

1.1 A bill for an act

1.2 relating to retirement; general state employees retirement plan of the Minnesota
1.3 State Retirement System; payment of member contributions for certain military
1.4 service leave periods; amending Minnesota Statutes 2006, section 352.27.

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

1.6 Section 1. Minnesota Statutes 2006, section 352.27, is amended to read:

1.7 **352.27 CREDIT FOR BREAK IN SERVICE TO PROVIDE UNIFORMED**
1.8 **SERVICE.**

1.9 (a) An employee who is absent from employment by reason of service in the
1.10 uniformed services, as defined in United States Code, title 38, section 4303(13), and who
1.11 returns to state service upon discharge from service in the uniformed service within the
1.12 time frames required in United States Code, title 38, section 4312(e), may obtain service
1.13 credit for the period of the uniformed service as further specified in this section, provided
1.14 that the employee did not separate from uniformed service with a dishonorable or bad
1.15 conduct discharge or under other than honorable conditions.

1.16 (b) If the employee had rendered at least one year of service in state employment
1.17 before activation into uniformed service, if the period of uniformed service does not exceed
1.18 24 months, and if the employee returns from the uniformed service within six months, the
1.19 employing agency or entity at the time of the return from the uniformed service shall pay
1.20 the equivalent employee contribution into the fund under this paragraph. Otherwise, the
1.21 employee may obtain credit by paying into the fund an equivalent employee contribution.
1.22 The equivalent employee contribution must be based upon the contribution rate or rates
1.23 in effect at the time that the uniformed service was performed multiplied by the full and
1.24 fractional years being purchased and applied to the annual salary rate. The annual salary

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2.1 rate is the average annual salary during the purchase period that the employee would have
2.2 received if the employee had continued to be employed in covered employment rather than
2.3 to provide uniformed service, or, if the determination of that rate is not reasonably certain,
2.4 the annual salary rate is the employee's average salary rate during the 12-month period of
2.5 covered employment rendered immediately preceding the period of the uniformed service.

2.6 (c) The equivalent employer contribution and, if applicable, the equivalent additional
2.7 employer contribution provided in section 352.04 must be paid by the department
2.8 employing the employee from funds available to the department at the time and in
2.9 the manner provided in section 352.04, using the employer and additional employer
2.10 contribution rate or rates in effect at the time that the uniformed service was performed,
2.11 applied to the same annual salary rate or rates used to compute the equivalent employee
2.12 contribution.

2.13 (d) If the employee equivalent contributions provided in this section are not paid in
2.14 full, the employee's allowable service credit must be prorated by multiplying the full and
2.15 fractional number of years of uniformed service eligible for purchase by the ratio obtained
2.16 by dividing the total employee contribution received by the total employee contribution
2.17 otherwise required under this section.

2.18 (e) To receive service credit under this section, the contributions specified in this
2.19 section must be transmitted to the Minnesota State Retirement System during the period
2.20 which begins with the date on which the individual returns to state service and which has a
2.21 duration of three times the length of the uniformed service period, but not to exceed five
2.22 years. If the determined payment period is less than one year, the contributions required
2.23 under this section to receive service credit may be made within one year of the discharge
2.24 date.

2.25 (f) The amount of service credit obtainable under this section may not exceed five
2.26 years unless a longer purchase period is required under United States Code, title 38,
2.27 section 4312.

2.28 (g) The employing unit shall pay interest on all equivalent employee and employer
2.29 contribution amounts payable under this section. Interest must be computed at a rate of
2.30 8.5 percent compounded annually from the end of each fiscal year of the leave or the break
2.31 in service to the end of the month in which the payment is received.

2.32 **EFFECTIVE DATE.** This section is effective July 1, 2008, and applies to all
2.33 uniformed service leaves of absence or breaks in service that end on or after that date.