

CHAPTER 354A

TEACHERS RETIREMENT, CERTAIN CITIES

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354A.011 DEFINITIONS.

[For text of subs 1 to 3a, see M.S.2000]

Subd. 4. **Allowable service.** "Allowable service" means any service rendered by a teacher during a period in which the teacher receives salary from which employee contribution salary deductions are made to and credited by the teachers retirement fund association, any service rendered by a person during any period where assessments or payments in lieu of salary deductions were made if authorized by any law or provision of the association's articles of incorporation or bylaws then in effect or pursuant to section 354A.091, 354A.092, 354A.093, or 354A.094, or service credit purchased under section 356.555.

[For text of subs 5 to 23, see M.S.2000]

Subd. 24. **Salary; covered salary.** (a) "Salary" or "covered salary" means the entire compensation, upon which member contributions are required and made, that is paid to a teacher before deductions for deferred compensation, supplemental retirement plans, or other voluntary salary reduction programs.

(b) "Salary" does not mean:

- (1) lump sum annual leave payments;
- (2) lump sum wellness and sick leave payments;

(3) employer-paid amounts used by an employee toward the cost of insurance coverage, employer-paid fringe benefits, flexible spending accounts, cafeteria plans, health care expense accounts, day care expenses, or any payments in lieu of any employer-paid group insurance coverage, including the difference between single and family rates that may be paid to a member with single coverage, and certain amounts determined by the executive secretary or director to be ineligible;

(4) any form of payment made in lieu of any other employer-paid fringe benefit or expense;

(5) any form of severance payments;

(6) workers' compensation payments;

(7) disability insurance payments, including self-insured disability payments;

(8) 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;

(9) payments under section 356.24, subdivision 1, clause (4)(ii); and

(10) payments made under section 122A.40, subdivision 12, 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 subds 25 to 28, see M.S.2000]

History: *1Sp2001 c 10 art 3 s 19; art 6 s 10*

NOTE: The amendment to subdivision 4 by Laws 2001, First Special Session chapter 10, article 6, section 10, expires May 16, 2003. Laws 2001, First Special Session chapter 10, article 6, section 21.

354A.026 [Repealed, 1Sp2001 c 10 art 3 s 29]

354A.098 PRIOR OUT-OF-STATE TEACHING SERVICE CREDIT PURCHASE.

Subdivision 1. **Service credit purchase authorized.** (a) A teacher who has at least three years of allowable service credit with one of the retirement fund associations under this chapter and who rendered out-of-state teaching service for an educational institution established and operated by another governmental entity specified in paragraph (b) is entitled to purchase up to ten years of allowable service credit for that out-of-state service by making payment under section 356.55, provided the teacher is not entitled to receive a current or deferred age and service retirement annuity or disability benefit and has not purchased service credit from another defined benefit public employee pension plan for that out-of-state teaching service. Payment must be made before the teacher's effective date of retirement.

(b) An eligible governmental entity for purposes of paragraph (a) is:

- (1) another state of the United States;
- (2) a governmental subdivision of another state of the United States;
- (3) the federal government;
- (4) a federally recognized American Indian tribe; or
- (5) a public education institution in a foreign country.

[For text of subds 2 and 3, see M.S.2000]

History: *1Sp2001 c 10 art 6 s 11*

354A.101 PRIVATE OR PAROCHIAL TEACHING SERVICE CREDIT PURCHASE.

Subdivision 1. **Service credit purchase authorized.** A teacher who has at least three years of allowable service credit with the teachers retirement fund association is entitled to purchase up to ten years of allowable service credit for developmental achievement center or nonprofit community-based corporation, private, or parochial school teaching service by making payment under section 356.55, provided that the teacher is not entitled to receive a current or deferred age and service retirement annuity or disability benefit from the applicable employer-sponsored pension plan and has not purchased service credit from the applicable defined benefit employer-sponsored pension plan for that service.

[For text of subds 2 and 3, see M.S.2000]

History: *1Sp2001 c 10 art 6 s 12*

NOTE: The amendment to subdivision 1 by Laws 2001, First Special Session chapter 10, article 6, section 12, expires May 16, 2003. Laws 2001, First Special Session chapter 10, article 6, section 21.

354A.106 USE OF COLLEGE SUPPLEMENTAL RETIREMENT FUNDS TO PURCHASE SERVICE CREDIT.

(a) Unless prohibited by or subject to a penalty under federal law, a teacher who is a participant in the college supplemental retirement plan established under chapter 354C may utilize the teacher's supplemental plan account to purchase service credit under sections 354A.097, 354A.098, 354A.099, 354A.101, 354A.102, 354A.103, 354A.104, 354A.109, and 354A.1095, or to repay a refund under section 354A.38.

(b) At the request of a member, if determined by the executive director of the applicable teachers retirement fund association to be eligible to purchase service credit, the executive director shall notify the board of the Minnesota state colleges and universities system of the cost of the purchase and shall request the transfer of funds

from the member's college supplemental retirement account to the applicable teachers retirement fund association. Upon receipt of the full prior service credit purchase payment amount, the applicable teachers retirement fund association shall grant the requested allowable and formula service credit.

History: *1Sp2001 c 10 art 6 s 13*

354A.107 PAYMENT ACCEPTANCE ALLOWED.

The payment for the purchase of allowable service credit, or the repayment of a prior refund, or the payment of equivalent contributions for an eligible leave of absence, as permitted by law, by a member of the Minneapolis teachers retirement fund association, the St. Paul teachers retirement fund association, or the Duluth teachers retirement fund association, may be made with amounts transferred from a plan qualified under section 401(a), 401(k), 403(a), 403(b), or 457(b) of the federal Internal Revenue Code of 1986, as amended from time to time, or amounts transferred from an individual retirement account if done solely in a manner that is eligible for treatment as a nontaxable rollover under the applicable federal law. The rollover must be separately accounted for as member contributions that were not previously taxed. Before accepting any transfers to which this section applies, the executive secretary or director must require the member to provide written documentation that the amounts to be transferred are eligible for tax-free rollover and qualify for that treatment under the federal Internal Revenue Code of 1986, as amended.

History: *1Sp2001 c 10 art 3 s 20*

354A.108 PAYMENT BY TEACHERS COLLECTING WORKERS' COMPENSATION.

(a) A member of the Duluth teachers retirement fund association who is receiving temporary workers' compensation payments related to the member's teaching service and who either is receiving a reduced salary from the employer or is receiving no salary from the employer is entitled to receive allowable service credit for the period of time that the member is receiving the workers' compensation payments upon making the required payment amount.

(b) The required amount payable by the member must be calculated first by determining the differential salary amount, which is the difference between the salary received, if any, during the period of time that the member is collecting workers' compensation payments, and the salary that the member received for an identical length period immediately before collecting the workers' compensation payments. The member shall pay an amount equal to the employee contribution rate under section 354A.12, subdivision 1, multiplied by the differential salary amount.

(c) If the member makes the employee payment under this section, the employing unit shall make an employer payment to the Duluth teachers retirement fund association equal to the employer contribution rate under section 354A.12, subdivision 2a, multiplied by the differential salary amount.

(d) Payments made under this subdivision are payable without interest if paid by June 30 of the year during which the workers' compensation payments are received by the member. If paid after June 30, payments made under this subdivision must include interest at the rate of 8.5 percent per year. Payment under this section must be completed within one year of the termination of the workers' compensation payments to the member.

History: *1Sp2001 c 10 art 3 s 21*

354A.109 PRIOR UNIVERSITY OF MINNESOTA TEACHING SERVICE CREDIT PURCHASE.

Subdivision 1. **Service credit purchase authorized.** A teacher who has at least three years of allowable service credit with the teachers retirement fund association is entitled to purchase up to ten years of allowable service credit for University of Minnesota teaching service by making payment under section 356.55, provided the teacher is not entitled to receive a current or deferred age and service retirement

annuity or disability benefit and has not purchased service credit from another defined benefit public employee pension plan for that University of Minnesota teaching service.

Subd. 2. **Application and documentation.** A teacher who desires to purchase service credit under subdivision 1 must apply with the executive director to make the purchase. The application must include all necessary documentation of the teacher's qualifications to make the purchase, signed written permission to allow the executive director to request and receive necessary verification of applicable facts and eligibility requirements, and any other relevant information that the executive director may require. Payment must be made before the teacher's effective date of retirement.

Subd. 3. **Service credit grant.** Allowable service credit for the purchase period must be granted by the teachers retirement association to the purchasing teacher on receipt of the purchase payment amount.

History: *1Sp2001 c 10 art 6 s 14*

354A.1095 PRIOR TEACHING SERVICE CREDIT PURCHASE BY IRAP MEMBERS WITH DEFERRED TEACHERS RETIREMENT ASSOCIATION CREDIT.

A teacher who is a participant in the individual retirement account plan authorized by chapter 354B and who has at least three years of allowable service credit with a teachers retirement fund association may purchase service credit as provided in sections 354A.091 to 354A.099, 354A.101 to 354A.106, and 354A.109.

History: *1Sp2001 c 10 art 6 s 15*

NOTE: This section, as added by Laws 2001, First Special Session chapter 10, article 6, section 15, expires May 16, 2002. Laws 2001, First Special Session chapter 10, article 6, section 21.

354A.12 CONTRIBUTIONS BY EMPLOYEE AND EMPLOYER.

[For text of subds 1 to 4, see M.S.2000]

Subd. 5. **Reporting and remittance requirements.** (a) Each employing unit shall provide to the appropriate teachers retirement fund association the following member data regarding all new or returning employees before the employee's first payroll date in a format approved by the executive secretary or 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. 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, or 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; and

(7) other information as may be required by the association.

(b) Each employing unit shall provide the following data to the appropriate association for each payroll cycle in a format approved by the executive secretary or director:

(1) an association member number;

(2) employer-assigned employee number;

(3) social security number;

(4) amount of each salary deduction;

- (5) amount of salary as defined in section 354A.011, subdivision 24, from which each deduction was made;
- (6) reason for payment;
- (7) service credit;
- (8) the beginning and ending dates of the payroll period covered and the date of actual payment;
- (9) fiscal year of salary earnings;
- (10) total remittance amount including employee, employer, and employer additional contributions; and
- (11) other information as may be required by the association.

(c) On or before August 1 each year, each employing unit must report to the appropriate association giving an itemized summary for the preceding 12 months of the total amount that was withheld from the salaries of teachers for deductions and all other information required by the association.

(d) An employing unit that does not comply with the reporting requirements under this section shall pay a fine of \$5 per calendar day until the association receives the required member data.

(e) An employing unit shall remit all amounts that are due to the association and shall furnish for each pay period an itemized statement indicating the total amount that is due and is transmitted with any other information required by the association. All amounts due and other employer obligations that are not remitted within 30 days of notification by the association must be certified by the director or secretary to the commissioner of finance, who shall deduct the amount from any state aid or appropriation amount applicable to the employing unit and shall transmit the deducted amount to the applicable association.

History: *1Sp2001 c 10 art 3 s 22*

354A.31 COORDINATED PROGRAM RETIREMENT BENEFITS.

[For text of subds 1 to 2a, see M.S.2000]

Subd. 3. Resumption of teaching after commencement of a retirement annuity. (a) Any person who retired and is receiving a coordinated program retirement annuity under the provisions of sections 354A.31 to 354A.41 or any person receiving a basic program retirement annuity under the governing sections in the articles of incorporation or bylaws and who has resumed teaching service for the school district in which the teachers retirement fund association exists is entitled to continue to receive retirement annuity payments, except that annuity payments must be reduced during the calendar year immediately following the calendar year in which the person's income from the teaching service is in an amount greater than the annual maximum earnings allowable for that age for the continued receipt of full benefit amounts monthly under the federal old age, survivors, and disability insurance program as set by the secretary of health and human services under United States Code, title 42, section 403. The amount of the reduction must be one-third the amount in excess of the applicable reemployment income maximum specified in this subdivision and must be deducted from the annuity payable for the calendar year immediately following the calendar year in which the excess amount was earned. If the person has not yet reached the minimum age for the receipt of social security benefits, the maximum earnings for the person must be equal to the annual maximum earnings allowable for the minimum age for the receipt of social security benefits.

(b) If the person is retired for only a fractional part of the calendar year during the initial year of retirement, the maximum reemployment income specified in this subdivision must be prorated for that calendar year.

(c) After a person has reached the age of 70, no reemployment income maximum is applicable regardless of the amount of any compensation received for teaching service for the school district in which the teachers retirement fund association exists.

(d) The amount of the retirement annuity reduction must be handled or disposed of as provided in section 356.58.

(e) For the purpose of this subdivision, income from teaching service includes: (i) all income for services performed as a consultant or independent contractor; or income resulting from working with the school district in any capacity; and (ii) the greater of either the income received or an amount based on the rate paid with respect to an administrative position, consultant, or independent contractor in the school district in which the teachers retirement fund association exists and at the same level as the position occupied by the person who resumes teaching service.

(f) On or before February 15 of each year, each applicable employing unit shall report to the teachers retirement fund association the amount of postretirement income as defined in this subdivision, earned as a teacher, consultant, or independent contractor during the previous calendar year by each retiree of the teachers retirement fund association for teaching service performed after retirement. The report must be in a format approved by the executive secretary or director.

[For text of subs 3a to 8, see M.S.2000]

History: *1Sp2001 c 10 art 3 s 23*

354A.32 OPTIONAL RETIREMENT ANNUITIES.

[For text of subd 1, see M.S.2000]

Subd. 1a. **Bounce-back annuity.** (a) If a former coordinated member or disabilitant has selected a joint and survivor annuity option under subdivision 1, the former member or disabilitant must receive a normal single life annuity if the designated optional annuity beneficiary dies before the former member or disabilitant. Under this option, no reduction may be made in the person's annuity to provide for restoration of the normal single life annuity in the event of the death of the designated optional annuity beneficiary.

(b) A former coordinated member or disabilitant who selected an optional joint and survivor annuity before July 1, 1989, but did not choose an option that provides that the normal single life annuity is payable to the former member or the disabilitant if the designated optional annuity beneficiary dies first, is eligible for restoration of the normal single life annuity if the designated optional annuity beneficiary dies first, without further actuarial reduction of the person's annuity. A former member or disabilitant who selected an optional joint and survivor annuity, but whose designated optional annuity beneficiary died before July 1, 1989, shall receive a normal single life annuity after that date, but shall not receive retroactive payments for periods before that date.

(c) A former coordinated member or disabilitant who took a further actuarial reduction to elect an optional joint and survivor annuity that provides that the normal annuity is payable to the former member or disabilitant if the designated optional beneficiary dies first but has not died before July 1, 1989, shall have the annuity increased as of July 1, 1989, to the amount the person would have received if, at the time of retirement or disability, the person had selected only optional survivor coverage that would not have provided for restoration of the normal annuity upon the death of the designated optional annuity beneficiary. Any annuity or benefit increase under this paragraph is effective only for payments made after June 30, 1989, and is not retroactive for payments made before July 1, 1989.

(d) The restoration of the normal single life annuity under this subdivision will take effect on the first of the month following the date of death of the designated optional annuity beneficiary or on the first of the month following one year before the date on which a certified copy of the death record of the designated optional annuity beneficiary is received in the office of the appropriate teachers retirement fund association, whichever date is later.

History: *1Sp2001 c 9 art 15 s 32*

354A.35 SURVIVOR BENEFITS.

[For text of subs 1 to 3, see M.S.2000]

Subd. 4. **Payment of minimal refund and benefit amounts.** If a coordinated member or former coordinated member dies without having designated a beneficiary or if the designated beneficiary dies without there existing any other designated beneficiary and prior to making application for the refund credited to the deceased coordinated member or coordinated former member, and if the amount of the refund does not exceed \$1,500, the board in its discretion may, in absence of probate proceedings, make payment 90 days after the date of death of the coordinated member or former coordinated member to the surviving spouse of the deceased coordinated member or former coordinated member, or if none, to the next of kin as determined under the laws of descent of the state. A payment under this subdivision shall be a bar to recovery by any other person or persons. Any retirement annuity in any amount which has accrued at the time of the death of a coordinated retiree may be paid by the board in its discretion using the procedure set forth in this subdivision.

[For text of subd 5, see M.S.2000]

History: 1Sp2001 c 10 art 3 s 24