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State of Minnesota

HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. 3118

03/17/2014 Authored by Metsa

The bill was read for the first time and referred to the Committee on Government Operations

1.1 A bill for an act
1.2 relating to retirement; Teachers Retirement Association and the individual
1.3 retirement account plan; correcting a plan election provision; authorizing eligible
1.4 Minnesota State Colleges and Universities system employees to elect Teachers
1.5 Retirement Association coverage and to receive retroactive coverage.

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

1.7 Section 1. TEACHERS RETIREMENT ASSOCIATION; PROSPECTIVE
1.8 TEACHERS RETIREMENT ASSOCIATION COVERAGE; PURCHASE OF
1.9 PAST SERVICE CREDIT.

1.10 (a) An eligible person described in paragraph (b) is authorized to become a
1.11 coordinated member of the Teachers Retirement Association and to purchase service
1.12 and salary credit in the Teachers Retirement Association coordinated plan retroactively
1.13 from January 1, 1995, upon making an election under paragraph (c) and upon making all
1.14 required payments under paragraphs (d) and (e).

1.15 (b) An eligible person is a person who:

1.16 (1) was born on October 29, 1957;

1.17 (2) has been employed at Mesabi Range Community and Technical College as
1.18 an instructor since 1993;

1.19 (3) in 1994 was classified in the unlimited part-time category;

1.20 (4) became eligible for and was covered by the higher education individual
1.21 retirement account plan in January 1994; and

1.22 (5) was not offered an election of Teachers Retirement Association coverage, as
1.23 required under Laws 1994, chapter 508, article 1, section 10.

1.24 (c) To be eligible for coverage by the Teachers Retirement Association, an eligible
1.25 person must submit a written application to the executive director of the Teachers

2.1 Retirement Association on a form provided by the Teachers Retirement Association. The
2.2 application must include all documentation of the applicability of this section and any
2.3 other relevant information that the executive director may require. Teachers Retirement
2.4 Association plan membership commences as of September 1, 2014, for an applicable
2.5 eligible person, and past salary and service credit is granted from January 1, 1995,
2.6 as specified in this section, following receipt by the executive director of the written
2.7 application specified in this paragraph and receipt of the payments specified in paragraphs
2.8 (d) and (e). The authority granted by this section is voided if the applicable eligible
2.9 individual terminates from Minnesota State Colleges and Universities system employment
2.10 prior to receipt by the executive director of the Teachers Retirement Association of the
2.11 application specified in this paragraph and amounts specified in paragraphs (d) and (e).
2.12 Coverage by the Teachers Retirement Association is in lieu of coverage by the individual
2.13 retirement account plan.

2.14 (d) If an eligible person makes an election under paragraph (c), the eligible person
2.15 shall make, before September 1, 2014, a contribution equal to the excess, if any, of the
2.16 employee contributions that the individual would have made if the Teachers Retirement
2.17 Association had provided coverage from January 1, 1995, rather than the individual
2.18 retirement account plan. These additional contribution amounts shall include 8.5 percent
2.19 annual compound interest computed from the date the contribution would have been made
2.20 if deducted from salary until paid. The total amount to be paid under this paragraph shall
2.21 be determined by the executive director of the Teachers Retirement Association and
2.22 written notification of the amount required under this paragraph should be transmitted
2.23 to the eligible individual.

2.24 (e) If payment is made under paragraph (d), the value of the applicable eligible
2.25 person's higher education individual retirement account plan account shall be determined
2.26 as of September 1, 2014. The executive director of the Teachers Retirement Association
2.27 shall also compute that account's compounded 1995 value. The compounded 1995 value
2.28 is the value of the applicable account as of January 1, 1995, plus 8.5 percent annual
2.29 compound interest on that amount computed from January 1, 1995, to September 1,
2.30 2014. Notwithstanding any law to the contrary, if payment is made under paragraph (d),
2.31 the value of the applicable eligible person's individual retirement account plan account
2.32 as of September 1, 2014, minus the compounded 1995 value, shall be transferred to the
2.33 Teachers Retirement Association on or before September 15, 2014.

2.34 (f) The Teachers Retirement Association shall determine the full actuarial value
2.35 imposed upon the Teachers Retirement Association under this section due to the salary
2.36 and service credit purchase.

3.1 (g) From the total amount computed under paragraph (f), the executive director of the
3.2 Teachers Retirement Association shall subtract the amounts received under paragraphs (d)
3.3 and (e). The Minnesota State Colleges and Universities system is authorized to transmit the
3.4 remaining amount, if any, to the executive director of the Teachers Retirement Association.

3.5 (h) Any payment amount specified from the Minnesota State Colleges and
3.6 Universities system under paragraph (g) shall be transmitted to the Teachers Retirement
3.7 Association within one month following receipt of amounts transmitted under paragraphs
3.8 (d) and (e), and following notification from the executive director of the Teachers
3.9 Retirement Association. If a payment from the Minnesota State Colleges and Universities
3.10 system specified under paragraph (g) is not made, the executive director of the Teachers
3.11 Retirement Association must notify the commissioner of Minnesota Management and
3.12 Budget of this fact and that commissioner must order that amounts specified under
3.13 paragraph (g) shall be deducted from appropriations or state aid to the Minnesota
3.14 State Colleges and Universities system and be transmitted to the Teachers Retirement
3.15 Association.

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

3.17 **Sec. 2. PROSPECTIVE TRA COVERAGE; SERVICE CREDIT PURCHASE;**
3.18 **IDENTIFICATION OF ELIGIBLE PERSONS NOT OFFERED ELECTION.**

3.19 (a) An eligible person is a person who:

3.20 (1) was employed during all or part of the period from January 1, 1994, to December
3.21 31, 1995, by a Minnesota state college, state university, or community college under the
3.22 authority of the Minnesota State Colleges and Universities system board or a predecessor
3.23 organization;

3.24 (2) is currently employed in the Minnesota State Colleges and Universities system
3.25 with coverage by the higher education individual retirement account plan;

3.26 (3) has not commenced receipt of any assets or benefits derived from the individual
3.27 retirement account plan account, or commenced receipt of any benefits from the Teachers
3.28 Retirement Association, or any first class city teachers retirement association plan; and

3.29 (4) should have been offered an election of plan coverage under Laws 1994,
3.30 chapter 508, article 1, section 10, but was not offered that election due to a failure by
3.31 the Minnesota State Colleges and Universities system board or its agents to identify all
3.32 persons eligible for those elections.

3.33 (b) Notwithstanding any law to the contrary, a person specified in paragraph (a) is
3.34 eligible for the treatment specified in section 1.

4.1 (c) The board of the Minnesota State Colleges and Universities system or its agent
4.2 shall notify by certified mail all persons identified in paragraph (a) by July 15, 2014, of
4.3 their eligibility under this section.

4.4 Before February 1, 2015, the board of the Minnesota State Colleges and Universities
4.5 system shall report to the executive director of the Legislative Commission on Pensions
4.6 and Retirement on the number of persons identified under this section, the number electing
4.7 Teachers Retirement Association coverage, and the payment transmitted by the Minnesota
4.8 State Colleges and Universities system to the Teachers Retirement Association in each
4.9 case, either through direct payment or aid or appropriation reallocation.

4.10 (e) This section does not apply to an eligible person specified in section 1.

4.11 (f) This section does not apply to a person specified in Laws 2006, chapter 271,
4.12 article 14, section 8.

4.13 (g) This section expires on July 1, 2015.

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