

CHAPTER 354

TEACHERS RETIREMENT ACT

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354.092 SABBATICAL LEAVE.

If a member is granted a sabbatical leave, he may receive allowable service credit not exceeding three years in any ten consecutive years toward a retirement annuity by paying into the fund employee contributions during the period of leave. The employee contribution shall be based upon the appropriate rate of contributions and the salary received during the year immediately preceding the leave. This payment shall be made by the end of the fiscal year following the fiscal year in which the leave of absence terminated, and shall be without interest. A member shall not accrue more than three years allowable service by reason of this section unless the allowable service credit was paid for by the member prior to July 1, 1962. A sabbatical leave for the purpose of this section shall be compensated by a minimum of one-third of the salary the member received for a comparable period during the prior fiscal year. If the employee contributions during the period of the leave are less than the contributions based on the salary received during the year immediately preceding the leave, the formula service credit of the member shall be prorated according to section 354.05, subdivision 25, clause (3), except that if the member is paid full salary for any sabbatical leave of absence, either past or prospective, the formula service credit shall not be prorated. For sabbatical leaves taken after June 30, 1986, the required employer contribution, including the amortization amount specified in section 354.42, subdivisions 3 and 5, shall be paid by the employing unit within 30 days after notification by the association of the amount due.

History: *1Sp1985 c 12 art 11 s 4*

NOTE: This section, as amended by Laws 1985, First Special Session chapter 12, article 11, section 4, is effective July 1, 1985, for covered employees of area vocational technical institutes and July 1, 1986, for all other covered employees of school districts and other employing units. See Laws 1985, First Special Session chapter 12, article 11, section 23, subdivision 1.

354.094 EXTENDED LEAVES OF ABSENCE.

Subdivision 1. **Service credit contributions.** A member granted an extended leave of absence pursuant to section 125.60 or 136.88, except as provided in subdivision 1a or 1b, may pay employee contributions and receive allowable service credit toward annuities and other benefits under this chapter, for each year of the leave provided the member and the employing board make the required employer contribution in any proportion they may agree upon, during the period of the leave which shall not exceed five years. Except as provided in subdivision 1a or 1b, the state shall not pay employer contributions into the fund for any year for which a member is on extended leave. The employee and employer contributions shall be based upon the rates of contribution prescribed by section 354.42 for the salary received during the year immediately preceding the extended leave. Payments for the years for which a member is receiving service credit while on extended leave shall be made on or before June 30 of each fiscal year for which service credit is

received or within 30 days after notification by the association of the amount due, whichever is later.

[For text of subds 1a to 6, see M.S.1984]

History: *1Sp1985 c 12 art 11 s 5*

NOTE: Subdivision 1, as amended by Laws 1985, First Special Session chapter 12, article 11, section 5, is effective July 1, 1985, for covered employees of area vocational technical institutes and July 1, 1986, for all other covered employees of school districts and other employing units. See Laws 1985, First Special Session chapter 12, article 11, section 23, subdivision 1.

354.43 EMPLOYER CONTRIBUTIONS, FINANCING.

[For text of subd 1, see M.S.1984]

Subd. 3. Each school district, state university, community college and any other employing authority of members of the fund shall pay employer contributions at least once each month in accordance with the provisions of sections 354.42, subdivisions 3 and 5, and 355.46, subdivision 3. Payments for school district or area vocational technical institute employees who are paid from normal operating funds, shall be made from the district's or area vocational technical institute's general fund. With respect to state employees, each department and agency shall pay the amounts required by section 354.42, subdivisions 3 and 5 from the accounts and funds from which each department or agency receives its revenue, including appropriations from the general fund and from any other fund, now or hereafter existing, for the payment of salaries and in the same proportion as it pays therefrom the amounts of the salaries. The payments shall be charged as an administrative cost by these units of state government.

[For text of subds 4 and 5, see M.S.1984]

History: *1Sp1985 c 12 art 11 s 6*

NOTE: Subdivisions 1, 4, and 5 are repealed by Laws 1985, First Special Session chapter 12, article 11, section 22 effective July 1, 1986. See Laws 1985, First Special Session chapter 12, article 11, section 23, subdivision 2, as amended by Laws 1985, First Special Session chapter 16, article 2, section 20, subdivision 1.

NOTE: Subdivision 3, as amended by Laws 1985, First Special Session chapter 12, article 11, section 6, is effective July 1, 1985, for covered employees of area vocational technical institutes and July 1, 1986, for all other covered employees of school districts and other employing units. See Laws 1985, First Special Session chapter 12, article 11, section 23, subdivision 1.

354.44 RETIREMENT BENEFITS.

[For text of subds 1 to 4, see M.S.1984]

Subd. 5. **Resumption of teaching.** Any person who retired under any provision of any retirement law applicable to schools and institutions covered by the provisions of this chapter and has thereafter resumed teaching in any school or institution to which this chapter applies shall continue to receive payments in accordance with the annuity except that during any year in which the person's income from the teaching service is in an amount equal to or greater than the annual maximum earnings allowable for that age for the continued receipt of full benefit amounts monthly under the federal old age, survivors and disability insurance program as set by the secretary of health and human services pursuant to the provisions of United States Code, title 42, section 403. For the purpose of this subdivision, income from teaching service shall include all income from services performed as a consultant or an independent contractor for an employer unit covered by the provisions of this chapter.

In the event that the person has not yet reached the minimum age for the receipt of social security benefits, the maximum earnings for the person shall be equal to the annual maximum earnings allowable for the minimum age for the

receipt of social security benefits. The amount in excess of the applicable reemployment income maximum specified in this subdivision shall be deducted from the annuity payable for the year immediately following the year in which the excess amount was earned. After a person has reached the age of 70, the person shall receive the annuity in full regardless of the amount of income.

Subd. 6. Computation of formula program retirement annuity. (1) The formula retirement annuity hereunder shall be computed in accordance with the applicable provisions of the formula stated in clause (2) hereof on the basis of each member's average salary for the period of his formula service credit. For the purposes of computing the formula benefits under the formula and variable program, if a combination of these formulas is used, the formula percentages used will be those percentages in each formula as continued for the respective years of service from one formula to the next.

For all years of formula service credit "average salary" for the purpose of determining the member's retirement annuity means the average salary upon which contributions were made and upon which payments were made to increase the salary limitation provided in Minnesota Statutes 1971, section 354.511 for the highest five successive years of formula service credit provided however that such "average salary" shall not include any more than the equivalent of 60 monthly salary payments.

(2) The average salary as defined in clause (1), multiplied by the following percentages per year of formula service credit shall determine the amount of the annuity to which the member qualifying therefor is entitled:

	Coordinated Member	Basic Member
Each year of service during first ten	1.0 percent per year	2.0 percent per year
Each year of service thereafter	1.5 percent per year	2.5 percent per year

(3) Where any member retires prior to age 65 under a formula annuity, the member shall be paid a retirement annuity in an amount equal to the normal annuity provided in this subdivision and subdivision 7, reduced by one-half of one percent for each month that the member is under age 65 to and including age 60 and reduced by one-fourth of one percent for each month under age 60 at the time of retirement except that for any member who has 30 or more years of allowable service credit, the reduction shall be applied only for each month which the member is under age 62.

[For text of subds 7 and 8, see M.S.1984]

History: 1Sp1985 c 7 s 17,18

354.48 PERMANENT DISABILITY BENEFITS.

[For text of subds 1 and 2, see M.S.1984]

Subd. 3. Computation of benefits. (1) The amount of the disability benefit granted to members covered under section 354.44, subdivision 2, clauses (1) and (2), is an amount equal to double the annuity which could be purchased by the member's accumulated deductions plus interest thereon computed as though the teacher were age 65 at the time the benefit begins to accrue and in accordance with the law in effect when the disability application is received. Any member who applies for a disability benefit after June 30, 1974 and who failed to make an election pursuant to Minnesota Statutes 1971, section 354.145, shall have his disability benefit computed under the provisions of this clause or clause (2), whichever is larger.

The benefit granted shall be determined by the following:

- (a) the amount of the accumulated deductions;
- (b) interest actually earned on these accumulated deductions to the date the benefit begins to accrue;
- (c) interest for the years from the date the benefit begins to accrue to the date such member attains age 65 at the rate of three percent;
- (d) annuity purchase rates based on an appropriate annuity table of mortality with interest of five percent.

In addition a supplementary monthly benefit shall be paid to basic members only in accordance with the following table:

Age When Benefit Begins to Accrue	Supplementary Benefit
Under Age 56	\$50
56	45
57	40
58	35
59	30
60	25
61	20
62	15
63	10
64	5

(2) The disability benefit granted to members covered under section 354.44, subdivision 6 or 7 shall be computed in the same manner as the annuity provided in subdivision 6 or 7 of that section, whichever is applicable. The disability benefit shall be the formula annuity without the reduction for each month the member is under age 65 at the time the benefit begins to accrue.

(3) For the purposes of computing a retirement annuity when the member becomes eligible, the amounts paid for disability benefits shall not be deducted from the individual member's accumulated deductions. If the disability benefits provided in this subdivision exceed the monthly average salary of the disabled member, the disability benefits shall be reduced to an amount equal to the disabled member's average salary.

[For text of subds 3a to 5, see M.S.1984]

Subd. 6. Regular physical examinations. At least once each year during the first five years following the allowance of a disability benefit to any member, and at least once in every three-year period thereafter, the board shall require the disability beneficiary to undergo a medical examination to be made at the place of residence of such person, or at any other place mutually agreed upon, by a physician or physicians engaged by the board. If any examination indicates that he is no longer permanently and totally disabled or that he is engaged or is able to engage in a substantial gainful occupation, payments of the disability benefit by the fund shall be discontinued. The payments shall discontinue as soon as he is reinstated to the payroll following sick leave, but in no case shall payment be made for more than 60 days after physicians engaged by the board find that such person is no longer permanently and totally disabled.

[For text of subd 6a, see M.S.1984]

Subd. 7. **Partial reemployment.** Should the disabled person resume a gainful occupation and his earnings are less than his salary at the date of disability or the salary currently paid for similar positions, the board shall continue the disability benefit in an amount which when added to such earnings does not exceed his salary at the date of disability or the salary currently paid for similar positions, whichever is lower, provided the disability benefit in such case does not exceed the disability benefit originally allowed. The provisions of this subdivision shall not prohibit the board from making a determination that a member is no longer totally and permanently disabled or that the member is engaged or is able to engage in a substantial gainful occupation based on the results of the regular physical examinations required by subdivision 6 or any other physical examinations required by the board. Payment of the disability benefit provided in this subdivision during a period of partial reemployment shall be discontinued if the board finds that the member is no longer totally and permanently disabled.

[For text of subds 8 to 10, see M.S.1984]

History: 1Sp1985 c 7 s 19-21

354.49 REFUND.

[For text of subd 1, see M.S.1984]

Subd. 2. Except as provided in section 354.44, subdivision 1, any person who ceases to be a member by reason of termination of teaching service, shall receive a refund in an amount equal to the accumulated deductions credited to the account as of June 30, 1957, and after July 1, 1957, the accumulated deductions with interest at the rate of five percent per annum compounded annually plus any variable annuity account accumulations payable pursuant to section 354.62, subdivision 5, clause (4). For the purpose of this subdivision, interest shall be computed on fiscal year end balances to the first day of the month in which the refund is issued.

[For text of subds 3 to 5, see M.S.1984]

History: 1Sp1985 c 7 s 22

354.51 PAYMENTS TO RECEIVE CREDIT FOR PRIOR SERVICE; SHORTAGES IN MEMBER DEDUCTIONS.

[For text of subds 1 and 4, see M.S.1984]

Subd. 5. In the event that full required member contributions are not deducted from the salary of a teacher, payment shall be made as follows:

(a) Payment of shortages in member deductions on salary earned after July 1, 1961 and prior to July 1, 1981 shall be made within one year from the end of the fiscal year in which the shortage in deductions occurred in order to be accepted without an interest charge. If payment is not made within this period of time, it may be paid by the member any time prior to retirement provided that the payment shall include six percent interest compounded annually from the end of the fiscal year in which the shortage occurred to the end of the month in which payment is made and the interest shall be credited to the fund. If payment of a shortage in deductions is not made, the formula service credit of the member shall be prorated pursuant to section 354.05, subdivision 25, clause (3).

(b) Payment of shortages in member deductions on salary earned after June 30, 1981 shall be the sole obligation of the employing unit and shall be payable by the employing unit upon notification by the executive director of the shortage with

interest at the rate of six percent per annum, compounded annually, from the end of the fiscal year in which the shortage occurred to the end of the month in which payment is made and the interest shall be credited to the fund. Effective July 1, 1986, the employing unit shall also pay the employer contributions as specified in section 354.42, subdivisions 3 and 5 for such shortages. If the shortage payment is not paid by the employing unit within 60 days of notification, the executive director shall certify the amount of the shortage payment to the applicable county auditor, who shall spread a levy in the amount of the shortage payment over the taxable property of the taxing district of the employing unit if the employing unit is supported by property taxes, or to the commissioner of finance, who shall deduct the amount from any state aid or appropriation amount applicable to the employing unit if the employing unit is not supported by property taxes.

History: *1Sp1985 c 12 art 11 s 7*

NOTE: Subdivision 5, as amended by Laws 1985, First Special Session chapter 12, article 11, section 7, is effective July 1, 1985, for covered employees of area vocational technical institutes and July 1, 1986, for all other covered employees of school districts and other employing units. See Laws 1985, First Special Session chapter 12, article 11, section 23, subdivision 1.

354.53 MILITARY SERVICE CREDIT.

Subdivision 1. Any employee given a leave of absence to enter military service and who returns to teaching service upon discharge from military service as provided in section 192.262, shall obtain credit for the period of military service but shall not receive credit for any voluntary extension of military service at the instance of the member beyond the initial period of enlistment, induction or call to active duty. The member shall obtain credit by paying into the fund an employee contribution based upon the salary of the member at the date of return from military service. The amount of this contribution shall be as follows:

Period	Basic Member	Coordinated Member
July 1, 1973 thru June 30, 1979	8 percent	4 percent
July 1, 1979 and thereafter	8.5 percent	4.5 percent

The contributions specified in this subdivision shall be multiplied by the number of years of military service together with interest thereon at the rate of six percent compounded annually from the time the military service was rendered to the first date of payment. The employer contribution and additional contribution provided in section 354.42 shall be paid by the employing unit in the manner provided in section 354.43.

[For text of subds 2 and 3, see M.S.1984]

History: *1Sp1985 c 12 art 11 s 8*

NOTE: Subdivision 1, as amended by Laws 1985, First Special Session chapter 12, article 11, section 8, is effective July 1, 1985, for covered employees of area vocational technical institutes and July 1, 1986, for all other covered employees of school districts and other employing units. See Laws 1985, First Special Session chapter 12, article 11, section 23, subdivision 1.

354.55 OPTIONS TO CERTAIN MEMBERS.

[For text of subds 2 to 10, see M.S.1984]

Subd. 11. Any person covered under section 354.44, subdivisions 6 and 7, who ceases to render teaching service may leave the person's accumulated deduc-

tions in the fund for the purpose of receiving a deferred annuity at retirement. Eligibility for an annuity under this subdivision shall be governed pursuant to section 354.44, subdivision 1, or 354.60.

The amount of the deferred retirement annuity shall be determined by section 354.44, subdivisions 6 and 7, and augmented as provided herein. The required reserves related to that portion of the annuity which had accrued at the time the member ceased to render teaching service shall be augmented by interest compounded annually from the first day of the month following the month during which the member ceased to render teaching service to the effective date of retirement. There shall be no augmentation if this period is less than three months or if this period commences prior to July 1, 1971. The rates of interest used for this purpose shall be five percent commencing July 1, 1971, until January 1, 1981, and three percent thereafter. If a person has more than one period of uninterrupted service, the required reserves related to each period shall be augmented by interest pursuant to this subdivision. The sum of the augmented required reserves so determined shall be the basis for purchasing the deferred annuity. If a person does not render teaching service in any one or more consecutive fiscal years and then resumes teaching service, the formula percentages used from date of resumption will be those applicable to new members. The mortality table and interest assumption contained therein used to compute the annuity shall be determined by the law in effect at the time of the member's retirement. A period of uninterrupted service for the purposes of this subdivision shall mean a period of covered teaching service during which the member has not been separated from active service for more than one fiscal year.

The provisions of this subdivision shall not apply to variable account accumulations as defined in section 354.05, subdivision 23.

In no case shall the annuity payable herein be less than the amount of annuity payable pursuant to section 354.44, subdivisions 6 and 7.

The requirements and provisions for retirement prior to age 65 contained in section 354.44, subdivision 6, clause (2) shall also apply to an employee fulfilling the requirements with a combination of service as provided in section 354.60.

The augmentation provided by this subdivision shall not apply to any period in which a person is on an approved leave of absence from an employer unit covered by the provisions of this chapter.

[For text of subds 12 to 19, see M.S.1984]

History: 1Sp1985 c 7 s 23

354.62 PARTICIPATION IN MINNESOTA VARIABLE ANNUITY INVESTMENT FUND.

[For text of subd 1, see M.S.1984]

Subd. 2. Individual election. Each member of the teachers retirement association may elect to participate in the variable annuity division by filing a written notice with the board of trustees on forms provided by the board.

(1) Employee variable annuity contributions to the variable annuity division shall be pursuant to the option available in section 354.44, subdivision 7, the employee variable annuity contributions shall be an amount equal to one-half of the employee rates specified in section 354.42, subdivision 2.

(2) Employer variable annuity contributions shall be an amount equal to the employee variable annuity contributions provided in clause (1). The deficiency in equal employer variable annuity contributions which shall exist prior to July 1, 1975 shall be recovered from the additional employer contributions made prior to July 1, 1975 pursuant to section 354.42, subdivision 5.

(3) There shall be provided for members participating in the variable annuity division a separate account for each member which will show his variable account accumulations as defined in section 354.05, subdivision 23. The board shall establish such other accounts in the variable annuity division as it deems necessary for the operation of this provision.

(4) After June 30, 1974 there shall be no new participants in this program.

(5) Any active member currently participating in the variable annuity division may elect to cease participation in the variable annuity division effective the July 1 following the filing of a written notice with the board of trustees on forms provided by the board. If this election is made, all future contributions will go to the formula program.

[For text of subds 3 to 5, see M.S.1984]

History: *1Sp1985 c 7 s 24*

354.621 [Repealed, 1Sp1985 c 7 s 36]

354.66 QUALIFIED PART-TIME TEACHERS; PARTICIPATION IN FUND.

[For text of subds 1 to 2, see M.S.1984]

Subd. 3. For purposes of this section, the term "part-time teaching position" shall mean a teaching position within the district in which the teacher is employed for at least 50 full days or a fractional equivalent thereof as prescribed in section 354.091, and for which the teacher is compensated in an amount not exceeding 67 percent of the compensation established by the board for a full-time teacher with identical education and experience within the district.

Subd. 4. **Retirement contributions.** Notwithstanding any provision to the contrary in this chapter relating to the salary figure to be used for the determination of contributions or the accrual of service credit, a teacher assigned to a part-time position pursuant to this section shall continue to make employee contributions to and to accrue allowable service credit in the retirement fund during the period of part-time employment on the same basis and in the same amounts as would have been paid and accrued if the teacher had been employed on a full-time basis provided that, except as provided in subdivision 4a, prior to June 30 each year, or within 30 days after notification by the association of the amount due, whichever is later, the member and the employing board make that portion of the required employer contribution to the retirement fund, in any proportion which they may agree upon, that is based on the difference between the amount of compensation that would have been paid if the teacher had been employed on a full-time basis and the amount of compensation actually received by the teacher for the services rendered in the part-time assignment. The employing unit shall make that portion of the required employer contributions to the retirement fund on behalf of the teacher that is based on the amount of compensation actually received by the teacher for the services rendered in the part-time assignment in the manner described in section 354.43, subdivision 3. The employee and employer contributions shall be based upon the rates of contribution prescribed by section 354.42. Full accrual of allowable service credit and employee contributions for part-time teaching service pursuant to this section and section 354A.094 shall not continue for a period longer than ten years.

[For text of subds 4a to 11, see M.S.1984]

History: *1Sp1985 c 12 art 6 s 19; art 11 s 9*

NOTE: Subdivision 4, as amended by Laws 1985, First Special Session chapter 12, article 11, section 9, is effective July 1, 1985, for covered employees of area vocational technical institutes and July 1, 1986, for all other covered employees of school districts and other employing units. See Laws 1985, First Special Session chapter 12, article 11, section 23, subdivision 1.