CHAPTER 354A

TEACHERS RETIREMENT, CERTAIN CITIES

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354A.011 DEFINITIONS.

[For text of subds 1 to 12, see M.S.1992]

Subd. 12a. **Dependent child.** "Dependent child" means any biological or adopted child of a deceased member who has not reached the age of 20 and is dependent on the member for more than one-half of the child's support at the time of the member's death. It also means a child of the member conceived during the member's lifetime and born after the member's death.

[For text of subds 13 to 26, see M.S.1992]

Subd. 27. **Teacher.** "Teacher" means any person who renders service in a public school district located in the corporate limits of one of the cities of the first class which was so classified on January 1, 1979, as any of the following:

(a) a full-time employee in a position for which a valid license from the state department of education is required;

(b) an employee of the teachers retirement fund association located in the city of the first class unless the employee has exercised the option pursuant to Laws 1955, chapter 10, section 1, to retain membership in the Minneapolis employees retirement fund established pursuant to chapter 422A;

(c) a part-time employee in a position for which a valid license from the state department of education is required; or

(d) a part-time employee in a position for which a valid license from the state department of education is required who also renders other nonteaching services for the school district unless the board of trustees of the teachers retirement fund association determines that the combined employment is on the whole so substantially dissimilar to teaching service that the service shall not be covered by the association.

The term shall not mean any person who renders service in the school district as any of the following:

(1) an independent contractor or the employee of an independent contractor;

(2) an employee who is a full-time teacher covered by another teachers retirement fund association established pursuant to this chapter or chapter 354;

(3) an employee holding a part-time adult supplementary technical college license who renders part-time teaching service in a technical college if (1) the service is incidental to the regular nonteaching occupation of the person; and (2) the applicable technical college stipulates annually in advance that the part-time teaching service will not exceed 300 hours in a fiscal year; and (3) the part-time teaching service actually does not exceed 300 hours in a fiscal year; or

(4) an employee exempt from licensure pursuant to section 125.031.

[For text of subd 28, see M.S.1992]

History: *1993 c 336 art 1 s 1; art 6 s 16*

354A.021 TEACHERS RETIREMENT FUND ASSOCIATIONS IN CITIES OF THE FIRST CLASS.

[For text of subds 1 to 4, see M.S.1992]

Subd. 5. **Tax sheltered annuity program and fund.** Any teachers retirement fund association may establish a tax sheltered annuity program and fund meeting the requirements of section 403(b) of the Internal Revenue Code of 1954, as amended, which shall include all assets which were acquired for the specific purpose of being credited to the program and fund and to which shall be credited all employee contributions, and employer contributions if negotiated under a collective bargaining agreement, designated for this purpose and all interest income attributable to the assets of the program and fund.

[For text of subds 6 to 8, see M.S.1992]

History: *1993 c 336 art 1 s 2*

354A.12 CONTRIBUTIONS BY EMPLOYEE AND EMPLOYER.

Subdivision 1. **Employee contributions.** The contribution required to be paid by each member of a teachers retirement fund association shall not be less than the percentage of total salary specified below for the applicable association and program:

Association and Program	Percentage of Total Salary
Duluth teachers retirement association	
old law and new law coordinated programs	4.5 percent
Minneapolis teachers retirement association	
basic program	8.5 percent
coordinated program	4.5 percent
St. Paul teachers retirement association	
basic program	8 percent
coordinated program	4.5 percent

Contributions shall be made by deduction from salary and must be remitted directly to the respective teachers retirement fund association at least once each month.

Subd. 1a. **Obligation for omitted salary deductions.** If the full required contributions are not deducted from the salary of a teacher, payment of the shortage in such deductions is the sole obligation of the employing unit during the three-year period following the end of the fiscal year in which the shortage occurred. The shortage is payable by the employing unit upon notification of the shortage by the executive director of the applicable retirement fund association. The employing unit shall also pay any employer contributions related to the shortage. The amount of the shortage in employee contributions and associated employer contributions is payable with interest at the preretirement interest assumption for the retirement fund as specified in section 356.215, subdivision 4d, stated as a monthly rate from the date due until the date payment is received in the office of the association, with a minimum interest charge of $10. If the shortage payment and interest is not paid by the employing unit within 60 days of notification, the executive director shall certify the amount of the shortage payment and interest to the commissioner of finance, who shall deduct the amount from any state aid or appropriation amount applicable to the employing unit.

Subd. 2. **Retirement contribution levy disallowed.** Except as provided in subdivision 3b, paragraph (d), with respect to special school district No. 1, notwithstanding any law to the contrary, levies for teachers retirement fund associations in cities of the first class, including levies for any employer social security taxes for teachers covered by the Duluth teachers retirement fund association or the Minneapolis teachers retirement fund association or the St. Paul teachers retirement fund association, are disallowed.

Subd. 2a. **Employer regular and additional contribution rates.** (a) The employing units shall make the following employer contributions to teachers retirement fund associations:

(1) for any coordinated member of a teachers retirement fund association in a city of the first class, the employing unit shall pay the employer social security taxes in accordance with section 355.46, subdivision 3, clause (b);

(2) for any coordinated member of one of the following teachers retirement fund associations in a city of the first class, the employing unit shall make a regular employer contribution to the respective retirement fund association in an amount equal to the designated percentage of the salary of the coordinated member as provided below:

Duluth teachers retirement fund association	4.50 percent
Minneapolis teachers retirement fund association	4.50 percent
St. Paul teachers retirement fund association	4.50 percent;

(3) for any basic member of one of the following teachers retirement fund associations in a city of the first class, the employing unit shall make a regular employer contribution to the respective retirement fund in an amount equal to the designated percentage of the salary of the basic member as provided below:

Minneapolis teachers retirement fund association	8.50 percent
St. Paul teachers retirement fund association	8.00 percent

(4) for a basic member of a teachers retirement fund association in a city of the first class, the employing unit shall make an additional employer contribution to the respective fund in an amount equal to the designated percentage of the salary of the basic member, as provided below:

Minneapolis teachers retirement fund association	
July 1, 1993 - June 30, 1994	4.85 percent
July 1, 1994, and thereafter	3.64 percent
St. Paul teachers retirement fund association	
July 1, 1993 - June 30, 1995	4.63 percent
July 1, 1995, and thereafter	3.64 percent

(5) for a coordinated member of a teachers retirement fund association in a city of the first class, the employing unit shall make an additional employer contribution to the respective fund in an amount equal to the applicable percentage of the coordinated member's salary, as provided below:

Duluth teachers retirement fund association	1.29 percent
Minneapolis teachers retirement fund association	
July 1, 1993 - June 30, 1994	0.50 percent
July 1, 1994, and thereafter	3.64 percent
St. Paul teachers retirement fund association	
July 1, 1993 - June 30, 1994	0.50 percent
July 1, 1994 - June 30, 1995	1.50 percent
July 1, 1995, and thereafter	3.64 percent

(b) The regular and additional employer contributions must be remitted directly to the respective teachers retirement fund association at least once each month. Delinquent amounts are payable with interest under the procedure in subdivision 1a.

(c) Payments of regular and additional employer contributions for school district or technical college employees who are paid from normal operating funds must be made from the appropriate fund of the district or technical college.

Subd. 2b. **Report on contribution insufficiencies.** By January 1 of each year, the executive secretary or director of each first class city teachers retirement fund association shall report to the chair of the legislative commission on pensions and retirement, the chair of the committee on ways and means of the house of representatives, and the chair of the committee on finance of the senate on the amount raised by the additional employer contribution rates then in effect and the sufficiency of the total statutory support when compared to the total required contributions determined under section 356.215.

Subd. 3a. **Special direct state aid to St. Paul teachers retirement fund association.** (a) The state shall pay to the St. Paul teachers retirement fund association $500,000 in fiscal year 1994. In each subsequent fiscal year, the payment to the St. Paul teachers retirement fund association must be increased at the same rate as the increase in the general education revenue formula allowance under section 124A.22, subdivision 2, in subsequent fiscal years.

(b) The direct state aid is payable October 1 annually. The commissioner of finance shall pay the direct state aid. The amount required under this subdivision is appropriated annually to the commissioner of finance.

Subd. 3b. **Special direct state matching aid to the Minneapolis teachers retirement fund association.** (a) Special school district No. 1 may make an additional employer contribution to the Minneapolis teachers retirement fund association. The city of Minneapolis may make a contribution to the Minneapolis teachers retirement fund association. This contribution may be made by a levy of the board of estimate and taxation of the city of Minneapolis, and the levy, if made, is classified as that of a special taxing district for purposes of section 275.065.

(b) For every $1,000 contributed in equal proportion by special school district No. 1 and by the city of Minneapolis to the Minneapolis teachers retirement fund association under paragraph (a), the state shall pay to the Minneapolis teachers retirement fund association $1,000, but not to exceed $2,500,000 in total in fiscal year 1994. The total amount available for each subsequent fiscal year must be increased at the same rate as the increase in the general education revenue formula allowance under section 124A.22, subdivision 2, in subsequent fiscal years. The superintendent of special school district No. 1, the mayor of the city of Minneapolis, and the executive director of the Minneapolis teachers retirement fund association shall jointly certify to the commissioner of finance the total amount that has been contributed by special school district No. 1 and by the city of Minneapolis to the Minneapolis teachers retirement fund association. Any certification to the commissioner of education must be made quarterly. If the total certifications for a fiscal year exceed the maximum annual direct state matching aid amount in any quarter, the amount of direct state matching aid payable to the Minneapolis teachers retirement fund association must be limited to the balance of the maximum annual direct state matching aid amount available. The amount required under this paragraph, subject to the maximum direct state matching aid amount, is appropriated annually to the commissioner of finance.

(c) The commissioner of finance may prescribe the form of the certifications required under paragraph (b).

Subd. 3c. **Termination of direct state matching aid.** (a) The direct state aid under subdivision 3a to the St. Paul teachers retirement association and the direct state aid under subdivision 3b to the Minneapolis teachers retirement fund association terminates for the respective fund at the end of the fiscal year in which the accrued liability funding ratio for that fund, as determined in the most recent actuarial report for that fund by the actuary retained by the legislative commission on pensions and retirement, equals or exceeds the accrued liability funding ratio for the teachers retirement association, as determined in the most recent actuarial report for the teachers retirement association by the actuary retained by the legislative commission on pensions and retirement.

(b) If the state aid is terminated for the St. Paul teachers retirement fund association or the Minneapolis teachers retirement fund association under paragraph (a), it may not again be received by that fund.

Subd. 3d. **Supplemental administrative expense assessment.** (a) The active and retired membership of the Minneapolis teachers retirement fund association and of the St. Paul teachers retirement fund association is responsible for defraying supplemental administrative expenses other than investment expenses of the respective teacher retirement fund association.

(b) Investment expenses of the teachers retirement fund association are those expenses incurred by or on behalf of the retirement fund in connection with the investment of the assets of the retirement fund other than investment security transaction costs. Other administrative expenses are all expenses incurred by or on behalf of the retirement fund for all other retirement fund functions other than the investment of retirement fund assets. Investment and other administrative expenses must be accounted for using generally accepted accounting principles and in a manner consistent with the comprehensive annual financial report of the teachers retirement fund association for the immediately previous fiscal year under section 356.20.

(c) Supplemental administrative expenses other than investment expenses of a first class city teacher retirement fund association are those expenses for the fiscal year that exceed the amount computed by applying the most recent percentage of pay administrative expense amount, other than investment expenses, for the teachers retirement association governed by chapter 354 to the covered payroll of the respective teachers retirement fund association for the fiscal year.

(d) The board of trustees of each first class city teachers retirement fund association shall allocate the total dollar amount of supplemental administrative expenses other than investment expenses among the various active and retired membership groups of the teachers retirement fund association and shall assess the various membership groups their respective share of the supplemental administrative expenses other than investment expenses, in amounts determined by the board of trustees. The supplemental administrative expense assessments must be paid by the membership group in a manner determined by the board of trustees of the respective teachers retirement association. Supplemental administrative expenses payable by the active members of the pension plan must be picked up by the employer in accordance with section 356.62.

(e) The supplemental administrative expense assessments must be deposited in the applicable teachers retirement fund upon receipt.

(f) Any omitted active membership group assessments that remain undeducted and unpaid to the teachers retirement fund association for 90 days must be paid by the respective school district. The school district may recover any omitted active membership group assessment amounts that it has previously paid. The teachers retirement fund association shall deduct any omitted retired membership group assessment amounts from the benefits next payable after the discovery of the omitted amounts.

[For text of subd 4, see M.S.1992]

Subd. 5. **Employee reporting.** Each school district shall provide to the appropriate teachers retirement fund association information regarding all new or returning employees on a form provided by the executive secretary or director before the employee's first payroll date.

History: *1993 c 336 art 1 s 3-7; 1993 c 357 s 1-6*

354A.23 MINNEAPOLIS AND ST. PAUL TEACHERS RETIREMENT FUND ASSOCIATIONS; BASIC PROGRAMS.

[For text of subds 1 and 2, see M.S.1992]

Subd. 3. Notwithstanding anything to the contrary in the articles and bylaws of the basic programs enumerated in chapter 354A, eligibility for payment and the payment of interest on refunds and interest on repayment of refunds shall be determined in the same manner as for the coordinated programs covered by this chapter.

History: *1993 c 336 art 1 s 8*

354A.28 MODIFICATION IN MINNEAPOLIS TEACHERS RETIREMENT FUND ASSOCIATION POSTRETIREMENT ADJUSTMENT.

Subdivision 1. **Postretirement adjustment modification.** Any postretirement adjustment payable from the Minneapolis teachers retirement fund association after June 1, 1993, must be modified as provided in this section.

Subd. 2. **Establishment.** The Minneapolis teachers retirement fund association shall establish an annuity reserve fund for providing an investment vehicle for the reserves for various retirement annuities and benefits payable by the fund.

Subd. 3. **Assets.** The assets of the annuity reserve fund consist of the money representing the actuarially determined required reserves for various retirement annuities and benefits payable by the Minneapolis teachers retirement fund association.

Subd. 4. **Management.** The Minneapolis teachers retirement fund association annuity reserve fund must be managed by the board of trustees of the Minneapolis teachers retirement fund association.

Subd. 5. **Investment.** The assets of the annuity reserve fund must be invested, reinvested, and retained in the discretion of the board of trustees of the Minneapolis teachers retirement fund association in authorized investments under section 11A.24.

Subd. 6. **Allocation of assets.** No later than the last business day of the month in which the benefit payment begins, the board of trustees of the Minneapolis teachers retirement fund association shall determine the reserves to be allocated to the respective annuity reserve fund in the following manner:

(1) the present value of the benefit payable to the annuitant or benefit recipient must be determined using the postretirement earnings assumptions specified for the first class city teachers retirement funds in section 356.215, and the mortality table applicable to the fund; and

(2) the amount determined in clause (1) must be multiplied by the funding ratio of the teachers retirement fund association determined for the previous fiscal year end, and the product must be identified as the amount allocated to the annuity reserve fund.

Subd. 7. **Withdrawal of money.** If the executive director of the Minneapolis teachers retirement fund association concludes that money is required for the payment of retirement annuities or benefits, the executive director shall sell sufficient securities in the reserve fund or transfer available cash to pay benefits.

Subd. 8. **Calculation of postretirement adjustments.** (a) Annually, after June 30, the board of trustees of the Minneapolis teachers retirement fund association shall use the procedures in this subdivision and subdivision 9 to determine the amount of any postretirement adjustment. The authority to pay the automatic two percent annual postretirement increase as specified in the articles and bylaws continues.

Subd. 9. **Additional increase.** (a) In addition to the postretirement increases granted under subdivision 8, an additional percentage increase must be computed and paid under this subdivision.

(b) The board of trustees shall determine the number of annuities or benefit recipients who have been receiving an annuity or benefit for at least 12 months as of the current June 30. These recipients are entitled to receive the surplus investment earnings additional postretirement increase.

(c) Annually, on June 30, the board of trustees of the teachers retirement fund association shall determine the amount of reserves in the annuity reserve fund as specified in subdivision 6.

(d) Annually, on June 30, the board of trustees of the Minneapolis teachers retirement fund association shall determine the five-year annualized rate of return attributable to the assets in the annuity reserve fund under the formula or formulas specified in section 11A.04, clause (11).

(e) The board of trustees shall determine the amount of excess five-year annualized rate of return over the preretirement interest assumption as specified in section 356.215.

(f) The additional increase must be determined by multiplying the quantity one minus the rate of contribution deficiency, as specified in the most recent actuarial report of the actuary retained by the legislative commission on pensions and retirement, times the rate of return excess as determined in paragraph (e).

(g) The additional increase is payable to all eligible annuitants or benefit recipients on January 1 following the June 30 determination date under paragraphs (c) and (d).

History: *1993 c 357 s 7*

354A.31 COORDINATED PROGRAM RETIREMENT BENEFITS.

[For text of subd 1, see M.S.1992]

Subd. 1a. **Application for annuity.** Application for a retirement annuity may be made by a member or by a person authorized to act on behalf of the member. Every application for retirement must be made in writing on a form prescribed by the executive secretary or director and must be substantiated by written proof of the member's age and identity. The notarized signature of a member's spouse on a retirement annuity application acknowledging the member's annuity selection meets the notice requirement to the spouse under section 356.371, subdivision 3. An application for a retirement annuity is not complete until all necessary supporting documents are received by the executive secretary or director.

[For text of subd 2, see M.S.1992]

Subd. 2a. **Applications after retirement.** If an application for retirement is filed with the board during the 90-day period immediately following the termination of teaching service, the annuity may begin to accrue as if the application for retirement had been filed with the board on the date teaching service terminated. In no event may an annuity begin to accrue more than one month before the date of final salary receipt.

[For text of subds 3 to 7, see M.S.1992]

History: *1993 c 336 art 1 s 9; art 2 s 1*

354A.35 SURVIVOR BENEFITS.

[For text of subd 1, see M.S.1992]

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

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.

[For text of subd 2a, see M.S.1992]

Subd. 2b. **Survivor coverage term certain.** In lieu of the 100 percent optional annuity under subdivision 2, or a refund under subdivision 1, the surviving spouse of a deceased member may elect to receive survivor coverage in a term certain of five, ten, 15, or 20 years, but monthly payments must not exceed 75 percent of the average high-five monthly salary of the deceased member. The monthly term certain annuity must be actuarially equivalent to the 100 percent optional annuity under subdivision 2.

If a surviving spouse elects a term certain annuity and dies before the expiration of the specified term certain period, the commuted value of the remaining annuity payments must be paid in a lump sum to the survivor's estate.

Subd. 2c. **Dependent child survivor coverage.** If there is no surviving spouse eligible for benefits under subdivision 2, a dependent child or children as defined in section 354A.011, subdivision 12a, is eligible for monthly payments. Payments to a dependent child must be paid from the date of the member's death to the date the dependent child attains age 20 if the child is under age 15. If the child is 15 years or older on the date of death, payment must be made for five years. The payment to a dependent child is an amount actuarially equivalent to the value of a 100 percent optional annuity under subdivision 2 using the age of the member and age of the dependent child at the date of death. If there is more than one dependent child, each dependent child shall receive a proportionate share of the actuarial value of the employee's account.

[For text of subds 3 to 5, see M.S.1992]

History: *1993 c 336 art 5 s 1; art 6 s 17-19*