.................... moves to amend H.F. No. 3100; S.F. No. 3162, as follows:

Delete everything after the enacting clause and insert:

**"ARTICLE 1**

**INVESTMENT RATE OF RETURN ACTUARIAL ASSUMPTION**

Section 1. Minnesota Statutes 2022, section 356.215, subdivision 8, is amended to read:

Subd. 8. **Actuarial assumptions.** (a) The actuarial valuation must use the applicable following investment return assumption:

| plan | investment return assumption |
|---|---|
| general state employees retirement plan | ~~7.5%~~ 7% |
| correctional state employees retirement plan | ~~7.5~~ 7 |
| State Patrol retirement plan | ~~7.5~~ 7 |
| legislators retirement plan, and for the constitutional officers calculation of total plan liabilities | 0 |
| judges retirement plan | ~~7.5~~ 7 |
| general public employees retirement plan | ~~7.5~~ 7 |
| public employees police and fire retirement plan | ~~7.5~~ 7 |
| local government correctional service retirement plan | ~~7.5~~ 7 |
| teachers retirement plan | ~~7.5~~ 7 |
| St. Paul teachers retirement plan | ~~7.5~~ 7 |
| Bloomington Fire Department Relief Association | 6 |
| local monthly benefit volunteer firefighter relief associations | 5 |
| monthly benefit retirement plans in the statewide volunteer firefighter retirement plan | 6 |

(b) The actuarial valuation for each of the covered retirement plans listed in section 356.415, subdivision 2, and the St. Paul Teachers Retirement Fund Association must take into account the postretirement adjustment rate or rates applicable to the plan as specified in section 354A.29, subdivision 7, or 356.415, whichever applies.

(c) The actuarial valuation must use the applicable salary increase and payroll growth assumptions found in the appendix to the standards for actuarial work adopted by the Legislative Commission on Pensions and Retirement pursuant to section 3.85, subdivision 10. The appendix must be updated whenever new assumptions have been approved or deemed approved under subdivision 18.

(d) The assumptions set forth in the appendix to the standards for actuarial work continue to apply, unless a different salary assumption or a different payroll increase assumption:

(1) has been proposed by the governing board of the applicable retirement plan;

(2) is accompanied by the concurring recommendation of the actuary retained under section 356.214, subdivision 1, if applicable, or by the approved actuary preparing the most recent actuarial valuation report if section 356.214 does not apply; and

(3) has been approved or deemed approved under subdivision 18.

**EFFECTIVE DATE.** This section is effective June 30, 2023.

## ARTICLE 2
## COLAS

Section 1. Minnesota Statutes 2022, section 356.415, subdivision 1, is amended to read:

Subdivision 1. **Annual postretirement adjustments; Minnesota State Retirement System general state employees retirement plan, legislators retirement plan, and unclassified state employees retirement program.** (a) ~~Except as set forth in paragraph (c),~~ Recipients of a retirement annuity, disability benefit, or survivor benefit from the general state employees retirement plan, the legislators retirement plan, or the unclassified state employees retirement program are entitled to an annual postretirement adjustment, effective as of each January 1, as follows:

(1) effective January 1, 2019, through December 31, 2023, a postretirement increase of one percent must be applied each year to the amount of the monthly annuity or benefit of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 12 full months as of the June 30 of the calendar year immediately before the adjustment;

(2) effective January 1, 2019, through December 31, 2023, for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least one full month, but less than 12 full months as of the June 30 of the calendar year immediately before the adjustment, a postretirement increase of 1/12 of one percent for each month that the person has been receiving an annuity or benefit must be applied to the amount of the monthly annuity or benefit of the annuitant or benefit recipient;

(3) effective January 1, 2024, and thereafter, a postretirement increase of 1.5 percent must be applied each year to the amount of the monthly annuity or benefit of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 12 full months as of the June 30 of the calendar year immediately before the adjustment; and

(4) effective January 1, 2024, and thereafter, for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least one full month, but less than 12 full months as of the June 30 of the calendar year immediately before the adjustment, an annual postretirement increase of 1/12 of 1.5 percent for each month that the person has been receiving an annuity or benefit must be applied to the amount of the monthly annuity or benefit of the annuitant or benefit recipient.

(b) An increase in annuity or benefit payments under this subdivision must be made automatically unless written notice is filed by the annuitant or benefit recipient with the executive director of the covered retirement plan requesting that the increase not be made.

~~(c) Members who retire on or after January 1, 2024, under the general state employees retirement plan, the legislators retirement plan, or the unclassified state employees retirement program are entitled to an annual postretirement adjustment of the member's retirement annuity, effective as of each January 1, beginning with the year following the year in which the member attains normal retirement age, as follows:~~

~~(1) if a member has been receiving an annuity for at least 12 full months as of the June 30 of the calendar year immediately before the date of the adjustment, a postretirement increase equal to the percentage specified in paragraph (a), clause (3), must be applied, effective on January 1, to the amount of the member's monthly annuity;~~

~~(2) if a member has been receiving an annuity for at least one full month, but less than 12 full months as of the June 30 of the calendar year immediately before the date of adjustment, a postretirement increase of 1/12 of the percentage specified in paragraph (a), clause (4), for each month that the member has been receiving an annuity must be applied, effective on January 1, to the amount of the member's monthly annuity; or~~

~~(3) if a member has been receiving an annuity for fewer than seven months before the date of adjustment, a postretirement increase shall not be applied until the next January 1 and the amount of the adjustment shall be the amount determined under clause (2).~~

~~(d) Paragraph (c) does not apply to members who retire under section 352.116, subdivision 1, paragraph (c).~~

Sec. 2. Minnesota Statutes 2022, section 356.415, subdivision 1b, is amended to read:

Subd. 1b. **Annual postretirement adjustments; PERA; general employees retirement plan.** (a) Annuities, disability benefits, and survivor benefits being paid from the general employees retirement plan of the Public Employees Retirement Association shall be increased effective each January 1 by the percentage of increase determined under this subdivision. The increase to the annuity or benefit shall be determined by multiplying the monthly amount of the annuity or benefit by the percentage of increase specified in paragraph (b), after taking into account any reduction to the percentage of increase required under paragraph (c).

(b) The percentage of increase shall be one percent unless the federal Social Security Administration has announced a cost-of-living adjustment pursuant to United States Code, title 42, section 415(i), in the last quarter of the preceding calendar year that is greater than two percent. If the cost-of-living adjustment announced by the federal Social Security Administration is greater than two percent, the percentage of increase shall be 50 percent of the cost-of-living adjustment announced by the federal Social Security Administration, but in no event may the percentage of increase exceed 1.5 percent.

(c)(1) If the recipient of an annuity, disability benefit, or survivor's benefit has been receiving the annuity or benefit for at least 12 full months as of the June 30 of the calendar year immediately before the effective date of the increase, there is no reduction in the percentage of increase.

(2) If the recipient of an annuity, disability benefit, or survivor's benefit has been receiving the annuity or benefit for at least one month, but less than 12 full months, as of the June 30 of the calendar year immediately preceding the effective date of the increase, the percentage of increase is multiplied by a fraction, the numerator of which is the number of months the annuity or benefit was received as of June 30 of the preceding calendar year and the denominator of which is 12.

~~(d) Effective for members who retire on or after January 1, 2024, annuities shall not be increased under paragraphs (a) to (c) until January 1 of the year following the year in which the member reaches normal retirement age. January 1 of the year following the year in~~

~~which the member reaches normal retirement age shall be considered the effective date of the increase under paragraph (c). If a member has been receiving an annuity for fewer than seven months as of the January 1 of the year following the year in which the member reaches normal retirement age, no increase shall be paid until January 1 of the next year.~~

~~(e)~~ (d) An increase in annuity or benefit payments under this section must be made automatically unless written notice is filed by the recipient with the executive director of the Public Employees Retirement Association requesting that the increase not be made.

~~(f) Paragraph (d) does not apply to members who retire under section 353.30, subdivision 1a.~~

Sec. 3. Minnesota Statutes 2022, section 356.415, subdivision 1g, is amended to read:

Subd. 1g. **Annual postretirement adjustments; PERA local government correctional retirement plan.** (a) Annuities, disability benefits, and survivor benefits being paid from the local government correctional retirement plan of the Public Employees Retirement Association shall be increased effective each January 1 by the percentage of increase determined under this subdivision. The increase to the annuity or benefit shall be determined by multiplying the monthly amount of the annuity or benefit by the percentage of increase specified in paragraph (b), after taking into account any reduction to the percentage of increase required under paragraph ~~(c)~~ (d).

(b) As of each January 1, the percentage of increase ~~shall~~ must be one percent unless the federal Social Security Administration has announced a cost-of-living adjustment pursuant to United States Code, title 42, section 415(i), in the last quarter of the preceding calendar year that is greater than one percent. If the cost-of-living adjustment announced by the federal Social Security Administration is greater than one percent, the percentage of increase ~~shall~~ must be the same as the cost-of-living adjustment announced by the federal Social Security Administration, but in no event may the percentage of increase exceed the applicable maximum percentage in effect on January 1 under paragraph (c).

(c) The applicable maximum percentage in effect on January 1 is 2.5 percent, ~~until~~ unless either of the following ~~occurs~~ is true, in which case the applicable maximum percentage is 1.5 percent ~~and remains at 1.5 percent thereafter~~:

(1) the market value of assets equals or is less than 85 percent of the actuarial accrued liabilities as reported by the plan's actuary in the most recent two consecutive annual actuarial valuations; or

(2) the market value of assets equals or is less than 80 percent of the actuarial accrued liabilities as reported by the plan's actuary in the most recent annual actuarial valuation. If, on January 1 after a year during which the applicable maximum percentage was 1.5 percent, neither clause (1) or (2) is true, then the applicable maximum percentage is 2.5 percent.

~~(c)~~ (d)(1) If the recipient of an annuity, disability benefit, or survivor's benefit has been receiving the annuity or benefit for at least 12 full months as of the June 30 of the calendar year immediately before the effective date of the increase, there is no reduction in the percentage of increase.

(2) If the recipient of an annuity, disability benefit, or survivor's benefit has been receiving the annuity or benefit for at least one month, but less than 12 full months, as of the June 30 of the calendar year immediately preceding the effective date of the increase, the percentage of increase is multiplied by a fraction, the numerator of which is the number of months the annuity or benefit was received as of June 30 of the preceding calendar year and the denominator of which is 12.

~~(d)~~ (e) An increase in annuity or benefit payments under this section must be made automatically unless written notice is filed by the recipient with the executive director of the Public Employees Retirement Association requesting that the increase not be made.

Sec. 4. **POSTRETIREMENT ADJUSTMENT FOR CALENDAR YEAR 2024 FOR COORDINATED MEMBERS.**

(a) Notwithstanding Minnesota Statutes, sections 354A.29, subdivision 7, and 356.415, subdivisions 1 to 1b, 1d, and 1f, the postretirement adjustment for the year beginning January 1, 2024, and ending December 31, 2024, must be 2.5 percent for eligible recipients of a retirement annuity, disability benefit, or survivor benefit from the Minnesota State Retirement System, Public Employees Retirement Association, Teachers Retirement Association, or St. Paul Teachers Retirement Fund Association.

(b) A recipient is an eligible recipient if:

(1) the recipient's annuity or benefit is attributable to service as a member of the legislators plan, as a coordinated member of a pension plan administered by the Minnesota State Retirement System, Public Employees Retirement Association, Teachers Retirement Association, or the St. Paul Teachers Retirement Fund Association, and is not from the public employees police and fire plan or the State Patrol retirement plan; and

(2) the recipient has received monthly benefits for at least 12 full months as of June 30, 2023.

(c) This adjustment must not be compounded and is in effect for calendar year 2024 only.

(d) The increase in excess of the current statutory postretirement adjustment for calendar year 2024 must be distributed to each recipient in a lump sum payment as soon as administratively practicable but no later than March 31, 2024.

Sec. 5. **POSTRETIREMENT ADJUSTMENT FOR CALENDAR YEAR 2024 FOR BASIC MEMBERS.**

(a) Notwithstanding Minnesota Statutes, sections 354A.29, subdivision 7, and 356.415, subdivisions 1b to 1e, the postretirement adjustment for the year beginning January 1, 2024, and ending December 31, 2024, must be four percent for eligible recipients of a retirement annuity, disability benefit, or survivor benefit from the Minnesota State Retirement System, Public Employees Retirement Association, Teachers Retirement Association, or St. Paul Teachers Retirement Fund Association.

(b) A recipient is an eligible recipient if:

(1) the recipient's annuity or benefit is attributable to service as a basic member of the Public Employees Retirement Association general employees retirement plan, the Teachers Retirement Association, or the St. Paul Teachers Retirement Fund Association or is an annuity or benefit from the public employees police and fire plan or the State Patrol retirement plan; and

(2) the recipient has received monthly benefits for at least twelve full months as of June 30, 2023, and, for recipients of monthly benefits from the public employees police and fire plan, a postretirement adjustment on those benefits.

(c) This adjustment must not be compounded and is in effect for calendar year 2024 only.

(d) The increase in excess of the current statutory postretirement adjustment for calendar year 2024 must be distributed to each recipient in a lump sum payment as soon as administratively practicable but no later than March 31, 2024.

## ARTICLE 3
## MINNESOTA STATE RETIREMENT SYSTEM

Section 1. Minnesota Statutes 2022, section 352.04, subdivision 2, is amended to read:

Subd. 2. **Employee contributions.** (a) The employee contribution to the fund must be equal to the following percent of salary:

| | |
|---|---|
| from July 1, 2014, to June 30, 2018 | 5.5 |
| from July 1, 2018, to June 30, 2019 | 5.75 |
| ~~after June 30~~ from July 1, 2019, to June 30, 2023 | 6 |
| from July 1, 2023, to June 30, 2025 | 5.5 |
| after June 30, 2025 | 6 |

(b) These contributions must be made by deduction from salary as provided in subdivision 4.

(c) Contribution increases under paragraph (a) must be paid starting the first day of the first full pay period after the effective date of the increase.

Sec. 2. Minnesota Statutes 2022, section 352.115, subdivision 1, is amended to read:

Subdivision 1. **Age and service requirements.** After separation from state service, any employee ~~(1)~~ who has attained the age of at least 55 years ~~and who~~ is entitled, upon application, to a retirement annuity if the employee:

(1) has received credit for at least three years of allowable service ~~if~~ and was employed before July 1, 2010~~, or after~~;

(2) has received credit for at least five ~~or more~~ years of allowable service if employed after June 30, 2010, ~~or (2) who~~ and terminated employment before July 1, 2023;

(3) was actively employed on July 1, 2023, and has earned three years of allowable service prior to the employee's retirement application;

(4) has three or more years of allowable service if employed after June 30, 2023; or

(5) has received credit for at least 30 years of allowable service regardless of age~~, is entitled upon application to a retirement annuity~~.

Sec. 3. Minnesota Statutes 2022, section 352.92, subdivision 2a, is amended to read:

Subd. 2a. **Supplemental employer contribution.** (a) Effective July 1, 2019, the employer shall pay a supplemental contribution. The supplemental contribution is 1.45 percent of salary for covered correctional employees from July 1, 2019, through June 30, 2020; 2.95

percent of salary for covered correctional employees from July 1, 2020, through June 30, 2021; and 4.45 percent of salary for covered correctional employees thereafter. The supplemental contribution rate of 4.45 percent remains in effect until, for three consecutive years, the market value of the assets of the correctional state employees retirement plan of the Minnesota State Retirement System equals or exceeds the actuarial accrued liability of the plan as determined by the actuary retained under section 356.214. The expiration of the supplemental employer contribution is effective the first day of the first full pay period of the fiscal year immediately following the issuance of the third actuarial valuation upon which the expiration is based.

(b) The supplemental contribution under paragraph (a) must be paid starting the first day of the first full pay period after June 30, 2018.

Sec. 4. Minnesota Statutes 2022, section 352B.02, subdivision 1c, is amended to read:

Subd. 1c. **Employer contributions and supplemental employer contribution.** (a) In addition to member contributions, department heads shall pay a sum equal to the specified percentage of the salary upon which deductions were made, which constitutes the employer contribution to the fund as follows:

| | |
|---|---|
| from July 1, 2014, to June 30, 2016 | 20.1 |
| from July 1, 2016, to June 30, 2018 | 21.6 |
| from July 1, 2018, to June 30, 2019 | 22.35 |
| after June 30, 2019 | 23.1 |

(b) Department contributions must be paid out of money appropriated to departments for this purpose.

(c) Contribution increases under paragraph (a) must be paid starting the first day of the first full pay period after the effective date of the increase.

(d) Effective July 1, 2018, department heads shall pay a supplemental employer contribution. The supplemental contribution is 1.75 percent of the salary upon which deductions are made from July 1, 2018, through June 30, 2019; three percent of the salary upon which deductions are made from July 1, 2019, through June 30, 2020; five percent of the salary which deductions are made from July 1, 2020, through June 30, 2021; and seven percent of the salary upon which deductions are made thereafter. The supplemental contribution must be paid starting the first day of the first full pay period after June 30, 2018. The supplemental contribution rate of seven percent remains in effect until, for three consecutive years, the market value of the assets of the State Patrol retirement plan of the

Minnesota State Retirement System equals or exceeds the actuarial accrued liability of the plan as determined by the actuary retained under section 356.214. The expiration of the supplemental employer contribution is effective the first day of the first full pay period of the fiscal year immediately following the issuance of the third actuarial valuation upon which the expiration is based.

Sec. 5. Minnesota Statutes 2022, section 490.123, subdivision 5, is amended to read:

Subd. 5. **Direct state aid.** (a) The state shall pay $6,000,000 annually to the judges' retirement fund. The aid is payable each July 1. The amount required is annually appropriated from the general fund to the judges' retirement fund.

(b) The aid under paragraph (a) continues until the earlier of:

(1) the first day of the fiscal year following ~~the~~ three consecutive fiscal ~~year~~ years in which the actuarial value of assets of the fund equals or exceeds 100 percent of the actuarial accrued liabilities as reported by the actuary retained under section 356.214 in the annual actuarial valuation prepared under section 356.215; or

(2) July 1, 2048.

## ARTICLE 4

## PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

Section 1. Minnesota Statutes 2022, section 353.01, subdivision 47, is amended to read:

Subd. 47. **Vesting.** (a) "Vesting" means obtaining a nonforfeitable entitlement to an annuity or benefit from a retirement plan administered by the Public Employees Retirement Association by having credit for sufficient allowable service under paragraph (b), (c), or (d), whichever applies.

(b) For purposes of qualifying for an annuity or benefit as a basic or coordinated plan member of the general employees retirement plan of the Public Employees Retirement Association~~:(1)~~, a public employee ~~who first became a member of the association before July 1, 2010,~~ is 100 percent vested when the person has accrued credit for not less than three years of allowable service in the general employees retirement plan~~; and~~.

~~(2) a public employee who first becomes a member of the association after June 30, 2010, is 100 percent vested when the person has accrued credit for not less than five years of allowable service in the general employees retirement plan.~~

(c) For purposes of qualifying for an annuity or benefit as a member of the local government correctional service retirement plan:

(1) a public employee who first became a member of the association before July 1, 2010, is 100 percent vested when the person has accrued credit for not less than three years of allowable service in the local government correctional service retirement plan; and

(2) a public employee who first becomes a member of the association after June 30, 2010, is vested at the following percentages when the person has accrued credit for allowable service in the local government correctional service retirement plan, as follows:

(i) 50 percent after five years;

(ii) 60 percent after six years;

(iii) 70 percent after seven years;

(iv) 80 percent after eight years;

(v) 90 percent after nine years; and

(vi) 100 percent after ten years.

(d) For purposes of qualifying for an annuity or benefit as a member of the public employees police and fire retirement plan:

(1) a public employee who first became a member of the association before July 1, 2010, is 100 percent vested when the person has accrued credit for not less than three years of allowable service in the public employees police and fire retirement plan;

(2) a public employee who first becomes a member of the association after June 30, 2010, and before July 1, 2014, is vested at the following percentages when the person has accrued credited allowable service in the public employees police and fire retirement plan, as follows:

(i) 50 percent after five years;

(ii) 60 percent after six years;

(iii) 70 percent after seven years;

(iv) 80 percent after eight years;

(v) 90 percent after nine years; and

(vi) 100 percent after ten years; and

(3) a public employee who first becomes a member of the association after June 30, 2014, is vested at the following percentages when the person has accrued credit for allowable service in the public employees police and fire retirement plan, as follows:

(i) 50 percent after ten years;

(ii) 55 percent after 11 years;

(iii) 60 percent after 12 years;

(iv) 65 percent after 13 years;

(v) 70 percent after 14 years;

(vi) 75 percent after 15 years;

(vii) 80 percent after 16 years;

(viii) 85 percent after 17 years;

(ix) 90 percent after 18 years;

(x) 95 percent after 19 years; and

(xi) 100 percent after 20 or more years.

## ARTICLE 5

## ST. PAUL TEACHERS RETIREMENT FUND ASSOCIATION

Section 1. Minnesota Statutes 2022, section 354A.12, subdivision 1, is amended to read:

Subdivision 1. **Employee contributions.** (a) The contribution required to be paid by each member ~~of the St. Paul Teachers Retirement Fund Association~~ is the percentage of total salary specified below for the applicable ~~association and~~ program:

| Program | Percentage of Total Salary |
|---|---|
| ~~St. Paul Teachers Retirement Fund Association~~ | |
| basic program after June 30, 2016<u>, through June 30, 2023</u> | 10 percent |
| basic program after June 30, 2023<u>, through June 30, 2025</u> | 10.25 percent |
| <u>basic program after June 30, 2025</u> | <u>11.25 percent</u> |
| coordinated program after June 30, 2016<u>, through June 30, 2023</u> | 7.5 percent |
| coordinated program after June 30, 2023<u>, through June 30, 2025</u> | 7.75 percent |
| <u>coordinated program after June 30, 2025</u> | <u>8.75 percent</u> |

(b) Contributions must be made by deduction from salary and must be remitted directly to the St. Paul Teachers Retirement Fund Association at least once each month.

(c) When an employee contribution rate changes for a fiscal year, the new contribution rate is effective for the entire salary paid by the employer with the first payroll cycle reported.

Sec. 2. Minnesota Statutes 2022, section 354A.31, is amended by adding a subdivision to read:

<u>Subd. 5a.</u> <u>**Unreduced early retirement.**</u> <u>If a member retires on or after July 1, 2023, when the member is at least age 62 and has at least 30 years of service, the member is entitled to receive a retirement annuity calculated using the retirement annuity formula percentage in subdivision 4.</u>

Sec. 3. Minnesota Statutes 2022, section 354A.31, subdivision 7, is amended to read:

Subd. 7. **Reduction for early retirement.** (a) This subdivision applies to a person who has become at least 55 years old and first becomes a coordinated member after June 30, 1989, and to any other coordinated member who has become at least 55 years old and whose annuity is higher when calculated using the retirement annuity formula percentage in subdivision 4, paragraph (d), in conjunction with this subdivision than when calculated under subdivision 4, paragraph (c), in conjunction with subdivision 6. An employee who retires under the formula annuity before the normal retirement age shall be paid the normal annuity reduced as described in paragraph (b) if the person retires on or after July 1, 2019, or in paragraph (c) if the person retires before July 1, 2019, as applicable.

(b)<u>(1) Unless the member is eligible for an unreduced early retirement annuity under subdivision 5a,</u> a coordinated member who retires before the normal retirement age and on or after July 1, 2019, is entitled to receive a retirement annuity calculated using the retirement annuity formula percentage in subdivision 4, paragraph (d), reduced as described in clause ~~(1) or~~ (2)~~, as applicable~~.

~~(1)~~ <u>(2)</u> If the member retires when the member is younger than age 62 or with fewer than 30 years of service, the annuity must be reduced by an early reduction factor for each year that the member's age of retirement precedes normal retirement age. The early reduction factors are four percent per year for members whose age at retirement is at least 55 but not yet 59 and seven percent per year for members whose age at retirement is at least 59 but not yet normal retirement age. The resulting annuity must be further adjusted to take into account augmentation as if the employee had deferred receipt of the annuity until normal retirement age and the annuity were augmented at the applicable annual rate, compounded annually, from the day the annuity begins to accrue until normal retirement age. The applicable annual rate is the rate in effect on the employee's effective date of retirement and shall be considered as fixed for the employee. The applicable annual rates are the following:

(i) until June 30, 2019, 2.5 percent;

(ii) a rate that changes each month, beginning July 1, 2019, through June 30, 2024, which is determined by reducing the rate in item (i) to zero in equal monthly increments over the five-year period; and

(iii) after June 30, 2024, zero percent.

After June 30, 2024, the reduced annuity commencing before normal retirement age under this clause shall not take into account any augmentation.

~~(2) If the member retires when the member is at least age 62 or older and has at least 30 years of service, the member is entitled to receive a retirement annuity calculated using the retirement annuity formula percentage in subdivision 4, paragraph (d), multiplied by the applicable early retirement factor specified for members "Age 62 or older with 30 years of service" in the table in paragraph (c).~~

(c) Unless the member is eligible for an unreduced early retirement annuity under subdivision 5a, a coordinated member who retires before the normal retirement age and before July 1, 2019, is entitled to receive a retirement annuity calculated using the retirement annuity formula percentage in subdivision 4, paragraph (d), multiplied by the applicable early retirement factor specified below:

| | Under age 62 or less than 30 years of service | | Age 62 or older with 30 years of service | |
|---|---|---|---|---|
| Normal retirement age: | 65 | 66 | 65 | 66 |
| Age at retirement | | | | |
| 55 | 0.5376 | 0.4592 | | |
| 56 | 0.5745 | 0.4992 | | |
| 57 | 0.6092 | 0.5370 | | |
| 58 | 0.6419 | 0.5726 | | |
| 59 | 0.6726 | 0.6062 | | |
| 60 | 0.7354 | 0.6726 | | |
| 61 | 0.7947 | 0.7354 | | |
| 62 | 0.8507 | 0.7947 | 0.8831 | 0.8389 |
| 63 | 0.9035 | 0.8507 | 0.9246 | 0.8831 |
| 64 | 0.9533 | 0.9035 | 0.9635 | 0.9246 |

| | | | | |
|---|---|---|---|---|
| 65 | 1.0000 | 0.9533 | 1.0000 | 0.9635 |
| 66 | | 1.0000 | | 1.0000 |

For normal retirement ages between ages 65 and 66, the early retirement factors must be determined by linear interpolation between the early retirement factors applicable for normal retirement ages 65 and 66.

## ARTICLE 6
## APPROPRIATIONS

Section 1. **APPROPRIATION; ONETIME DIRECT STATE AIDS.**

Subdivision 1. **Appropriation.** $485,900,000 in fiscal year 2024 is appropriated from the general fund to the commissioner of management and budget to transfer onetime state aid to the fund for each pension plan as specified in subdivision 2 and pay onetime state aid to St. Paul Teachers Retirement Fund Association in the amount specified in subdivision 2.

Subd. 2. **Direct state aids** On October 1, 2023, the commissioner must allocate the amount appropriated in subdivision 1 among the funds for the pension plans as follows:

| Plan | Amount |
|---|---|
| general state employees retirement plan | $76,439,615 |
| correctional state employees retirement plan | $10,446,018 |
| State Patrol retirement plan | $11,970,568 |
| legislators retirement plan | $90,714 |
| judges retirement plan | $293,032 |
| general public employees retirement plan | $170,093,422 |
| public employees police and fire retirement plan | $19,397,371 |
| local government correctional service retirement plan | $5,255,535 |
| Teachers Retirement Association | $176,166,838 |
| St. Paul Teachers Retirement Fund Association | $15,746,887 |

Sec. 2. **STATEWIDE VOLUNTEER FIREFIGHTER PLAN INCENTIVE PROGRAM.**

Subdivision 1. **Definitions.** For purposes of this section:

(1) "association" means the Public Employees Retirement Association;

(2) "commission" means the Legislative Commission on Pensions and Retirement;

(3) "incentive program" means the program established by this section for paying monetary incentives to join the statewide plan, to be deposited in the account of each fire department joining the statewide plan and used to fund retirement benefits for the fire department's volunteer firefighters;

(4) "relief association" means volunteer firefighter relief association; and

(5) "statewide plan" means the statewide volunteer firefighter plan.

Subd. 2. **Statewide volunteer firefighter plan incentive program.** (a) The executive director of the association must prepare an outline of the incentive program. This outline must be delivered to the members of the commission by January 5, 2024. The incentive program must benefit fire departments joining the statewide plan on or after July 1, 2023, and the first payments must be made no later than December 31, 2024.

(b) The executive director of the association must work with the staff of the commission to prepare legislation to add a defined contribution component to the statewide plan and make other statutory changes as appropriate to encourage fire departments and their affiliated relief associations to join the statewide plan. The proposed legislation must be delivered to members of the commission no later than January 5, 2024.

(c) The executive director of the association must prepare an annual report on the incentive program to be delivered to the commission until the appropriation is expended.

Subd. 3. **Account created; appropriation.** The statewide volunteer firefighter incentive account is created within the special revenue fund. Money in the account, including interest, is appropriated to the commissioner of management and budget for deposit, at the direction of the executive director of the association, into the plan account of each fire department that joins the statewide volunteer firefighter plan.

Subd. 4. **Transfer** $5,000,000 in fiscal year 2024 is transferred from the general fund to the statewide volunteer firefighter incentive account established under subdivision 3.

Sec. 3. **APPROPRIATION; LEGISLATIVE COORDINATING COMMISSION.**

$100,000 in fiscal year 2024 is appropriated from the general fund to the Legislative Coordinating Commission for the Legislative Commission on Pensions and Retirement to provide funding for additional independent actuarial cost assessments for the Legislative Commission on Pensions and Retirement to make informed decisions on pension policy and legislation.

## ARTICLE 7

## MINNESOTA SECURE CHOICE RETIREMENT PROGRAM

Section 1. **[187.01] MINNESOTA SECURE CHOICE RETIREMENT PROGRAM; CITATION.**

This chapter shall be known as and may be cited as the "Minnesota Secure Choice Retirement Program Act."

Sec. 2. **[187.03] DEFINITIONS.**

Subdivision 1. **Applicability.** For purposes of this chapter, the terms defined in this section have the meanings given them.

Subd. 2. **Board.** "Board" or "board of directors" means the board of directors of the Minnesota Secure Choice retirement program.

Subd. 3. **Compensation.** "Compensation" means compensation within the meaning of section 219(f)(1) of the Internal Revenue Code that is received by a covered employee from, or with respect to service performed for, a covered employer.

Subd. 4. **Contribution rate.** "Contribution rate" means the percentage of compensation withheld from a covered employee's compensation and deposited in an account established for the covered employee under the program.

Subd. 5. **Covered employee.** (a) "Covered employee" means a person who is employed by a covered employer and who satisfies any other criteria established by the board.

(b) Covered employee does not include:

(1) a person who, on December 31 of the preceding calendar year, was younger than 18 years of age;

(2) a person covered under the federal Railway Labor Act, as amended, United States Code, title 45, sections 151 et seq.;

(3) a person on whose behalf an employer makes contributions to a Taft-Hartley multiemployer pension trust fund; or

(4) a person employed by the government of the United States, another country, the state of Minnesota, another state, or any subdivision thereof.

Subd. 6. **Covered employer.** (a) "Covered employer" means a person or entity:

(1) engaged in a business, industry, profession, trade, or other enterprise in Minnesota, whether for profit or not for profit;

(2) that employs five or more covered employees; and

(3) that does not sponsor or contribute to and did not in the immediately preceding 12 months sponsor or contribute to a retirement savings plan for its employees.

(b) Covered employer does not include:

(1) an employer that has not engaged in a business, industry, profession, trade, or other enterprise in Minnesota, whether for profit or not for profit, at any time during the immediately preceding 12 months; and

(2) a state or federal government or any political subdivision thereof.

Subd. 7. **Executive director.** "Executive director" means the chief executive and administrative head of the program.

Subd. 8. **Internal Revenue Code.** "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended, United States Code, title 26.

Subd. 9. **Program.** "Program" means the Minnesota Secure Choice retirement program.

Subd. 10. **Retirement savings plan.** "Retirement savings plan" means a plan or program offered by an employer that permits contributions to be set aside for retirement on a pretax or after-tax basis and permits all employees of the employer to participate except those employees who have not satisfied participation eligibility requirements that are no more restrictive than the eligibility requirements permitted under section 410(b) of the Internal Revenue Code. Retirement savings plan includes but is not limited to a plan described in section 401(a) of the Internal Revenue Code, an annuity plan or annuity contract described in section 403(a) or 403(b) of the Internal Revenue Code, a plan within the meaning of section 457(b) of the Internal Revenue Code, a simplified employee pension (SEP) plan, a savings incentive match plan for employees (SIMPLE) plan, an automatic enrollment payroll deduction individual retirement account, and a multiemployer pension plan described in section 414(f) of the Internal Revenue Code.

Subd. 11. **Secure Choice administrative fund.** "Secure Choice administrative fund" or "administrative fund" means the fund established under section 187.06, subdivision 2.

Subd. 12. **Secure Choice trust.** "Secure Choice trust" or "trust" means a trust established under section 187.06, subdivision 1, to hold contributions and investment earnings thereon under the program.

Subd. 13. **Roth IRA.** "Roth IRA" means an individual retirement account established under section 408A of the Internal Revenue Code to hold and invest after-tax assets.

Subd. 14. **Traditional IRA.** "Traditional IRA" means an individual retirement account established under section 408 of the Internal Revenue Code to hold and invest pretax assets.

Sec. 3. **[187.05] SECURE CHOICE RETIREMENT PROGRAM.**

Subdivision 1. **Program established.** (a) The board must operate an employee retirement savings program whereby employee payroll deduction contributions are transmitted on an after-tax or pretax basis by covered employers to individual retirement accounts established under the program.

(b) The board must establish procedures for opening a Roth IRA, a traditional IRA, or both a Roth IRA and a traditional IRA for each covered employee whose covered employer transmits employee payroll deduction contributions under the program.

(c) Contributions must be made on an after-tax (Roth) basis, unless the covered employee elects to contribute on a pretax basis.

Subd. 2. **Compliance with Internal Revenue Code.** The board must establish and administer each Roth IRA and traditional IRA opened under the program in compliance with section 408 or 408A of the Internal Revenue Code, as applicable, for the benefit of the covered employee for whom the account was opened.

Subd. 3. **Contributions held in trust.** Each covered employer must transmit employee payroll deduction contributions to an account established for the benefit of the covered employee in a trust established to hold contributions under the program.

Subd. 4. **Contribution rate.** (a) The board must establish default, minimum, and maximum employee contribution rates and an escalation schedule to automatically increase each covered employee's contribution rate annually until the contribution rate is equal to the maximum contribution rate.

(b) A covered employee must have the right, annually or more frequently as determined by the board, to change the contribution rate, opt out or elect not to contribute, or cease contributions.

Subd. 5. **Vesting.** Covered employees are 100 percent vested in their accounts at all times.

Subd. 6. **Withdrawals and distributions.** The board must establish alternatives permitting covered employees to take a withdrawal of all or a portion of the covered employee's account while employed and one or more distributions following termination of employment. Distribution alternatives must include lifetime income options.

Subd. 7. **Individuals not employed by a covered employer.** The board may allow individuals to open and contribute to an account in the program, in which case the individual shall be considered a covered employee for purposes of sections 187.05 to 187.11.

Subd. 8. **Employee leasing companies.** (a) For purposes of this chapter, in the case of a taxpaying employer described in section 268.046 that contracts with an employee leasing company, professional employer organization, or other similar entity to obtain workers for the taxpaying employer from the entity for a fee, the workers covered by the contract must be treated as employed by the taxpaying employer and not by the entity, except that if the entity provides the workers with a retirement savings plan, the taxpaying employer is not a covered employer.

(b) A covered employer that is a taxpaying employer described in section 268.046 may contract with an employee leasing company, professional employer organization, or other similar entity to assist the taxpaying employer with the performance of some or all of the taxpaying employer's responsibilities under this chapter.

Sec. 4. **[187.06] ESTABLISHMENT OF SECURE CHOICE TRUST AND ADMINISTRATIVE FUND; EMPLOYEE ACCOUNTS; INVESTMENTS.**

Subdivision 1. **Secure Choice trust established.** The Secure Choice trust is established as an instrumentality of the state to hold employee payroll deduction contributions and earnings on the contributions. The board must appoint a financial institution to act as trustee or custodian. The trustee or custodian must manage and administer trust assets for the exclusive purposes of providing benefits and defraying reasonable expenses of administering the program.

Subd. 2. **Secure Choice administrative fund established; money appropriated.** (a) The Secure Choice administrative fund is established in the state treasury as a fund separate and apart from the Secure Choice trust.

(b) The board of directors may assess administrative fees on each covered employee's account to be applied toward the expenses of administering the program. Money in the administrative fund is appropriated to the board to pay administrative expenses of administering the program if fees from the trust are not sufficient to cover expenses. The board must determine which administrative expenses will be paid using money in the administrative fund and which administrative expenses will be paid using money in the trust in the exercise of its fiduciary duty.

(c) The board may receive and deposit into the administrative fund any gifts, grants, donations, loans, appropriations, or other moneys designated for the administrative fund from the state, any unit of federal or local government, any other entity, or any person.

(d) Any interest or investment earnings that are attributable to money in the administrative fund must be deposited into the administrative fund.

Subd. 3. **Individual accounts established.** The trustee or custodian, as applicable, must maintain an account for employee payroll deduction contributions with respect to each covered employee. Interest and earnings on the amount in the account are credited to the account and losses are deducted.

Subd. 4. **Investments.** The board must make available for investment a diversified array of investment funds selected by the State Board of Investment. Members of the board, the executive director and members of the State Board of Investment, and all other fiduciaries are relieved of fiduciary responsibility for investment losses resulting from a covered employee's investment directions. Each covered employee is entitled to direct the investment of the contributions credited to the covered employee's account in the trust and earnings on the contributions into the array of investment funds selected by the State Board of Investment.

Subd. 5. **Default investment fund.** The board must designate a default investment fund that is diversified to minimize the risk of large losses and consists of target date funds, a balanced fund, a capital preservation fund, or any combination of the foregoing funds. Accounts for which no investment direction has been given by the covered employee must be invested in the default investment fund. Members of the board, the executive director of the State Board of Investment, and all other fiduciaries are relieved of fiduciary duty with regard to investment of assets in the default investment fund.

Subd. 6. **Inalienability of accounts.** No account under the program is subject to assignment or alienation, either voluntarily or involuntarily, or to the claims of creditors, except as provided in section 518.58.

Subd. 7. **Accounts not property of the state or covered employers.** The assets of the Secure Choice trust shall be preserved, invested, and expended solely for the purposes of the trust and no property rights in the trust assets shall exist in favor of the state or any covered employer. The assets of the Secure Choice trust shall not be transferred or used by the state for any purpose other than the purposes of the trust, including reasonable administrative expenses of the program. Amounts deposited in the trust shall not constitute property of the state and shall not be commingled with state funds, and the state shall have no claim to or against, or interest in, the assets of the Secure Choice trust.

Sec. 5. **[187.07] RESPONSIBILITIES OF COVERED EMPLOYERS.**

Subdivision 1. **Requirement to enroll employees.** Each covered employer must enroll its covered employees in the program and withhold payroll deduction contributions from each covered employee's paycheck, unless the covered employee has elected not to contribute.

Subd. 2. **Remitting contributions.** A covered employer must timely remit contributions as required by the board.

Subd. 3. **Distribution of information.** Covered employers must provide information prepared by the board to all covered employees regarding the program. The information must be provided to each covered employee at least 30 days prior to the date of the first paycheck from which employee contributions could be deducted for transmittal to the program, if the covered employee does not elect to opt out of the program.

Subd. 4. **No fiduciary responsibility.** Except for the responsibilities described in subdivisions 1 to 3, a covered employer has no obligations to covered employees and is not a fiduciary for any purpose under the program or in connection with the Secure Choice trust. Covered employers are not responsible for the administration, investment performance, plan design, or benefits paid to covered employees.

Subd. 5. **Employer liability.** A covered employer is not liable to a covered employee for damages alleged to have resulted from a covered employee's participation in or failure to participate in the program.

Subd. 6. **Enforcement.** (a) The board may impose statutory civil penalties against any covered employer that fails to comply with subdivisions 1, 2, and 3.

(b) At the request of the board, the attorney general shall enforce the penalties imposed by the board against a covered employer. Proceeds of such penalties, after deducting enforcement expenses, must be deposited in the Secure Choice administrative fund and are appropriated to the program.

(c) The board must provide covered employers with written warnings for the first year of noncompliance before assessing penalties.

Sec. 6. **[187.08] SECURE CHOICE RETIREMENT PROGRAM BOARD OF DIRECTORS.**

Subdivision 1. **Membership.** The policy-making function of the program is vested in a board of directors consisting of seven members as follows:

(1) the executive director of the Minnesota State Retirement System or the executive director's designee;

(2) the executive director of the State Board of Investment or the executive director's designee;

(3) three members chosen by the Legislative Commission on Pensions and Retirement, one from each of the following experience categories:

(i) executive or operations manager with substantial experience in record keeping 401(k) plans;

(ii) executive or operations manager with substantial experience in individual retirement accounts; and

(iii) executive or other professional with substantial experience in retirement plan investments;

(4) a human resources or retirement benefits executive from a private company with substantial experience in administering the company's 401(k) plan, appointed by the governor; and

(5) a small business owner or executive appointed by the governor.

Subd. 2. **Appointment.** Members appointed by the governor must be appointed as provided in section 15.0597.

Subd. 3. **Membership terms.** (a) Board members serve for two-year terms, except for the executive directors of the Minnesota State Retirement System and the State Board of Investment, who serve indefinitely.

(b) Board members' terms may be renewed, but no member may serve more than two consecutive terms.

Subd. 4. **Resignation; removal; vacancies.** (a) A board member may resign at any time by giving written notice to the board.

(b) A board member may be removed by the appointing authority and a majority vote of the board following notice and hearing before the board. For purposes of this subdivision, the chair may invite the appointing authority or a designee of the appointing authority to serve as a voting member of the board if necessary to constitute a quorum.

(c) If a vacancy occurs, the Legislative Commission on Pensions and Retirement or the governor, as applicable, shall appoint a new member within 90 days.

Subd. 5. **Compensation.** Public members are compensated and expenses reimbursed as provided under section 15.0575, subdivision 3.

Subd. 6. **Chair.** The board shall select a chair from among its members. The chair shall serve a two-year term. The board may select other officers as necessary to assist the board in performing the board's duties.

Subd. 7. **Executive director; staff.** The board must appoint an executive director, determine the duties of the director, and set the compensation of the executive director. The board may also hire staff as necessary to support the board in performing its duties.

Subd. 8. **Duties.** In addition to the duties set forth elsewhere in this chapter, the board has the following duties:

(1) to establish secure processes for enrolling covered employees in the program and for transmitting employee and employer contributions to accounts in the trust;

(2) to prepare a budget and establish procedures for the payment of costs of administering and operating the program;

(3) to lease or otherwise procure equipment necessary to administer the program;

(4) to procure insurance in connection with the property of the program and the activities of the board, executive director, and other staff;

(5) to determine the following:

(i) any criteria for covered employee other than employment with a covered employer under section 187.03, subdivision 5;

(ii) contribution rates and an escalation schedule under section 187.05, subdivision 4;

(iii) withdrawal and distribution options under section 187.05, subdivision 6; and

(iv) the default investment fund under section 187.06, subdivision 5;

(6) to keep annual administrative fees, costs, and expenses as low as possible:

(i) except that any administrative fee assessed against the accounts of covered employees may not exceed a reasonable amount relative to the fees charged by auto-IRA or defined contribution programs of similar size in the state of Minnesota or another state; and

(ii) the fee may be asset-based, flat fee, or a hybrid combination of asset-based and flat fee;

(7) to determine the eligibility of an employer, employee, or other individual to participate in the program and review and decide claims for benefits and make factual determinations;

(8) to prepare information regarding the program that is clear and concise for dissemination to all covered employees and includes the following:

(i) the benefits and risks associated with participating in the program;

(ii) procedures for enrolling in the program and opting out of the program, electing a different or zero percent employee contribution rate, making investment elections, applying for a distribution of employee accounts, and making a claim for benefits;

(iii) the federal and state income tax consequences of participating in the program, which may consist of or include the disclosure statement required to be distributed by retirement plan trustees or custodians under the Internal Revenue Code and the Treasury Regulations thereunder;

(iv) how to obtain additional information on the program; and

(v) disclaimers of covered employer and state responsibility, including the following statements:

(A) covered employees seeking financial, investment, or tax advice should contact their own advisors;

(B) neither a covered employer nor the state of Minnesota are liable for decisions covered employees make regarding their account in the program;

(C) neither a covered employer nor the state of Minnesota guarantees the accounts in the program or any particular investment rate of return; and

(D) neither a covered employer nor the state of Minnesota monitors or has an obligation to monitor any covered employee's eligibility under the Internal Revenue Code to make contributions to an account in the program, or whether the covered employee's contributions to an account in the program exceed the maximum permissible contribution under the Internal Revenue Code;

(9) to publish an annual financial report, prepared according to generally accepted accounting principles, on the operations of the program, which must include but not be limited to costs attributable to the use of outside consultants, independent contractors, and other persons who are not state employees and deliver the report to the chairs and ranking

minority members of the legislative committees with jurisdiction over jobs and economic development and state government finance, the executive directors of the State Board of Investment and the Legislative Commission on Pensions and Retirement, and the Legislative Reference Library;

(10) to publish an annual report regarding plan outcomes, progress toward savings goals established by the board, statistics on covered employees and participating employers, plan expenses, estimated impact of the program on social safety net programs, and penalties and violations and deliver the report to the chairs and ranking minority members of the legislative committees with jurisdiction over jobs and economic development and state government finance, the executive directors of the State Board of Investment and the Legislative Commission on Pensions and Retirement, and the Legislative Reference Library;

(11) to file all reports required under the Internal Revenue Code or chapter 290;

(12) to, at the board's discretion, seek and accept gifts, grants, and donations to be used for the program, unless such gifts, grants, or donations would result in a conflict of interest relating to the solicitation of service provider for program administration, and deposit such gifts, grants, or donations in the Secure Choice administrative fund;

(13) to, at the board's discretion, seek and accept appropriations from the state or loans from the state or any agency of the state;

(14) to assess the feasibility of partnering with another state or a governmental subdivision of another state to administer the program through shared administrative resources and, if determined beneficial, enter into contracts, agreements, memoranda of understanding, or other arrangements with any other state or an agency or subdivision of any other state to administer, operate, or manage any part of the program, which may include combining resources, investments, or administrative functions;

(15) to hire, retain, and terminate third-party service providers as the board deems necessary or desirable for the program, including but not limited to the trustees, consultants, investment managers or advisors, custodians, insurance companies, recordkeepers, administrators, consultants, actuaries, legal counsel, auditors, and other professionals, provided that each service provider is authorized to do business in the state;

(16) to interpret the program's governing documents and this chapter and make all other decisions necessary to administer the program;

(17) to conduct comprehensive employer and worker education and outreach regarding the program that reflect the cultures and languages of the state's diverse workforce population,

which may, in the board's discretion, include collaboration with state and local government agencies, community-based and nonprofit organizations, foundations, vendors, and other entities deemed appropriate to develop and secure ongoing resources; and

(18) to prepare notices for delivery to covered employees regarding the escalation schedule and to each covered employee before the covered employee is subject to an automatic contribution increase.

Subd. 9. **Rules.** The board of directors is authorized to adopt rules as necessary to implement this chapter.

Subd. 10. **Conflict of interest; economic interest statement.** No member of the board may participate in deliberations or vote on any matter before the board that will or is likely to result in direct, measurable economic gain to the member or the member's family. Members of the board shall file with the Campaign Finance and Public Disclosure Board an economic interest statement in a manner as prescribed by section 10A.09, subdivisions 5 and 6.

Sec. 7. **[187.09] FIDUCIARY DUTY; STANDARD OF CARE.**

(a) The members of the board, the executive director of the program, the executive director and members of the State Board of Investment, and any person who controls the disposition or investment of the assets of the Secure Choice trust:

(1) owe a fiduciary duty to the covered employees who participate in the program and their beneficiaries;

(2) must administer the program solely for the exclusive benefit of such covered employees and their beneficiaries, and for the exclusive purpose of providing benefits and paying reasonable plan expenses;

(3) are subject to the standard of care established in section 356A.04, subdivision 2; and

(4) are indemnified and held harmless by the state of Minnesota for the reasonable costs, expenses, or liability incurred as a result of any actual or threatened litigation or administrative proceeding arising out of the performance of the person's duties.

(b) Except as otherwise established in this chapter, the fiduciaries under paragraph (a) owe no other duty to covered employees, express or implied, in common law or otherwise.

Sec. 8. **[187.10] NO STATE LIABILITY.**

The state has no liability for the payment of, the amount of, or losses to any benefit to any participant in the program.

Sec. 9. **[187.11] OTHER STATE AGENCIES TO PROVIDE ASSISTANCE.**

(a) The board may enter into intergovernmental agreements with the commissioner of revenue, the commissioner of labor and industry, and any other state agency that the board deems necessary or appropriate to provide outreach, technical assistance, or compliance services. An agency that enters into an intergovernmental agreement with the board pursuant to this section must collaborate and cooperate with the board to provide the outreach, technical assistance, or compliance services under any such agreement.

(b) The commissioner of administration must provide office space in the Capitol complex for the executive director and staff of the program.

Sec. 10. **MINNESOTA SECURE CHOICE RETIREMENT PROGRAM; START OF OPERATIONS.**

Subdivision 1. **Program start; phasing.** (a) The board of directors of the Minnesota Secure Choice retirement program must begin operation of the secure choice retirement program under Minnesota Statutes, section 187.05, no earlier than January 1, 2025.

(b) The board of directors must open the program in phases, and the last phase must be opened no later than two years after the opening of the first phase.

Subd. 2. **Board appointments; first meeting.** Appointing authorities must make appointments to the board of directors under Minnesota Statutes, section 187.08, by January 15, 2024. The Legislative Commission on Pensions and Retirement must designate one member of the board to convene the first meeting of the board of directors, which must occur by March 1, 2024. At the first meeting, the board shall elect a chair.

Sec. 11. **BOARD SUPPORT UNTIL APPOINTMENT OF EXECUTIVE DIRECTOR.**

With the assistance of the Legislative Coordinating Commission, the executive director of the Legislative Commission on Pensions and Retirement must:

(1) provide notice to members of the board regarding the first meeting of the board and work with the member designated under section 10, subdivision 2, to determine the agenda and provide meeting support; and

(2) serve as the interim executive director to assist the board until the board completes the search, recruitment, and interview process and appoints the executive director under Minnesota Statutes, section 187.08, subdivision 8.

Sec. 12. **BOARD TO RECOMMEND PENALTIES TO THE LEGISLATIVE COMMISSION ON PENSIONS AND RETIREMENT.**

No later than December 31, 2024, the board of directors of the Minnesota Secure Choice retirement program must recommend to the Legislative Commission on Pensions and Retirement penalties for failure by covered employers to comply with Minnesota Statutes, section 187.07, subdivisions 1, 2, and 3. The penalties for a failure to comply with Minnesota Statutes, section 187.07, subdivision 2, must be commensurate with penalties for failure to remit state payroll taxes and, for any other compliance failure, commensurate with penalties under similar programs in other states. The Legislative Commission on Pensions and Retirement must accept or modify the recommendation and recommend legislation for passage during the 2025 legislative session.

Sec. 13. **TRANSFERS.**

$5,000,000 in fiscal year 2024 is transferred from the general fund to the Secure Choice administrative fund established under Minnesota Statutes, section 187.06, to establish and administer the Secure Choice retirement program.

Sec. 14. **EFFECTIVE DATE.**

Sections 1 to 4 and 6 to 13 are effective the day following final enactment. Section 5 is effective the day after the Secure Choice retirement program board of directors opens the Secure Choice retirement savings program for enrollment of covered employees."

Delete the title and insert:

"A bill for an act

relating to retirement; reducing the actuarial assumption for investment rate of return; eliminating the delay to normal retirement age on the commencement of postretirement adjustments and reducing the vesting requirement for the general employees retirement plans of the Minnesota State Retirement System and the Public Employees Retirement Association; modifying the postretirement adjustment for the local government correctional service retirement plan; providing a onetime postretirement adjustment to all pension plan members; temporarily reducing the employee contribution rate for the general state employees retirement plan; modifying the expiration date for supplemental employer contributions to the State Patrol and correctional state employees plans and for the state aid to the judges plan; providing for an unreduced retirement annuity upon reaching age 62 with 30 years of service and increasing the employee contribution rate for the St. Paul Teachers Retirement Fund Association; establishing the Minnesota Secure Choice Retirement Program; appropriating money for onetime direct state aids to the pension plans, an incentive program to be established at the statewide volunteer firefighter plan, the Legislative Commission on Pensions and Retirement for actuarial services to assess the actuarial cost of pension legislation, and the Minnesota Secure Choice Retirement Program; amending Minnesota Statutes 2022, sections 352.04, subdivision 2; 352.115, subdivision 1; 352.92, subdivision

2a; 352B.02, subdivision 1c; 353.01, subdivision 47; 354A.12, subdivision 1; 354A.31, subdivision 7, by adding a subdivision; 356.215, subdivision 8; 356.415, subdivisions 1, 1b, 1g; 490.123, subdivision 5; proposing coding for new law as Minnesota Statutes, chapter 187."