

CHAPTER 354

TEACHERS RETIREMENT ACT

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354.05 DEFINITIONS.

[For text of subd 1, see M.S.1994]

Subd. 2. **Teacher.** (a) "Teacher" means:

(1) a person who renders service as a teacher, supervisor, principal, superintendent, librarian, nurse, counselor, social worker, therapist, or psychologist in the public schools of the state located outside of the corporate limits of the cities of the first class as those cities were so classified on January 1, 1979, or in the state colleges and universities system, or in any charitable, penal, or correctional institutions of a governmental subdivision, or who is engaged in educational administration in connection with the state public school system, including the state colleges and university system, but excluding the University of Minnesota, whether the position be a public office or an employment, not including members or officers of any general governing or managing board or body;

(2) an employee of the teachers retirement association unless the employee is covered by the Minnesota state retirement system by virtue of prior employment by the association;

(3) a person who renders teaching service on a part-time basis and who also renders other services for a single employing unit. In such cases, the executive director shall determine whether all or none of the combined service is covered by the association, however a person whose teaching service comprises at least 50 percent of the combined employment salary is a member of the association for all services with the single employing unit.

(b) The term does not mean:

(1) an employee described in section 352D.02, subdivision 1a, who is hired after the effective date of Laws 1986, chapter 458;

(2) a person who works for a school or institution as an independent contractor as defined by the Internal Revenue Service;

(3) a person employed in subsidized on-the-job training, work experience or public service employment as an enrollee under the federal Comprehensive Employment and Training Act from and after March 30, 1978, unless the person has, as of the later of March 30, 1978, or the date of employment, sufficient service credit in the retirement association to meet the minimum vesting requirements for a deferred retirement annuity, or the employer agrees in writing on forms prescribed by the executive director to make the required employer contributions, including any employer additional contributions, on account of that person from revenue sources other than funds provided under the federal Comprehensive Training and Employment Act, or the person agrees in writing on forms prescribed by the executive director to make the required employer contribution in addition to the required employee contribution;

(4) a person holding a part-time adult supplementary technical college license who renders part-time teaching service in a technical college if (i) the service is incidental to the regular nonteaching occupation of the person; and (ii) the applicable technical college stipulates annually in advance that the part-time teaching service will not exceed 300 hours in a fiscal year and retains the stipulation in its records; and (iii) the part-time teaching service actually does not exceed 300 hours in a fiscal year; or

(5) a person exempt from licensure pursuant to section 125.031.

Subd. 2a. Exceptions. (a) Notwithstanding subdivision 2, a person specified in paragraph (b) is not a member of the association except for purposes of social security coverage unless the person is covered by section 354B.21, and elects coverage by the teachers retirement association.

(b) A teacher is excluded from association membership other than social security coverage under paragraph (a) if the person is covered by the individual retirement account plan established under chapter 354B.

[For text of subs 3 and 4, see M.S.1994]

Subd. 5. Member of the association. "Member of the association" means every teacher who contributes to the teachers retirement fund as provided in this chapter who has not retired, except a teacher covered by section 354B.02, subdivision 2 or 3, who elects to participate in the individual retirement account plan under chapter 354B, or a teacher who exercises an option to elect coverage under another public pension plan enumerated in section 356.30, subdivision 3. Any former member of the association who is retired and subsequently resumes teaching service is a member of the association only for purposes of social security coverage.

Subd. 6. Board. The term "board" means the board of trustees of the teachers retirement association.

Subd. 7. Actuarial equivalent. "Actuarial equivalent" means the condition of one annuity or benefit having an equal actuarial present value as another annuity or benefit, determined as of a given date with each actuarial present value based on the appropriate mortality table adopted by the board of trustees based on the experience of the association as recommended by the actuary retained by the legislative commission on pensions and retirement and using the applicable preretirement or postretirement interest rate assumption specified in section 356.215, subdivision 4d.

[For text of subs 8 to 12, see M.S.1994]

Subd. 13. Allowable service. "Allowable service" means:

(1) Any service rendered by a teacher for which on or before July 1, 1957, the teacher's account in the retirement fund was credited by reason of employee contributions in the form of salary deductions, payments in lieu of salary deductions, or in any other manner authorized by Minnesota Statutes 1953, sections 135.01 to 135.13, as amended by Laws 1955, chapters 361, 549, 550, 611 or

(2) Any service rendered by a teacher for which on or before July 1, 1961, the teacher elected to obtain credit for service by making payments to the fund pursuant to Minnesota Statutes 1980, section 354.09 and section 354.51 or

(3) Any service rendered by a teacher after July 1, 1957, for any calendar month when the member receives salary from which deductions are made, deposited and credited in the fund, or

(4) Any service rendered by a person after July 1, 1957, for any calendar month where payments in lieu of salary deductions are made, deposited and credited into the fund as provided in Minnesota Statutes 1980, section 354.09, subdivision 4, and section 354.53, or

(5) Any service rendered by a teacher for which the teacher elected to obtain credit for service by making payments to the fund pursuant to Minnesota Statutes 1980, section 354.09, subdivisions 1 and 4, sections 354.50, 354.51, Minnesota Statutes 1957, section 135.41, subdivision 4, Minnesota Statutes 1971, section 354.09, subdivision 2, or Minnesota Statutes, 1973 Supplement, section 354.09, subdivision 3, or

(6) Both service during years of actual membership in the course of which contributions were currently made and service in years during which the teacher was not a member but for which the teacher later elected to obtain credit by making payments to the fund as permitted by any law then in effect, or

(7) Any service rendered where contributions were made and no allowable service credit was established because of the limitations contained in Minnesota Statutes 1957, section 135.09, subdivision 2, as determined by the ratio between the amounts of money cred-

ited to the teacher's account in a fiscal year and the maximum retirement contribution allowable for that year.

[For text of subs 14 and 14a, see M.S.1994]

Subd. 16. **Retirement annuity.** "Retirement annuity" means the payments made by the association to a former member after retirement.

Subd. 17. **Optional survivors annuity.** "Optional survivors annuity" means the payments made by the association to a survivor of a former member pursuant to an optional annuity form selected by such member at or before retirement which varies in amount depending primarily upon both employee and employer contributions made by and in behalf of the particular member.

[For text of subd 19, see M.S.1994]

Subd. 20. **Benefit.** "Benefit" means an allowance paid or payable by the association to a surviving dependent spouse or a dependent child which is a fixed amount and also includes an allowance paid or payable by the association to a member or former member who is permanently and totally disabled.

[For text of subd 21, see M.S.1994]

Subd. 22. **Designated beneficiary.** "Designated beneficiary" means the person, trust, or organization designated by a retiree or member to receive the benefits to which a beneficiary is entitled under this chapter. A beneficiary designation is valid only if it is made on an appropriate form provided by the executive director that is signed by the member and two witnesses to the member's signature. The properly completed form must be received by the association on or before the date of death of the retiree or member. If a retiree or a member does not designate a person, trust, or organization, or if the person designated predeceases the retiree or the member, or the trust or organization ceases to exist before the death of the retiree or the member, the designated beneficiary means the estate of the deceased retiree or member.

Subd. 25. **Formula service credit.** "Formula service credit" means any allowable service credit as defined in subdivision 13 except:

(1) Any service rendered prior to July 1, 1951, for which payments were made pursuant to subdivision 13 except as provided in section 354.09, subdivision 4, as determined by multiplying the number of years of service established in the records of the teachers retirement association as of July 1, 1961 by the ratio obtained between the total amount paid and the maximum amount payable for those years;

(2) Any service rendered prior to July 1, 1957 for which payments were made pursuant to section 354.09, subdivision 4, as determined by multiplying the number of years of service established in the records of the teachers retirement association by the ratio obtained between the total amount paid and the maximum amount payable for those years; or

(3) Any service rendered for which contributions were not made in full as determined by the ratio between the amounts of money credited to the teacher's account in a fiscal year and the retirement contribution payable for the fiscal year pursuant to sections 354.092, 354.42 and 354.51; and

(4) No period of service shall be counted more than once for purposes of this subdivision.

Subd. 26. **Postretirement investment fund annuity.** "Postretirement investment fund annuity" means the payments made by the association to an annuitant after retirement in accordance with the provisions of section 354.63. It also means that the payments made by the association shall never be an amount less than the amount originally determined on the date of retirement as adjusted on each succeeding January 1 in section 11A.18.

[For text of subs 27 to 32, see M.S.1994]

Subd. 35. **Salary.** (a) "Salary" means the compensation, upon which member contributions are required and made, that is paid to a teacher before employee-paid fringe benefits, tax sheltered annuities, deferred compensation, or any combination of these employee-paid items are deducted.

(b) "Salary" does not mean:

- (1) lump sum annual leave payments;
- (2) lump sum wellness and sick leave payments;
- (3) payments in lieu of any employer-paid group insurance coverage;
- (4) payments for the difference between single and family premium rates that may be paid to a member with single coverage;
- (5) employer-paid fringe benefits including, but not limited to, flexible spending accounts, cafeteria plans, health care expense accounts, day care expenses, or automobile allowances and expenses;
- (6) any form of payment made in lieu of any other employer-paid fringe benefit or expense;
- (7) any form of severance payments;
- (8) workers' compensation payments;
- (9) disability insurance payments including self-insured disability payments;
- (10) payments to school principals and all other administrators for services in addition to the normal work year contract if these additional services are performed on an extended duty day, Saturday, Sunday, holiday, annual leave day, sick leave day, or any other nonduty day;
- (11) payments under section 356.24, subdivision 1, clause (4); and
- (12) payments made under section 125.12, subdivision 7, except for payments for sick leave accumulated under the provisions of a uniform school district policy that applies equally to all similarly situated persons in the district.

[For text of subd 35a, see M.S.1994]

Subd. 36. Retiree of association. "Retiree of association" means any former member who has retired as provided in this chapter.

[For text of subd 37, see M.S.1994]

Subd. 38. Normal retirement age. "Normal retirement age" means age 65 for a person who first became a member of the association or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989. For a person who first becomes a member of the association after June 30, 1989, normal retirement age means the higher of age 65 or "retirement age," as defined in United States Code, title 42, section 416(l), as amended.

[For text of subd 39, see M.S.1994]

Subd. 40. Timely receipt. An application, payment, return, claim, or other document that is not personally delivered to the association on or before the applicable due date is considered to be a timely receipt if officially postmarked on or before the due date or delivered or filed under section 645.151.

History: 1995 c 141 art 3 s 6-8,20; art 4 s 3

354.06 BOARD OF TRUSTEES; MEMBERSHIP; DUTIES.

Subdivision 1. The management of the association is vested in a board of eight trustees known as the board of trustees of the teachers retirement association. It is composed of the following persons: the commissioner of children, families, and learning, the commissioner of finance, a representative of the Minnesota school boards association, four members of the association elected by the members of the association, and one retiree elected by the retirees of the association. The five elected members of the board of trustees must be chosen by mail ballot in a manner fixed by the board of trustees of the association. In every odd-numbered year there shall be elected two members of the association to the board of trustees for terms of four years commencing on the first of July next succeeding their election. In every odd-numbered year one retiree of the association must be elected to the board of trustees for a term of two years commencing on the first of July next succeeding the election. The filing of candidacy for a retiree election must include a petition of endorsement signed by at least ten retir-

ees of the association. Each election must be completed by June first of each succeeding odd-numbered year. In the case of elective members, any vacancy must be filled by appointment by the remainder of the board, and the appointee shall serve until the members or retirees of the association at the next regular election have elected a trustee to serve for the unexpired term caused by the vacancy. No member or retiree may be appointed by the board, or elected by the members of the association as a trustee, if the person is not a member or retiree of the association in good standing at the time of the appointment or election.

[For text of subd 1a, see M.S.1994]

Subd. 2. The board shall annually elect one of its members as president. It shall elect an executive director, whose salary shall be as provided by section 15A.081, subdivision 1. The salary of the assistant executive director who shall be in the unclassified service, shall be set in accordance with section 43A.18, subdivision 3. The executive director shall serve during the pleasure of the board and be the executive officer of the board, with such duties as the board shall prescribe. The board shall employ all other clerks and employees necessary to properly administer the association. The cost and expense of administering the provisions of this chapter shall be paid by the association. The executive director shall be appointed by the board on the basis of fitness, experience in the retirement field and leadership ability. The executive director shall have had at least five years of experience on the administrative staff of a major retirement system.

[For text of subd 2a, see M.S.1994]

Subd. 3. The state treasurer shall be ex officio treasurer of the association and the treasurer's general bond to the state shall cover any liabilities for acts as treasurer of the association. The state treasurer shall receive all moneys payable to the association and pay out the same only on warrants issued by the commissioner of finance upon forms signed by the executive director.

Subd. 4. **Board; expenses.** All members of the board shall serve without compensation. A member shall receive necessary expenses to attend meetings of the board and its committees, and association functions and presentations authorized by the board. The necessary expenses must be paid out of the fund. Members of the board shall suffer no loss of compensation from their employing units by reason of service on or for the association, the board, or any committee authorized by the board. Necessary expenses may include the salary of any substitute teacher which the employing unit is required to hire in the absence of the board member. The board may reimburse the employing unit for the cost of the substitute teacher.

[For text of subd 5, see M.S.1994]

Subd. 6. The fiscal year of the association shall begin on the first day of July of each year and end on the 30th day of June of the following year.

[For text of subd 7, see M.S.1994]

History: 1995 c 141 art 3 s 9,20; 1Sp1995 c 3 art 16 s 13

354.07 POWERS OF THE BOARD.

Subdivision 1. **General powers of the board.** The board has the power to frame bylaws for its own government and for the management of the association not inconsistent with the laws of the state and to modify them at its pleasure; to adopt, alter, and enforce reasonable rules not inconsistent with the laws of the state for the administration and management of the association, for the payment and collection of payments from members, and for the payment of withdrawals and benefits; to pass upon and allow or disallow applications for membership in the association and for credit for teaching service; to pass upon and allow or disallow claims for withdrawals, pensions, or benefits payable by the fund; to adopt an appropriate mortality table based on experience of the association as recommended by the commission-retained actuary and using the applicable postretirement interest assumption specified in section 356.215, subdivision 4d; to provide for the payment out of the fund of necessary expenses for the administration by the association and of claims for withdrawals, pensions, or benefits allowed.

[For text of subd 2, see M.S.1994]

Subd. 3. The attorney general shall be legal advisor to the board and the executive director. The board may sue or be sued or petitioned under section 354.071 in the name of the board of trustees of the teachers retirement association. In all actions brought by or against it the board shall be represented by the attorney general. Except as provided in section 354.071, subdivision 9, venue of all actions is in the Ramsey county district court.

Subd. 4. It shall be the duty of the board from time to time to certify to the state board of investment for investment as much of the funds in its hands as shall not be needed for current purposes. Such funds that are certified as to investment in the postretirement investment fund shall include the amount as required for the total reserves needed for the purposes described in section 354.63. The state board of investment shall thereupon transfer such assets to the appropriate fund provided herein, in accordance with the procedure set forth in section 354.63, or invest and reinvest an amount equal to the sum so certified in such securities as are now or may hereafter be duly authorized legal investments for state employees retirement fund and all such securities so transferred or purchased shall be deposited with the state treasurer. All interest from these investments shall be credited to the appropriate funds and used for current purposes or investments, except as hereinafter provided. The state board of investment shall have authority to sell, convey, and exchange such securities and invest and reinvest the funds when it deems it desirable to do so, and shall sell securities upon request of the officers of the association when such officers determine funds are needed for its purposes. All of the provisions regarding accounting procedures and restrictions and conditions for the purchase and sale of securities for the state employees retirement fund shall apply to the accounting, purchase and sale of securities for the teachers' retirement association.

Subd. 5. The board shall keep a record of the receipts and disbursements of the fund and a separate account with each member of the association. The board shall also keep separate accounts for annuity payments, for employer contributions and all other necessary accounts and reserves. It shall determine annually the annual interest earnings of the fund which shall include realized capital gains and losses. Any amount in the capital reserve account on July 1, 1973 shall be transferred to the employer contribution's account. The annual interest earnings shall be apportioned and credited to the separate members' accounts except those covered under the provisions of section 354.44, subdivision 6 or 7. The rate to be used in this distribution computed to the last full quarter percent shall be determined by dividing the interest earnings by the total invested assets of the fund. The excess of the annual interest earnings in the excess earnings reserve which was not credited to the various accounts shall be credited to the gross interest earnings for the next succeeding year.

Subd. 7. Notwithstanding chapter 16B, or any law to the contrary, the board may use the services of the department of administration, information services division, for electronic data processing and related services or may contract for all or a portion of such services.

Subd. 9. All school districts, state universities, community colleges and other employers of members of the association are obligated to distribute to their employees ballots for the election of members to the board of trustees, pamphlets, brochures, documents or any other material containing association information which are prepared by the executive director or the board and are delivered to the employers for distribution.

History: 1995 c 141 art 3 s 20; 1995 c 186 s 71

354.093 PARENTAL OR MATERNITY LEAVE.

Before the end of the fiscal year during which any parental or maternity leave is granted, the employing unit granting the leave must certify the leave to the association on a form specified by the executive director. A member of the association granted parental or maternity leave of absence by the employing unit is entitled to service credit not to exceed one year for the period of leave upon payment to the association by the end of the fiscal year following the fiscal year in which the leave of absence terminated. This payment must include the required employee, employer and amortization contributions for the period of leave prescribed in section 354.42. The payment must be based on the member's average full-time monthly salary rate on the date the leave of absence commenced, and must be without interest. Notwithstanding the provisions of any agreements to the contrary, employee and employer contribu-

tions may not be made to receive allowable service credit under this section if the member does not retain the right to full reinstatement at the end of the leave.

History: 1995 c 141 art 3 s 20

354.094 EXTENDED LEAVES OF ABSENCE.

[For text of subs 1 to 5, see M.S.1994]

Subd. 6. A member who pays employee contributions and receives allowable service credit in the association pursuant to this section may not pay employee contributions or receive allowable service credit for the same fiscal year in any other Minnesota public employee pension plan, except a volunteer firefighters' relief association governed by sections 69.771 to 69.776. This subdivision shall not be construed to prohibit a member who pays employee contributions and receives allowable service credit in the association pursuant to this section in any year from being employed as a substitute teacher by any school district during that year. Notwithstanding the provisions of sections 354.091 and 354.42, a teacher may not pay retirement contributions or receive allowable service credit in the association for teaching service rendered for any part of any year for which the teacher pays retirement contributions or receives allowable service credit pursuant to this section or section 354A.091 while on an extended leave of absence pursuant to section 125.60.

History: 1995 c 141 art 3 s 20

354.095 MEDICAL LEAVE; PAYMENT PROCEDURES.

Upon granting a medical leave, an employing unit must certify the leave to the association on a form specified by the executive director. A member of the association who is on an authorized medical leave of absence is entitled to receive allowable service credit, not to exceed one year, for the period of leave, upon making the prescribed payment to the fund. This payment must include the required employee and employer contributions at the rates specified in section 354.42, subdivisions 2, 3, and 5, as applied to the member's average full-time monthly salary rate on the date the leave of absence commenced plus compound annual interest at the rate of 8.5 percent from the end of the fiscal year during which the leave terminates to the end of the month during which payment is made. The member must pay the total amount required unless the employing unit, at its option, pays the employer contributions. The total amount required must be paid before the effective date of retirement or by the end of the fiscal year following the fiscal year in which the leave of absence terminated, whichever is earlier. A member may not receive more than one year of allowable service credit during any fiscal year by making payment under this section. A member may not receive disability benefits under section 354.48 and receive allowable service credit under this section for the same period of time. Notwithstanding the provisions of any agreement to the contrary, employee and employer contributions may not be made to receive allowable service credit under this section if the member does not retain the right to full reinstatement both during and at the end of the medical leave.

History: 1995 c 141 art 3 s 20

354.10 FUNDS NOT SUBJECT TO ASSIGNMENT OR PROCESS; BENEFICIARIES.

[For text of subs 1 to 3, see M.S.1994]

Subd. 4. **Changes in designated beneficiaries.** Any beneficiary designated by a retiree or member under section 354.05, subdivision 22, may be changed or revoked by the retiree or member on a form provided by the executive director. A change or revocation made under this subdivision is valid only if the properly completed form is received by the association postmarked on or before the date of death of the retiree or the member. If a designated beneficiary dies before the retiree or member designating the beneficiary, and a new beneficiary is not designated, the retiree's or member's estate is the beneficiary.

History: 1995 c 141 art 3 s 20

354.41 TEACHERS RETIREMENT ASSOCIATION, ELIGIBILITY FOR MEMBERSHIP.

[For text of subd 2, see M.S.1994]

Subd. 4. (a) A person who is a member on an authorized leave of absence and is employed by the Minnesota federation of teachers or its affiliated branches within the state, the Minnesota education association, the Minnesota association of school principals, the Minnesota association of secondary school principals or the Minnesota association of school administrators may elect to be a coordinated member of the association based on that employment, subject to the limitations set forth in subdivisions 4a and 4b. However, no person is entitled to membership under this section if the person also is a member of a teachers retirement association in a city of the first class organized under chapter 354A for the same period of service.

(b) The election must be made within 90 days of commencing employment by the labor organization.

[For text of subs 4a and 4b, see M.S.1994]

Subd. 5. For all members described in subdivision 4, the employee, employer and additional employer contributions shall be the obligation of the employee who elects coverage herein; provided, however, that the employer organization enumerated in subdivision 4 employing such member may pay the employer and additional employer contributions. The employer shall, in any event, deduct the necessary contributions from the employee's salary and remit all contributions to the teachers retirement association pursuant to section 354.42, except that if any such member is on leave of absence from a governmental employer unit, these contributions shall be forwarded by the employer organization to the governmental employer unit for remittance to the fund as described in this chapter.

Subd. 7. **Exceptions.** Members of the association as described in subdivision 4 or 9 and employees of the teachers retirement association are not eligible for election to the board of trustees.

Subd. 9. Any member who has been granted a leave of absence to serve as an elected officer of a professional teachers organization shall be entitled to acquire allowable service credit for the period of leave. To acquire the allowable service credit, the member shall make any required employee contributions currently during the period of the leave, which shall be based upon the contract salary for which the member would have been eligible if the member had not been granted the leave of absence and shall be consistent with the contract in force for the year occurring immediately prior to the commencement of the leave of absence. Any shortage which occurs in the amount of required employee contributions for any year may be paid directly to the fund with interest at an annual rate of 8.5 percent compounded annually on or prior to the last day of the fiscal year next following the occurrence of the shortage.

History: 1995 c 141 art 3 s 20

354.42 CONTRIBUTIONS BY EMPLOYER AND EMPLOYEE.

[For text of subs 2 to 5, see M.S.1994]

Subd. 7. **Erroneous salary deductions or direct payments.** (a) Any deductions taken from the salary of an employee for the retirement fund in error shall be refunded to the employee upon discovery and verification by the employing unit making the deduction, and the corresponding employer contribution and additional employer contribution amounts attributable to the erroneous salary deduction must be refunded to the employing unit.

(b) If salary deductions and employer contributions were erroneously transmitted to the retirement fund and should have been transmitted to another Minnesota public pension plan, the retirement association must transfer these salary deductions and employer contributions to the appropriate public pension fund without interest. For purposes of this paragraph, a Minnesota public pension plan means a plan specified in section 356.30, subdivision 3, or the plan governed by chapter 354B.

(c) If a salary warrant or check from which a deduction for the retirement fund was taken has been canceled or the amount of the warrant or check has been returned to the funds of the

employing unit making the payment, a refund of the amount deducted, or any portion of it that is required to adjust the salary deductions, shall be made to the employing unit.

(d) Any erroneous direct payments of member paid contributions or erroneous salary deductions that were not refunded in the regular processing of an employing unit's annual summary report shall be refunded to the member with interest computed using the rate and method specified in section 354.49, subdivision 2.

History: 1995 c 141 art 3 s 20

354.44 RETIREMENT BENEFITS.

[For text of subs 1 to 5a, see M.S.1994]

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 formulas stated in clause (2) or (4) on the basis of each member's average salary for the period of the member's formula service credit.

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. Average salary must be based upon all years of formula service credit if this service credit is less than five years.

(2) This clause, in conjunction with clause (3), applies to a person who first became a member of the association or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, unless clause (4), in conjunction with clause (5), produces a higher annuity amount, in which case clause (4) applies. 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	1.13 percent per year	2.13 percent per year
Each year of service thereafter	1.63 percent per year	2.63 percent per year

(3)(i) This clause applies only to a person who first became a member of the association or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, and whose annuity is higher when calculated under clause (2), in conjunction with this clause than when calculated under clause (4), in conjunction with clause (5).

(ii) Where any member retires prior to normal retirement age under a formula annuity, the member shall be paid a retirement annuity in an amount equal to the normal annuity provided in clause (2) reduced by one-quarter of one percent for each month that the member is under normal retirement age 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 that the member is under age 62.

(iii) Any member whose attained age plus credited allowable service totals 90 years is entitled, upon application, to a retirement annuity in an amount equal to the normal annuity provided in clause (2), without any reduction by reason of early retirement.

(4) This clause applies to a member who has become at least 55 years old and first became a member of the association after June 30, 1989, and to any other member who has become at least 55 years old and whose annuity amount when calculated under this clause and in conjunction with clause (5), is higher than it is when calculated under clause (2), in conjunction with clause (3). The average salary, as defined in clause (1) multiplied by 2.63 percent for each year of service for a basic member and by 1.63 percent for each year of service for a coordinated member shall determine the amount of the retirement annuity to which the member is entitled.

(5) This clause applies to a person who has become at least 55 years old and first becomes a member of the association after June 30, 1989, and to any other member who has

become at least 55 years old and whose annuity is higher when calculated under clause (4) in conjunction with this clause than when calculated under clause (2), in conjunction with clause (3). An employee who retires under the formula annuity before the normal retirement age shall be paid the normal annuity provided in clause (4) reduced so that the reduced annuity is the actuarial equivalent of the annuity that would be payable to the employee if the employee deferred receipt of the annuity and the annuity amount were augmented at an annual rate of three percent compounded annually from the day the annuity begins to accrue until the normal retirement age.

[For text of subd 8, see M.S.1994]

Subd. 9. Determining applicable law. An employee who returns to covered service following a termination and who is not receiving a retirement annuity under this section must have earned at least 85 days of credited service following the return to covered service to be eligible for improved benefits resulting from any law change enacted subsequent to that termination.

History: 1995 c 141 art 3 s 10,20

354.445 NO ANNUITY REDUCTION.

(a) The annuity reduction provisions of section 354.44, subdivision 5, do not apply to a person who:

(1) retires from the state university system, technical college system, or the community college system, or from a successor system employing state university, technical college, or community college faculty, with at least ten years of combined service credit in a system under the jurisdiction of the board of trustees of the Minnesota state colleges and universities;

(2) was employed on a full-time basis immediately preceding retirement as a state university, technical college, or community college faculty member or as an unclassified administrator in one of these systems;

(3) begins drawing an annuity from the teachers retirement association; and

(4) returns to work on not less than a one-third time basis and not more than a two-thirds time basis in the system from which the person retired under an agreement in which the person may not earn a salary of more than \$35,000 in a calendar year from employment after retirement in the system from which the person retired.

(b) Initial participation, the amount of time worked, and the duration of participation under this section must be mutually agreed upon by the employer and the employee. The employer may require up to one-year notice of intent to participate in the program as a condition of participation under this section. The employer shall determine the time of year the employee shall work.

(c) Notwithstanding any law to the contrary, a person eligible under paragraphs (a) and (b) may not earn further service credit in the teachers retirement association and is not eligible to participate in the individual retirement account plan or the supplemental retirement plan established in chapter 354B as a result of service under this section. No employer or employee contribution to any of these plans may be made on behalf of such a person.

(d) For a person eligible under paragraphs (a) and (b) who earns more than \$35,000 in a calendar year from employment after retirement in the system from which the person retired, the annuity reduction provisions of section 354.44, subdivision 5, apply only to income over \$35,000.

History: 1995 c 212 art 4 s 64; 1995 c 262 art 1 s 4

354.48 PERMANENT DISABILITY BENEFITS.

[For text of subs 1 to 4, see M.S.1994]

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 executive director 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 executive director. If any examination indicates that the member is no longer permanently and totally disabled or that the member is engaged or is able to engage in a substantial gainful occupation, payments of the disability benefit by the association shall be discontinued. The payments shall discontinue as soon as the member is reinstated to the payroll following sick leave, but payment may not be made for more than 60 days after physicians engaged by the executive director find that the person is no longer permanently and totally disabled.

[For text of subs 6a and 7, see M.S.1994]

Subd. 8. Refusal of examination. If any disabled person refuses to submit to a medical examination as required under this section, payments by the association must be discontinued and all rights of the member in any disability benefit must be revoked by the executive director.

Subd. 9. Return to teaching service. Any person receiving a disability benefit who is restored to active teaching service shall have deductions taken for the retirement fund.

[For text of subd 10, see M.S.1994]

History: 1995 c 141 art 3 s 20

354.52 REPORTS.

[For text of subs 2 to 4, see M.S.1994]

Subd. 4a. Member data reporting requirements. (a) An employing unit shall initially provide the following member data or any of that data not previously provided to the association for payroll warrants dated after June 30, 1995, in a format prescribed by the executive director. Data changes and the dates of those changes must be reported to the association on an ongoing basis for the payroll cycle in which they occur with the data under subdivision 4b. Data on the member includes:

- (1) legal name, address, date of birth, association member number, employer-assigned employee number, and social security number;
- (2) association status, including, but not limited to, basic, coordinated, exempt annuitant, exempt technical college teacher, and exempt independent contractor or consultant;
- (3) employment status, including, but not limited to, full time, part time, intermittent, substitute, or part-time mobility;
- (4) employment position, including, but not limited to, teacher, superintendent, principal, administrator, or other;
- (5) employment activity, including, but not limited to, hire, termination, resumption of employment, disability, or death;
- (6) leaves of absence;
- (7) county district number assigned by the association for the employing unit;
- (8) data center identification number, if applicable; and
- (9) other information as may be required by the executive director.

[For text of subs 4b to 6, see M.S.1994]

History: 1995 c 141 art 3 s 11

354.55 OPTIONS TO CERTAIN MEMBERS.

[For text of subs 2 and 3, see M.S.1994]

Subd. 6. Each annuitant who as a member of the association commenced drawing the annuity between August 1, 1931 and June 30, 1965, but not including the annuitant's beneficiaries, shall be paid ten percent of the present monthly annuity if such annuitant retired pursuant to Minnesota Statutes 1965, sections 354.33 and 354.34 and 15 percent of the present monthly annuity if such annuitant retired pursuant to Minnesota Statutes 1953, section

135.10 and Minnesota Statutes 1965, sections 354.44 and 354.45, in addition to the amounts such annuitant is otherwise entitled to receive under the provisions of Minnesota Statutes 1965, chapter 354.

[For text of subs 10 to 19, see M.S.1994]

History: 1995 c 141 art 3 s 20

354.63 PARTICIPATION IN MINNESOTA POSTRETIREMENT INVESTMENT FUND.

[For text of subd 1, see M.S.1994]

Subd. 2. Valuation of assets; adjustment of benefits. (1) The required reserves for retirement annuities as determined in accordance with this chapter shall be transferred to the Minnesota postretirement investment fund as of the last business day of the month in which the retirement annuity begins. The required reserves shall be determined in accordance with the appropriate annuity table of mortality adopted by the board of trustees as provided in section 354.07, subdivision 1, based on the experience of the fund as recommended by the commission-retained actuary and using the interest assumption specified in section 356.215, subdivision 4d.

(2) Annuity payments shall be adjusted in accordance with the provisions of section 11A.18. In making these adjustments, members who retire effective July 1 shall be considered to have retired effective the preceding June 30. This section applies to persons who retired effective July 1, 1982, or later.

(3) Notwithstanding section 356.18, an increase in annuity payments pursuant to this section will be made automatically unless written notice is filed by the annuitant with the executive director of the teachers retirement association requesting that the increase shall not be made.

History: 1995 c 141 art 3 s 20

354.66 QUALIFIED PART-TIME TEACHERS; MEMBERSHIP IN ASSOCIATION.

[For text of subs 1 to 1c, see M.S.1994]

Subd. 2. Part-time positions. A teacher in the public elementary schools, secondary schools, or technical colleges or in the community college system or the state university system of the state who has three years or more of allowable service in the association or three years or more of full-time teaching service in Minnesota public elementary schools, secondary schools, or technical colleges or in the community college system or the state university system, may, by agreement with the board of the employing district, be assigned to teaching service within the district in a part-time teaching position. The association must receive a copy of the agreement before October 1 of the year for which the teacher requests to make retirement contributions under subdivision 4.

[For text of subd 3, see M.S.1994]

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 under 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, 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 subs 5 to 11, see M.S.1994]

History: 1995 c 141 art 3 s 20; 1995 c 262 art 1 s 5