

**CHAPTER 7950**  
**PUBLIC EMPLOYEES RETIREMENT**  
**ASSOCIATION**  
**ELECTED OFFICIALS: MEMBERS OPTIONS**

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**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

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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.

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C. An interest assumption equal to the post retirement 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 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*