

**SENATE  
STATE OF MINNESOTA  
NINETY-SECOND SESSION**

**S.F. No. 3605**

(SENATE AUTHORS: ROSEN)

DATE  
02/28/2022

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OFFICIAL STATUS  
Introduction and first reading  
Referred to State Government Finance and Policy and Elections

1.1 A bill for an act  
1.2 relating to retirement; public employees police and fire plan; enhancing the benefit  
1.3 formula; making technical changes; amending Minnesota Statutes 2020, sections  
1.4 353.01, subdivision 17a; 353.35, subdivision 1; 353.651, subdivision 3.

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

1.6 Section 1. Minnesota Statutes 2020, section 353.01, subdivision 17a, is amended to read:

1.7 Subd. 17a. **Average salary.** (a) "Average salary," unless otherwise specified, means an  
1.8 amount equivalent to the average of the highest salary of the member, police officer, or  
1.9 firefighter, whichever applies, upon which employee contributions were paid for any five  
1.10 successive years of allowable service, based on dates of salary periods as listed on salary  
1.11 deduction reports. "Average salary" includes the salary of the employee during the period  
1.12 of covered employment rendered after reaching the allowable service credit limit of section  
1.13 353.651, subdivision 3, paragraph ~~(b)~~ (d). Average salary must be based upon all allowable  
1.14 service if this service is less than five years.

1.15 (b) "Average salary" may not include any reduced salary paid during a period in which  
1.16 the employee is entitled to benefit payments from workers' compensation for temporary  
1.17 disability, unless the average salary is higher, including this period.

1.18 (c) "Average salary," for purposes of calculating benefits for a surviving spouse or  
1.19 dependent children under section 353.657, subdivision 2 or 3, means the average of the  
1.20 full-time monthly base salary rate in effect during the last six months of allowable service.  
1.21 If the employment during the last six months of allowable service was part time, the average  
1.22 salary must be prorated based on the actual number of hours worked.

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

2.1 Sec. 2. Minnesota Statutes 2020, section 353.35, subdivision 1, is amended to read:

2.2 Subdivision 1. **Refund rights.** (a) Except as provided in paragraph (b), when any former  
2.3 member accepts a refund, all existing service credits and all rights and benefits to which  
2.4 the person was entitled prior to the acceptance of the refund terminate.

2.5 (b) A refund under section 353.651, subdivision 3, paragraph ~~(e)~~ (e), does not result in  
2.6 a forfeiture of salary credit for the allowable service credit covered by the refund.

2.7 (c) If a person forfeits service credits, rights, and benefits under paragraph (a), the person's  
2.8 service credits, rights, and benefits shall be restored if the person returns to employment  
2.9 covered by the association for at least six months of allowable service and repays all amounts  
2.10 previously received under section 353.34, subdivision 2, plus interest at the applicable rate  
2.11 or rates specified in section 356.59, subdivision 3, compounded annually, from the date  
2.12 each amount was received to the date the amount is repaid. The repayment must be made  
2.13 within six months of the last day of public service employment. A person may have service  
2.14 credits, rights, and benefits restored under this paragraph only one time.

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

2.16 Sec. 3. Minnesota Statutes 2020, section 353.651, subdivision 3, is amended to read:

2.17 Subd. 3. **Retirement annuity formula.** ~~(a) The average salary as defined in section~~  
2.18 ~~353.01, subdivision 17a, multiplied by 3.0 percent, multiplied by years of allowable service,~~  
2.19 ~~multiplied by the applicable vesting percentage indicated in section 353.01, subdivision 47,~~  
2.20 ~~determines~~ Except as provided in paragraph (b), the amount of the normal retirement annuity:  
2.21 is the average salary as defined in section 353.01, subdivision 17a, multiplied by the  
2.22 percentage that applies to each year of allowable service as follows:

2.23 (1) 3.0 percent per year for the member's first twenty years of allowable service; and

2.24 (2) 3.5 percent per year thereafter.

2.25 (b) Notwithstanding clauses (1) and (2) under paragraph (a), for each year of allowable  
2.26 service before July 1, 2022, the percentage that applies is 3.0 percent.

2.27 (c) If the member has earned allowable service for performing services other than those  
2.28 of a police officer or firefighter, the annuity representing that service must be computed  
2.29 under sections 353.29 and 353.30.

2.30 ~~(b)~~ (d) For a member first enrolled in the public employees police and fire retirement  
2.31 plan after June 30, 2014, the average salary as defined in section 353.01, subdivision 17a,  
2.32 paragraph (a), includes salary for all years for which contributions have been reported to

3.1 the public employees police and fire retirement plan, but allowable service included in the  
3.2 calculation is limited to ~~33~~ 32 years and the normal retirement annuity must not exceed ~~99~~  
3.3 102 percent of the average salary.

3.4 ~~(e)~~(e) When the annuity begins for members of the public employees police and fire  
3.5 retirement plan enrolled after June 30, 2014, a prorated share of the contributions for  
3.6 allowable service exceeding ~~33~~ 32 years must be refunded to the member. The prorated  
3.7 share of the contributions to be refunded is determined by multiplying the accumulated  
3.8 deductions paid by the member to the public employees police and fire retirement plan by  
3.9 a percentage determined using the number of months of service in excess of ~~396~~ 384 as the  
3.10 numerator and the total number of months of allowable service on which contributions were  
3.11 reported as the denominator. Interest as defined in section 353.34, subdivision 2, is to be  
3.12 applied to the prorated share of contributions from the first of the ~~397th~~ 385th month of  
3.13 allowable service reported to the public employees police and fire retirement plan to the  
3.14 first of the month the annuity begins.

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