

A bill for an act

relating to retirement; first class city teacher retirement fund associations; adding a definition for vesting; modifying eligibility for leave of absence, retirement, survivor, and disability benefits; amending Minnesota Statutes 2010, sections 354A.011, by adding a subdivision; 354A.094, subdivision 3; 354A.31, subdivisions 1, 5, 6; 354A.35, subdivision 2; 354A.36, subdivision 1.

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

Section 1. Minnesota Statutes 2010, section 354A.011, is amended by adding a subdivision to read:

Subd. 29. **Vesting; vested.** (a) "Vesting" or "vested" means having entitlement to a nonforfeitable annuity or benefit from a coordinated member program administered by a teachers retirement fund association by having credit for sufficient allowable service under paragraph (b) or (c), whichever applies.

(b) For purposes of qualifying for an annuity or a benefit as a coordinated plan member of the St. Paul Teachers Retirement Fund Association, the teacher is vested when the teacher has accrued credit for at least three years of service.

(c) For purposes of qualifying for an annuity or a benefit as a coordinated plan member of the Duluth Teachers Retirement Fund Association:

(1) a teacher who first became a member of the plan before July 1, 2010, is vested when the teacher has accrued at least three years of service; and

(2) a teacher who first became a member of the plan after June 30, 2010, is vested when the teacher has accrued at least five years of service.

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

Sec. 2. Minnesota Statutes 2010, section 354A.094, subdivision 3, is amended to read:

Subd. 3. **Qualified part-time teacher program participation requirements.** (a) A teacher in the public schools of a city of the first class who ~~has three years or more allowable service in the applicable retirement fund association~~ is vested, or three who has combined years or more of full-time teaching service in Minnesota public elementary schools, Minnesota secondary schools, and Minnesota State Colleges and Universities system at least equal to the number of years specified for vesting in the applicable first class city teacher plan, may, by agreement with the board of the employing district, be assigned to teaching service within the district in a part-time teaching position. The agreement must be executed before October 1 of the year for which the teacher requests to make retirement contributions under subdivision 4. A copy of the executed agreement must be filed with the executive director of the retirement fund association. If the copy of the executed agreement is filed with the association after October 1 of the year for which the teacher requests to make retirement contributions under subdivision 4, the employing school district shall pay a fine of \$5 for each calendar day that elapsed since the October 1 due date. The association may not accept an executed agreement that is received by the association more than 15 months late. The association may not waive the fine required by this section.

(b) Notwithstanding paragraph (a), if the teacher is also a legislator:

(1) the agreement in paragraph (a) must be executed before March 1 of the school year for which the teacher requests to make retirement contributions under subdivision 4; and

(2) the fines specified in paragraph (a) apply if the employing unit does not file the executed agreement with the executive director of the applicable Teachers Retirement Fund Association by March 1.

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

Sec. 3. Minnesota Statutes 2010, section 354A.31, subdivision 1, is amended to read:

Subdivision 1. **Age and service requirements.** Any coordinated member or former coordinated member of the Duluth Teachers Retirement Fund Association or of the St. Paul Teachers Retirement Fund Association who has ceased to render teaching service for the school district in which the teachers retirement fund association exists, who is vested and who has either attained the age of at least 55 years ~~with not less than three years of allowable service credit~~ or received credit for not less than 30 years of allowable service regardless of age, shall be entitled upon written application to a retirement annuity. ~~Any coordinated member or former coordinated member of the Duluth Teachers Retirement Fund Association who has ceased to render teaching service for the school district in~~

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~~which the teacher retirement fund association exists and who has either attained the age of at least 55 years with not less than three years of allowable service credit if the member became an employee before July 1, 2010, or not less than five years of allowable service credit if the member became an employee after June 30, 2010, or received service credit for not less than 30 years of allowable service regardless of age, shall be entitled upon written application to a retirement annuity.~~

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

Sec. 4. Minnesota Statutes 2010, section 354A.31, subdivision 5, is amended to read:

Subd. 5. **Unreduced normal retirement annuity.** Upon retirement at normal retirement age ~~with at least three years of service credit~~, a vested coordinated member is entitled to a normal retirement annuity calculated under subdivision 4 or 4a, whichever applies.

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

Sec. 5. Minnesota Statutes 2010, section 354A.31, subdivision 6, is amended to read:

Subd. 6. **Reduced retirement annuity.** This subdivision applies only to a person who first became a coordinated member or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, and whose annuity is higher when calculated using the retirement annuity formula percentage in subdivision 4, paragraph (c), or subdivision 4a, paragraph (c), in conjunction with this subdivision than when calculated under subdivision 4, paragraph (d), or subdivision 4a, paragraph (d), in conjunction with subdivision 7.

(a) Upon retirement at an age before normal retirement age ~~with three years of service credit~~ or prior to age 62 with at least 30 years of service credit, a vested coordinated member shall be entitled to a retirement annuity in an amount equal to the normal retirement annuity calculated using the retirement annuity formula percentage in subdivision 4, paragraph (c), or subdivision 4a, paragraph (c), reduced by one-quarter of one percent for each month that the coordinated member is under normal retirement age if the coordinated member has less than 30 years of service credit or is under the age of 62 if the coordinated member has at least 30 years of service credit.

(b) Any coordinated member whose attained age plus credited allowable service totals 90 years is entitled, upon application, to a retirement annuity in an amount equal to the normal retirement annuity calculated using the retirement annuity formula percentage

in subdivision 4, paragraph (c), or subdivision 4a, paragraph (c), without any reduction by reason of early retirement.

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

Sec. 6. Minnesota Statutes 2010, section 354A.35, subdivision 2, is amended to read:

Subd. 2. **Death while eligible to retire; surviving spouse optional annuity.** (a)

The surviving spouse of a vested coordinated member who ~~has credit for at least three years of service and~~ dies prior to retirement may elect to receive, instead of a refund with interest under subdivision 1, an annuity equal to the 100 percent joint and survivor annuity the member could have qualified for had the member terminated service on the date of death. The surviving spouse eligible for a surviving spouse benefit under this paragraph may apply for the annuity at any time after the date on which the deceased employee would have attained the required age for retirement based on the employee's allowable service. A surviving spouse eligible for surviving spouse benefits under paragraph (b) or (c) may apply for an annuity at any time after the member's death. The member's surviving spouse shall be paid a joint and survivor annuity under section 354A.32 and computed under section 354A.31.

(b) If the member was under age 55 and has credit for at least 30 years of allowable service on the date of death, the surviving spouse may elect to receive a 100 percent joint and survivor annuity based on the age of the member and surviving spouse on the date of death. The annuity is payable using the full early retirement reduction under section 354A.31, subdivision 6, paragraph (a), to age 55 and one-half of the early retirement reduction from age 55 to the age payment begins.

(c) If ~~the a~~ a vested member was under age 55 ~~and has credit for at least three years of allowable service~~ on the date of death but did not yet qualify for retirement, the surviving spouse may elect to receive the 100 percent joint and survivor annuity based on the age of the member and the survivor at the time of death. The annuity is payable using the full early retirement reduction under section 354A.31, subdivision 6 or 7, to age 55 and one-half of the early retirement reduction from age 55 to the date payment begins.

(d) Sections 354A.37, subdivision 2, and 354A.39 apply to a deferred annuity or surviving spouse benefit payable under this section. The benefits are payable for the life of the surviving spouse, or upon expiration of the term certain benefit payment under subdivision 2b.

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

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5.1 Sec. 7. Minnesota Statutes 2010, section 354A.36, subdivision 1, is amended to read:

5.2 Subdivision 1. **Minimum age, service, and salary requirements.** Any coordinated
5.3 member who ~~has at least three years of allowable service credit~~ is vested, who has an
5.4 average salary of at least \$75 per month, and who has become totally and permanently
5.5 disabled shall be entitled to a disability benefit. If the disabled coordinated member's
5.6 allowable service credit has not been continuous, at least two years of the required
5.7 allowable service shall be required to have been rendered subsequent to the last
5.8 interruption in service.

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