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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FIRST SESSION

H. F. No. **2633**

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; Public Employees Retirement Association phased retirement
1.3 option; eliminating expiration of the program and annual renewal requirement;
1.4 clarifying language; amending Minnesota Statutes 2018, section 353.371,
1.5 subdivisions 1, 2, 3, 4, 5, 6, 7; repealing Minnesota Statutes 2018, section 353.371,
1.6 subdivision 8.

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

1.8 Section 1. Minnesota Statutes 2018, section 353.371, subdivision 1, is amended to read:

1.9 Subdivision 1. **Eligibility.** (a) This section applies to a basic or coordinated member of
1.10 the general employees retirement plan of the Public Employees Retirement Association
1.11 who:

1.12 (1) for at least the five years immediately preceding separation under clause (2), was
1.13 regularly scheduled to work 1,044 or more hours per year in a position covered by the
1.14 general employees retirement plan of the Public Employees Retirement Association not
1.15 including positions that are elected offices;

1.16 (2) terminates membership as defined under section 353.01, subdivision 11b;

1.17 (3) at the time of termination under clause (2), was at least age 62 and met the age and
1.18 service requirements necessary to receive a retirement annuity from the plan and satisfied
1.19 requirements for the commencement of the retirement annuity in the month following
1.20 termination;

1.21 (4) ~~agrees to accept a postretirement option position~~ accepts a phased retirement
1.22 agreement to continue employment with the same or a different governmental subdivision,
1.23 working a reduced schedule that is both:

2.1 (i) a reduction of at least 25 percent from the employee's number of previously regularly
2.2 scheduled work hours; and

2.3 (ii) 1,044 hours or less in public service; and

2.4 (5) is not eligible for participation in the state employee postretirement option program
2.5 under section 43A.346.

2.6 (b) For purposes of this section, the length of separation requirement and termination
2.7 of public service requirement prohibiting return to work agreements under section 353.01,
2.8 subdivisions 11a and 28, are not applicable except as specified in subdivision 7, paragraph
2.9 (a).

2.10 **EFFECTIVE DATE.** This section is effective July 1, 2019.

2.11 Sec. 2. Minnesota Statutes 2018, section 353.371, subdivision 2, is amended to read:

2.12 Subd. 2. **Annuity reduction not applicable.** ~~Notwithstanding any law to the contrary,~~
2.13 The provisions of section 353.37 governing annuities of reemployed annuitants do not apply
2.14 ~~for the duration of a terminated member's~~ to employment in a postretirement option position
2.15 under a phased retirement agreement.

2.16 **EFFECTIVE DATE.** This section is effective July 1, 2019.

2.17 Sec. 3. Minnesota Statutes 2018, section 353.371, subdivision 3, is amended to read:

2.18 Subd. 3. **Governing body Governmental subdivision discretion.** ~~The governing body~~
2.19 ~~of the governmental subdivision~~ has sole discretion to determine if and the extent to which
2.20 ~~a postretirement option~~ phased retirement position under this section is available to a
2.21 ~~terminated member~~ an employee. Any offer of such a position must be made in writing to
2.22 ~~the person~~ employee by the ~~governing body's designee~~ governmental subdivision in a manner
2.23 prescribed by the executive director.

2.24 **EFFECTIVE DATE.** This section is effective July 1, 2019.

2.25 Sec. 4. Minnesota Statutes 2018, section 353.371, subdivision 4, is amended to read:

2.26 Subd. 4. **Duration.** ~~Postretirement option employment may be for an initial period~~ The
2.27 term of employment under a phased retirement agreement must not to exceed one year five
2.28 years. At the end of the initial period, if the term of a phased retirement agreement is less
2.29 than five years, the agreement may be renewed for a period not to exceed a combined total
2.30 of five years. ~~The governing body~~ governmental subdivision has sole discretion to determine
2.31 ~~if the offer of a postretirement option position~~ a phased retirement agreement will be renewed,

3.1 renewed with modifications, or terminated. ~~Postretirement option employment may be~~
 3.2 ~~renewed annually, but no more than four renewals may occur.~~

3.3 **EFFECTIVE DATE.** This section is effective July 1, 2019.

3.4 Sec. 5. Minnesota Statutes 2018, section 353.371, subdivision 5, is amended to read:

3.5 Subd. 5. **Copy to fund.** ~~The appointing authority~~ governmental subdivision shall provide
 3.6 ~~the Public Employees Retirement Association~~ executive director with documentation, as
 3.7 prescribed by the executive director, of the terms of any agreement entered into with a
 3.8 ~~member~~ an employee who accepts continuing employment with the ~~appointing authority~~
 3.9 governmental subdivision under the terms of this section, ~~and any subsequent renewal~~
 3.10 ~~agreement.~~ The documentation must be provided before the employee's termination of
 3.11 membership.

3.12 **EFFECTIVE DATE.** This section is effective July 1, 2019.

3.13 Sec. 6. Minnesota Statutes 2018, section 353.371, subdivision 6, is amended to read:

3.14 Subd. 6. **No service credit.** (a) Notwithstanding any law to the contrary, a person may
 3.15 not earn allowable service credit in the general employees retirement plan of the Public
 3.16 Employees Retirement Association for employment covered under this section, and employer
 3.17 contributions and payroll deductions for the retirement fund must not be made based on
 3.18 earnings of a person working under an agreement covered by this section. No change may
 3.19 be made to a monthly annuity or retirement allowance based on employment under this
 3.20 section.

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

3.26 **EFFECTIVE DATE.** This section is effective July 1, 2019.

3.27 Sec. 7. Minnesota Statutes 2018, section 353.371, subdivision 7, is amended to read:

3.28 Subd. 7. **Termination and subsequent employment.** (a) Upon termination of
 3.29 employment under a phased retirement agreement, the governmental subdivision and
 3.30 employee must inform the executive director, in a manner prescribed by the executive
 3.31 director, of the effective date of the employee's termination of public service. The termination

4.1 from public service must meet the termination and length of separation requirements under
4.2 section 353.01, subdivisions 11a and 28.

4.3 (b) If a person has been in a postretirement option position and previously employed
4.4 under a phased retirement agreement subsequently accepts employment with any other
4.5 position in public service beyond the period of time for which the person participated in the
4.6 postretirement option provided under this section governmental subdivision, the person
4.7 may not earn allowable service credit in the general employees retirement plan of the Public
4.8 Employees Retirement Association, no employer contributions or payroll deductions for
4.9 the retirement fund may be made, and the provisions of section 353.37 apply to the
4.10 subsequent employment.

4.11 **EFFECTIVE DATE.** This section is effective July 1, 2019.

4.12 Sec. 8. **REPEALER.**

4.13 Minnesota Statutes 2018, section 353.371, subdivision 8, is repealed.

4.14 **EFFECTIVE DATE.** This section is effective July 1, 2019.

APPENDIX
Repealed Minnesota Statutes: 19-4692

353.371 POSTRETIREMENT OPTION.

Subd. 8. **Program expiration.** (a) Initial postretirement option employment agreements must not be entered into after June 30, 2019.

(b) This section expires on June 30, 2024.