

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

**S.F. No. 4825**

(SENATE AUTHORS: LUCERO)

DATE  
03/11/2024

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OFFICIAL STATUS  
Introduction and first reading  
Referred to State and Local Government and Veterans

1.1 A bill for an act  
1.2 relating to retirement; Public Employees Retirement Association; general employees  
1.3 retirement plan; modifying the requirements for rule of 90 to permit a member to  
1.4 retire under rule of 90 if the member purchases service credit for a period of military  
1.5 service that began before July 1, 1989; modifying the calculation of the purchase  
1.6 price for a period of military service that began before July 1, 1989; permitting  
1.7 members who purchased service credit before the effective date for a period of  
1.8 military service that began before July 1, 1989, to elect to use the service to qualify  
1.9 for rule of 90 retirement; amending Minnesota Statutes 2022, sections 353.0141,  
1.10 subdivision 3; 353.30, subdivision 1a; Minnesota Statutes 2023 Supplement, section  
1.11 356.551, subdivision 2.

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

1.13 Section 1. Minnesota Statutes 2022, section 353.0141, subdivision 3, is amended to read:

1.14 Subd. 3. **Purchase payment amount; service credit grant.** (a) The purchase payment  
1.15 amount is the amount determined under section 356.551 for the period or periods of service  
1.16 requested, except that, for purposes of calculating the purchase payment amount to purchase  
1.17 allowable service credit for service in the uniformed services that occurred before becoming  
1.18 a public employee or between periods of public employment, section 356.551, subdivision  
1.19 2, paragraph (c), shall not apply.

1.20 (b) Allowable service credit must be granted by the applicable plan to the purchasing  
1.21 member upon the executive director's receipt of the purchase payment amount. The allowable  
1.22 service credit purchased under this section:

1.23 (1) may not be used for the purpose of determining a disability benefit under section  
1.24 353.031, 353.33, 353.656, or 353E.06; and

2.1 (2) may be used for the purpose of eligibility for rule of 90 under section 353.30,  
2.2 subdivision 1a, if the period of service in the uniformed services for which allowable service  
2.3 credit was purchased began before July 1, 1989, and the member elects, at the time the  
2.4 member makes the purchase, to be considered as having first become a public employee or  
2.5 a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989.

2.6 (c) Payment must be made before the effective date of the member's retirement.

2.7 Sec. 2. Minnesota Statutes 2022, section 353.30, subdivision 1a, is amended to read:

2.8 Subd. 1a. **Pre-July 1, 1989, members: rule of 90.** (a) Upon termination of public service  
2.9 under section 353.01, subdivision 11a, a person who first became a public employee or a  
2.10 member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, and  
2.11 whose attained age plus credited allowable service totals 90 years is entitled upon application  
2.12 to a retirement annuity in an amount equal to the applicable normal annuity provided in  
2.13 section 353.29, subdivision 3, paragraph (a); section 353.651, subdivision 3; or section  
2.14 353E.04, subdivision 3. Such annuity is not subject to a reduction for early retirement.

2.15 (b) If a person purchases allowable service credit under section 353.0141 for a period  
2.16 of service in the uniformed services that began before July 1, 1989, and the person made  
2.17 the election under section 353.0141, subdivision 3, paragraph (b), clause (2), at the time of  
2.18 the purchase, the person must be considered as having first become a public employee or  
2.19 a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989,  
2.20 under paragraph (a).

2.21 Sec. 3. Minnesota Statutes 2023 Supplement, section 356.551, subdivision 2, is amended  
2.22 to read:

2.23 Subd. 2. **Determination.** (a) Unless the minimum purchase amount set forth in paragraph  
2.24 (c) applies, the prior service credit purchase amount is an amount equal to the actuarial  
2.25 present value, on the date of payment, as calculated by the chief administrative officer of  
2.26 the pension plan and reviewed by the actuary retained under section 356.214, of the amount  
2.27 of the additional retirement annuity obtained by the acquisition of the additional service  
2.28 credit in this section.

2.29 (b) Calculation of this amount must be made using the investment return assumption  
2.30 applicable to the public pension plan specified in section 356.215, subdivision 8, and the  
2.31 mortality table adopted for the public pension plan.

3.1 (1) Unless clause (2) applies, the calculation must assume continuous future service in  
3.2 the public pension plan until, and retirement at, the age at which the minimum requirements  
3.3 of the fund for normal retirement or retirement with an annuity unreduced for retirement at  
3.4 an early age, including section 356.30, are met with the additional service credit purchased.  
3.5 The calculation must also assume a full-time equivalent salary, or actual salary, whichever  
3.6 is greater, and a future salary history that includes annual salary increases at the applicable  
3.7 salary increase rate for the plan specified in section 356.215, subdivision 8.

3.8 (2) This clause applies when the calculation is being done for purposes of section 352.272;  
3.9 352B.087; 353.0141, subdivision 3; 354.544; 354A.0961; or 490.1211, subdivision 2. The  
3.10 calculation must:

3.11 (i) include continuous future service in the public pension plan until, and retirement at,  
3.12 any age at or after which the minimum requirements of the fund for early retirement or  
3.13 retirement with an annuity unreduced for retirement at an early age, including section 356.30,  
3.14 are met with the additional service credit purchased. ~~The calculation must;~~

3.15 (ii) be determined using the retirement age that provides the most valuable benefit to  
3.16 the member. ~~The calculation must also;~~

3.17 (iii) assume a full-time equivalent salary, or actual salary, whichever is greater, and a  
3.18 future salary history that includes annual salary increases at the applicable salary increase  
3.19 rate for the plan specified in section 356.215, subdivision 8; and

3.20 (iv) assume that the purchaser of the service credit, if the purchaser is a member of the  
3.21 Public Employees Retirement Association general employees retirement plan, will retire  
3.22 under section 353.30, subdivision 1a, if the service credit being purchased is for a period  
3.23 of service in the uniformed services that began before July 1, 1989, and the person made  
3.24 the election under section 353.0141, subdivision 3, paragraph (b), clause (2), at the time of  
3.25 the purchase.

3.26 (c) The prior service credit purchase amount may not be less than the amount determined  
3.27 by applying, for each year or fraction of a year being purchased, the sum of the employee  
3.28 contribution rate, the employer contribution rate, and the additional employer contribution  
3.29 rate, if any, applicable during that period, to the person's annual salary during that period,  
3.30 or fractional portion of a year's salary, if applicable, plus interest at the applicable annual  
3.31 rate or rates specified in section 356.59, subdivision 2, 3, 4, or 5, whichever applies,  
3.32 compounded annually, from the end of the year in which contributions would otherwise  
3.33 have been made to the date on which the payment is received.

4.1 (d) Unless otherwise provided by statutes governing a specific plan, payment must be  
4.2 made in one lump sum within one year of the prior service credit authorization or prior to  
4.3 the member's effective date of retirement, whichever is earlier. Payment of the amount  
4.4 calculated under this section must be made by the applicable eligible person.

4.5 (e) However, the current employer or the prior employer may, at its discretion, pay all  
4.6 or any portion of the payment amount that exceeds an amount equal to the employee  
4.7 contribution rates in effect during the period or periods of prior service applied to the actual  
4.8 salary rates in effect during the period or periods of prior service, plus interest at the  
4.9 applicable annual rate or rates specified in section 356.59, subdivision 2, 3, 4, or 5, whichever  
4.10 applies, compounded annually, from the date on which the contributions would otherwise  
4.11 have been made to the date on which the payment is made. If the employer agrees to  
4.12 payments under this subdivision, the purchaser must make the employee payments required  
4.13 under this subdivision within 90 days of the prior service credit authorization. If that  
4.14 employee payment is made, the employer payment under this subdivision must be remitted  
4.15 to the chief administrative officer of the public pension plan within 60 days of receipt by  
4.16 the chief administrative officer of the employee payments specified under this subdivision.

4.17 **Sec. 4. ELECTION TO HAVE PURCHASE OF SERVICE CREDIT FOR PRE-JULY**  
4.18 **1, 1989, MILITARY SERVICE QUALIFY A MEMBER FOR RETIREMENT UNDER**  
4.19 **RULE OF 90.**

4.20 (a) If, before the effective date of this act, a member of the Public Employees Retirement  
4.21 Association general employees retirement plan purchased service credit for a period of  
4.22 service in the uniformed services that began before July 1, 1989, the member may file an  
4.23 election with the executive director of the Public Employees Retirement Association to be  
4.24 considered under Minnesota Statutes, section 353.30, subdivision 1a, as having first become  
4.25 a public employee or a member of a pension fund listed in Minnesota Statutes, section  
4.26 356.30, subdivision 3, before July 1, 1989.

4.27 (b) The executive director must determine the cost to qualify for rule of 90 retirement  
4.28 by determining the cost of the service credit purchase under Minnesota Statutes, section  
4.29 356.551, subdivision 2, paragraph (b), taking into account clause (2), item (iv), minus the  
4.30 amount paid by the member to purchase the service credit. The executive director must  
4.31 notify the member of the cost to qualify for rule of 90.

4.32 (c) Following payment by the member of the cost to qualify for rule of 90 determined  
4.33 under paragraph (b), the executive director must consider the member eligible for retirement

- 5.1 under Minnesota Statutes, section 353.30, subdivision 1a, if the member otherwise satisfies  
5.2 the requirements of Minnesota Statutes, section 353.30, subdivision 1a.

5.3 Sec. 5. **EFFECTIVE DATE.**

5.4 Sections 1 to 4 are effective the day following final enactment.