

## CHAPTER 7950

### PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

### ELECTED OFFICIALS: MEMBERS OPTIONS

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#### MEMBERSHIP OF ELECTED OFFICIALS

##### **7950.0100 DEFINITIONS.**

**Subpart 1. Scope.** As used in parts 7950.0100 to 7950.0300, the following terms have the meanings given.

**Subp. 2. Public official.** "Public official" means a person who:

A. is a public employee within the meaning of Minnesota Statutes, section 353.01, subdivision 2; and

B. is elected to an elective office or appointed to fill a vacancy in an elective office.

**Subp. 3. PERA.** "PERA" means the Public Employees Retirement Association.

**Subp. 4. Date.** "Date" means calendar day.

**Subp. 5. New public official.** "New public official" means a public official who is elected to or appointed to fill a vacancy in an elective office and who commences employment in such office on or after December 15, 1986.

**Subp. 6. Current public official.** "Current public official" means a public official who was elected to or appointed to fill a vacancy in an elective office, who commences employment before December 15, 1986, and whose incumbency in the elective office continues through or beyond December 15, 1986.

**Subp. 7. Public official eligible to become a member of PERA.** "Public official eligible to become a member of PERA" means a public official who is a public employee within the meaning of Minnesota Statutes, section 353.01, subdivision 2a, who is not or has ceased to be excluded from the class of public employees by the minimum earnings or other provisions of Minnesota Statutes, section 353.01, subdivision 2b.

**Subp. 8. Incumbency.** "Incumbency" means continuous uninterrupted service in the same elective office, regardless of the number of successive terms in office.

**Subp. 9. Prior service.** "Prior service" means service rendered:

A. before December 15, 1986;

B. by a public official who was eligible to become a member of PERA but who was not a member of PERA at the time the service was rendered; and

C. in an elective office which is the same as or different from the elective office with respect to service in which the option to become a member is or has been exercised.

**Statutory Authority:** MS s 353.08; 353.18

**History:** 11 SR 1042

##### **7950.0200 PUBLIC OFFICIAL MEMBERSHIP STATUS.**

A public official who is not a member of PERA but who is eligible to become a member shall not be considered to be a member unless an option to become a member is exercised in accordance with part 7950.0300.

**Statutory Authority:** MS s 353.08; 353.18

**History:** 11 SR 1042

##### **7950.0300 OPTION TO BECOME A MEMBER.**

**Subpart 1. Option.** If, after December 15, 1986, a new or current public official is not a member of PERA but is eligible to become a member, the official shall have an option to

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become a member of PERA. The option may be exercised by filing an application for membership on forms provided by the executive director of PERA.

**Subp. 2. Effective date.** If an option to become a member of PERA is exercised in accordance with subpart 1, membership shall commence from the date the option is exercised. As provided in Minnesota Statutes, section 353.01, subdivision 7, membership cannot be withdrawn or terminated during incumbency in the elective office with respect to service in which the option is exercised.

**Subp. 3. Failure to exercise.** If an option to become a member of PERA is not exercised in accordance with subpart 1 on or before the date on which status as a public official ceases, the option shall expire on that date.

**Subp. 4. Prior service not covered.** The exercise of an option to become a member of PERA in accordance with subpart 1 shall not cover or otherwise apply to any service as a public official rendered prior to the date on which the option is exercised.

**Subp. 5. Repayment of refunds.** Nothing contained in this part shall circumscribe or otherwise limit the option of a former public official who was a PERA member at the time service as a public official was rendered, to repay refunds of contributions to restore past service credit in accordance with Minnesota Statutes, section 353.35.

**Statutory Authority:** *MS s 353.08; 353.18*

**History:** *11 SR 1042*

## JOINT AND SURVIVOR ANNUITY AND BENEFIT OPTIONS

### 7950.0500 PURPOSE AND APPLICABILITY.

**Subpart 1. Purpose.** Parts 7950.0500 to 7950.0520 implement Minnesota Statutes, section 353.30, subdivision 3, by establishing the specific joint and survivor options that the Public Employees Retirement Association (PERA) offers and the actuarial standards and assumptions which will be used to determine joint and survivor annuity and benefit option percentage factors. These factors will, in turn, be used to calculate joint and survivor annuity or benefit amounts under each option type. The percentage factors as determined must yield joint and survivor annuity or benefit amounts that are actuarially equivalent to the normal (for example: single life) annuity or benefit amounts provided under Minnesota Statutes, sections 353.29; 353.30; 353.32, subdivision 1a; 353.33; 353.651; 353.656; 353.657, subdivision 2a; 353.71; 356.30; 356.32; and 356.70.

**Subp. 2. Applicability.** Parts 7950.0500 to 7950.0520 apply to all PERA members who retire from active service or become disabled and select a joint and survivor annuity or benefit option in lieu of the normal annuity or benefit provided under Minnesota Statutes, sections 353.29; 353.30; 353.32, subdivision 1a; 353.33; 353.651; 353.656; 353.657, subdivision 2a; 353.71; 356.30; 356.32; and 356.70.

**Statutory Authority:** *MS s 353.03; 353.18*

**History:** *11 SR 2285*

### 7950.0510 JOINT AND SURVIVOR OPTIONS ESTABLISHED.

**Subpart 1. Selection.** In lieu of the normal annuities or benefits provided under Minnesota Statutes, sections 353.29; 353.30; 353.32, subdivision 1a; 353.33; 353.651; 353.656; 353.657, subdivision 2a; 353.71; 356.30; 356.32; and 356.70, a member of PERA, upon retirement or application for disability benefits, may select one of the joint and survivor annuity or benefit options in subparts 2 to 5.

**Subp. 2. Joint and 100 percent survivor option.** The joint and 100 percent survivor option provides a reduced monthly annuity or benefit to the member for life and upon the death of the member, a monthly annuity or benefit to the designated optional annuity beneficiary for life in an amount which is equal to the member's monthly annuity or benefit amount determined as of the annuity or benefit starting date, and as increased in accordance with Minnesota Statutes, section 11A.18. Any adjustment of an annuity under Minnesota Statutes, section 353.29, subdivision 6, is not included in the amount payable to the designated optional annuity beneficiary upon the death of the member.

**Subp. 3. Joint and 50 percent survivor option.** The joint and 50 percent survivor option provides a reduced monthly annuity or benefit to the member for life and upon the death

of the member, a monthly annuity or benefit to the designated optional annuity beneficiary for life in an amount which is equal to 50 percent of the member's monthly annuity or benefit amount determined as of the annuity or benefit starting date and as increased in accordance with Minnesota Statutes, section 11A.18. Any adjustment of an annuity under Minnesota Statutes, section 353.29, subdivision 6, is not included in the amount payable to the designated optional annuity beneficiary upon the death of the member.

**Subp. 4. Joint and 100 percent bounce-back option.** The joint and 100 percent bounce-back option provides a reduced monthly annuity or benefit to the member for life and upon the death of the member, a monthly annuity or benefit to the designated optional annuity beneficiary for life in an amount which is equal to the member's monthly annuity or benefit amount determined as of the annuity or benefit starting date, and as increased in accordance with Minnesota Statutes, section 11A.18. Any adjustment in annuity under Minnesota Statutes, section 353.29, subdivision 6, is not included in the amount payable to the designated optional annuity beneficiary upon the death of the member. In the event the designated optional annuity beneficiary predeceases the member, the monthly annuity or benefit amount paid to the member increases to an amount equal to the normal annuity or benefit amount and as increased in accordance with Minnesota Statutes, section 11A.18, that would have been received had no optional annuity or benefit been selected by the member. Any adjustment in an annuity under Minnesota Statutes, section 353.29, subdivision 6, is included in the amount payable to the member upon the death of the designated optional annuity beneficiary.

**Subp. 5. Joint and 50 percent bounce-back option.** The joint and 50 percent bounce-back option provides a reduced monthly annuity or benefit to the member for life and upon the death of the member, a monthly annuity or benefit to the designated optional annuity beneficiary for life in an amount which is equal to 50 percent of the member's monthly annuity or benefit amount determined as of the annuity or benefit starting date, and as increased in accordance with Minnesota Statutes, section 11A.18. Any adjustment in annuity under Minnesota Statutes, section 353.29, subdivision 6, is not included in the amount payable to the designated optional annuity beneficiary upon the death of the member. In the event the designated optional annuity beneficiary predeceases the member, the monthly annuity or benefit amount paid to the member increases to an amount equal to the normal annuity or benefit amount, and as increased in accordance with Minnesota Statutes, section 11A.18, that would have been received had no optional annuity or benefit been selected by the member. Any adjustment in an annuity under Minnesota Statutes, section 353.29, subdivision 6, is included in the amount payable to the member upon the death of the designated optional annuity beneficiary.

**Statutory Authority:** *MS s 353.03; 353.18*

**History:** *11 SR 2285*

## **7950.0520 ACTUARIAL STANDARDS AND ASSUMPTIONS ESTABLISHED, APPLIED, AND MAINTAINED.**

**Subpart 1. Enumerated.** The following actuarial standards and assumptions will be used in deriving the joint and survivor option percentage factors that will, in turn, be used to determine each member's applicable joint and survivor annuity or benefit amount. These standards and assumptions are based on generally accepted actuarial principles, Minnesota statutes, and the most recent actual PERA group mortality experience study.

A. Pension mortality tables adopted by the PERA board of trustees under Minnesota Statutes, sections 353.03, subdivision 3, paragraph (b), and 353.30, subdivision 3.

B. A merged gender mix which reflects PERA's actual experience adopted under Minnesota Statutes, sections 353.03, subdivision 3, paragraph (b), and 353.30, subdivision 3.

C. An interest assumption equal to the postretirement interest assumption for funds governed by Minnesota Statutes, chapter 353, under Minnesota Statutes, section 356.215, subdivision 4d.

D. An assumed beginning of month payment date.

**Subp. 2. Application of standards and assumptions.** Using the standards and assumptions in subpart 1 and generally accepted actuarial principles, and taking into account

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all potential age differentials between the age of the member rounded to the nearest birthday and the age of the designated optional annuity beneficiaries rounded to the nearest birthday, PERA's actuary, appointed under Minnesota Statutes, section 353.03, subdivision 3, paragraph (b), clause (6), shall determine joint and survivor option percentage factors and compile them into a reference table. PERA shall apply these joint and survivor option percentage factors from the table in determining the monthly joint and survivor annuity or benefit amount for those members and their designated optional annuity beneficiaries who select a joint and survivor option. The effect of applying the specific factors for the option types selected by members to the normal annuity or benefit amounts that these same members would otherwise receive shall yield joint and survivor annuity or benefit amounts, the actuarial present value of which shall equal the actuarial present value of those members' normal annuity or benefit amounts.

Subp. 3. **Maintenance of tables.** PERA shall maintain as part of its permanent records a copy of the mortality table adopted under subpart 1, and the recommendations of its appointed actuary and the table of joint and survivor option percentage factors as determined and compiled by its actuary in accordance with subpart 2. These records shall be available for review by PERA members and the public at PERA's office during normal business hours and with advance notice. Two copies of the table of joint and survivor option percentage factors shall be placed on deposit with the Legislative Reference Library, Room 645, State Office Building, Saint Paul, Minnesota 55155.

**Statutory Authority:** *MS s 353.03; 353.18*

**History:** *11 SR 2285*