by the Office of MN.IT Services.

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

7.22 Sec. 14. Minnesota Statutes 2018, section 490.126, subdivision 3, is amended to read:

7.23 Subd. 3. **Application for annuity or refund.** An application for an annuity or a refund
 7.24 under this chapter may be made by the potential annuitant or by someone authorized to act
 7.25 for the potential annuitant. Every application for an annuity or refund, accompanied by a
 7.26 proof of age and by a record of years of service when required, must be submitted to the
 7.27 executive director of the Minnesota State Retirement System in a form prescribed by the
 7.28 director. Except as provided for in this chapter, the application for an annuity, benefit, or
 7.29 refund under this chapter must comply with the filing procedures in section 352.115,
 7.30 subdivision 7a.

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

8.1 Sec. 15. **REPEALER.**

8.2 Minnesota Statutes 2018, section 352F.06, is repealed.

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

APPENDIX
Repealed Minnesota Statutes: 19-4622

352F.06 APPLICATION OF REEMPLOYED ANNUITANT EARNINGS LIMITATIONS.

The reemployed annuitant earnings limitations of section 352.115, subdivision 10, apply to any service by a terminated hospital employee as an employee of Fairview, University of Minnesota Physicians, or University Affiliated Family Physicians.