

CHAPTER 354

TEACHERS RETIREMENT ACT

354.05	DEFINITIONS.	354.44	RETIREMENT BENEFITS.
354.093	PARENTAL LEAVE.	354.45	OPTIONAL RETIREMENT ANNUITIES; UNPAID ANNUITIES, DISPOSITION.
354.094	EXTENDED LEAVES OF ABSENCE.	354.471	ACCOUNT TERMINATION; RESTORATION.
354.095	MEDICAL LEAVE.	354.48	PERMANENT DISABILITY BENEFITS.
354.096	FAMILY LEAVE.	354.49	REFUND.
354.105	PAYMENTS USING PRETAX TRANSFERS.	354.72	AUTHORIZED LEAVE OF ABSENCE AND STRIKE PERIOD SERVICE CREDIT PURCHASE PROCEDURE.
354.35	OPTIONAL ACCELERATED RETIREMENT ANNUITY BEFORE NORMAL RETIREMENT AGE.		

354.05 DEFINITIONS.

[For text of subs 1 to 12, see M.S.2006]

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 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 credited to the teacher’s account in a fiscal year and the maximum retirement contribution allowable for that year, or

(8) MS 2002 [Expired]

(9) A period of time during which a teacher was on strike without pay, not to exceed a period of one year, if payment in lieu of salary deductions is made under section 354.72, or

(10) A period of service before July 1, 2006, that was properly credited as allowable service by the Minneapolis Teachers Retirement Fund Association, and that was rendered by a teacher as an employee of Special School District No. 1, Minneapolis, or by an employee of the Minneapolis Teachers Retirement Fund Association who was a member of the Minneapolis Teachers Retirement Fund Association by virtue of that employment, who has not begun receiving an annuity or other retirement benefit from the former Minneapolis Teachers Re-

tirement Fund Association calculated in whole or in part on that service before July 1, 2006, and who has not taken a refund of member contributions related to that service unless the refund is repaid under section 354.50, subdivision 4. Service as an employee of Special School District No. 1, Minneapolis, on or after July 1, 2006, is "allowable service" only as provided by this chapter.

[For text of subs 13a to 40, see M.S.2006]

History: 2007 c 134 art 2 s 31

354.071 [Repealed, 2007 c 134 art 6 s 3]

354.093 PARENTAL LEAVE.

Upon granting a parental leave for the birth or adoption of a child, 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 leave of absence by the employing unit is entitled to service credit not to exceed one year for the period of leave upon payment under section 354.72. Notwithstanding the provisions of any agreements to the contrary, the contributions specified in this section 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: 2007 c 134 art 2 s 32

354.094 EXTENDED LEAVES OF ABSENCE.

Subdivision 1. **Service credit contributions.** (a) Upon granting any extended leave of absence under section 122A.46 or 136F.43, the employing unit granting the leave must certify the leave to the association on a form specified by the executive director. A member granted an extended leave of absence under section 122A.46 or 136F.43 shall receive allowable and formula service credit toward annuities and other benefits under this chapter, for each year of the leave, provided that payment is made as specified in paragraph (b). The employer may enter into an agreement with the exclusive bargaining representative of the teachers in the district under which, for an individual teacher, all or a portion of the employee's contribution is paid by the employer. Any such agreement must include a sunset of eligibility to qualify for the payment and must not be a part of the collective bargaining agreement. The leave period must not exceed five years. A member may not receive more than five years of allowable or formula service credit under this section.

(b) Employee contribution payments without interest for the years for which a member is receiving service credit while on extended leave must be made on or before June 30 of each fiscal year for which service credit is to be received, or in instances of late reporting by the employer, within 30 days after the association gives notification to the member of the amount due. Payment is authorized after June 30 as specified in section 354.72.

(c) Notwithstanding the provisions of any agreements to the contrary, payments may not be made to receive allowable and formula service credit if the member does not have full reinstatement rights as provided in section 122A.46 or 136F.43, both during and at the end of the extended leave.

(d) Any school district paying the employee's retirement contributions or payments under this section shall forward to the Teachers Retirement Association a copy of the agreement executed by the school district and the employee.

Subd. 2. **Membership; retention.** Notwithstanding section 354.49, subdivision 4, clause (3), a member on extended leave under subdivision 1 shall retain membership in the association if payment under subdivision 1, paragraph (b), or section 354.72, is made, under the same terms and conditions as if the member had continued to teach in the district or the Minnesota State Colleges and Universities system.

Subd. 3. **Effect of nonpayment.** A member on extended leave of absence under section 122A.46 or 136F.43 who fails to make payments under subdivision 1, paragraph (b), or sec-

tion 354.72, for any given year of the leave shall be deemed to cease to render teaching services beginning in that year for purposes of this chapter and may not make payment to the fund for any subsequent year of the leave until full payment is made for all prior years of the leave. Failure to make payment does not affect the rights or obligations of the member or the member's employer under section 122A.46 or 136F.43.

Subd. 4. Member who does not resume teaching. A member who makes the payments specified in subdivision 1, paragraph (b), or section 354.72, to the fund for the agreed maximum duration of an extended leave and who does not resume teaching in the first school year after that maximum duration has elapsed is deemed to cease to render teaching services beginning in that year for purposes of this chapter.

Subd. 5. Discharge; layoff. The provisions of this section do not apply to a member who is discharged or placed on unrequested leave of absence or retrenchment or layoff or whose contract is terminated while the member is on an extended leave of absence under section 122A.46 or 136F.43.

Subd. 6. Limits on other service credit. A member who makes the payments required under subdivision 1, paragraph (b), or section 354.72, and receives allowable and formula service credit in the association under this section may not pay employee contributions or receive allowable or formula 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 must not be construed to prohibit a member who receives allowable and formula service credit in the association under this section for a given 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 or formula 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 or formula service credit under this section or section 354A.091 while on an extended leave of absence under section 122A.46.

History: 2007 c 134 art 2 s 33

354.095 MEDICAL LEAVE.

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 under section 354.72. 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: 2007 c 134 art 2 s 34

354.096 FAMILY LEAVE.

[For text of subd 1, see M.S.2006]

Subd. 2. Payment. (a) Notwithstanding any laws to the contrary, a member who is granted a family leave under United States Code, title 42, section 12631, may receive allowable service credit for the leave by making payment of the employee, employer, and additional employer contributions at the rates under section 354.42, during the leave period as applied to the member's average full-time monthly salary rate on the date the leave commenced.

(b) If payment is made after the leave terminates, section 354.72 applies.

[For text of subd 3, see M.S.2006]

History: 2007 c 134 art 2 s 35

354.105 PAYMENTS USING PRETAX TRANSFERS.

If a current or past member is making a payment to the Teachers Retirement Association to receive service credit under a provision of this chapter, chapter 356, or applicable special law, and this payment is to be made by a transfer of pretax assets authorized under section 356.441, payment is authorized after the due date, but not to exceed 90 days, provided that the authorization for the asset transfer has been received by the applicable third-party administrator by the due date, and the payment must include interest at a rate of 0.708 percent per month from the due date through the end of the month in which the Teachers Retirement Association receives the payment.

History: 2007 c 134 art 2 s 36

354.35 OPTIONAL ACCELERATED RETIREMENT ANNUITY BEFORE NORMAL RETIREMENT AGE.

Subdivision 1. **Normal retirement age definition.** For purposes of this section, "normal retirement age" means normal retirement age as defined in United States Code, title 42, section 416(1), as amended.

Subd. 2. **Election of accelerated annuity.** (a) Any coordinated member who retires before normal retirement age may elect to receive an optional accelerated retirement annuity from the association which provides for different annuity amounts over different periods of retirement. The optional accelerated retirement annuity must take the form of an annuity payable for the period before the member attains age 65, or normal retirement age, in a greater amount than the amount of the annuity calculated under section 354.44 on the basis of the age of the member at retirement, but the optional accelerated retirement annuity must be the actuarial equivalent of the member's annuity computed on the basis of the member's age at retirement. The greater amount must be paid until the retiree reaches age 65, or normal retirement age, and at that time the payment from the association must be reduced. For each year the retiree is under age 65, or normal retirement age, up to five percent of the total life annuity required reserves may be used to accelerate the optional retirement annuity under this section.

(b) Members who retire before age 62 may elect to have the annuity under this subdivision accelerated to age 62 rather than normal retirement age or age 65.

(c) The method of computing the optional accelerated retirement annuity provided in this subdivision is established by the board of trustees. In establishing the method of computing the optional accelerated retirement annuity or any modification of that procedure, the board of trustees must obtain the written approval of the actuary retained under section 356.214. The written approval must be a part of the permanent records of the board of trustees. The election of an optional accelerated retirement annuity is exercised by making an application on a form provided by the executive director.

History: 2007 c 134 art 2 s 37

354.44 RETIREMENT BENEFITS.

[For text of subs 1 to 5a, see M.S.2006]

Subd. 6. **Computation of formula program retirement annuity.** (a) The formula retirement annuity must be computed in accordance with the applicable provisions of the formulas stated in paragraph (b) or (d) on the basis of each member's average salary under section 354.05, subdivision 13a, for the period of the member's formula service credit.

(b) This paragraph, in conjunction with paragraph (c), 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 paragraph (d), in conjunction with paragraph (e), produces a higher annuity amount, in which case paragraph (d) applies. The average salary as defined in section 354.05, subdivision 13a, 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 for service rendered before July 1, 2006:

Each year of service during first ten	Coordinated Member the percent specified in section 356.315, subdivision 1, per year	Basic Member the percent specified in section 356.315, subdivision 3, per year
Each year of service thereafter	the percent specified in section 356.315, subdivision 2, per year	the percent specified in section 356.315, subdivision 4, per year

For service rendered on or after July 1, 2006, the average salary as defined in section 354.05, subdivision 13a, multiplied by the following percentages per year of service credit, determines the amount the annuity to which the member qualifying therefor is entitled:

Each year of service during first ten	Coordinated Member the percent specified in section 356.315, subdivision 1a, per year	Basic Member the percent specified in section 356.315, subdivision 3, per year
Each year of service after ten years of service	the percent specified in section 356.315, subdivision 2b, per year	the percent specified in section 356.315, subdivision 4, per year

(c)(i) This paragraph 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 paragraph (b), in conjunction with this paragraph than when calculated under paragraph (d), in conjunction with paragraph (e).

(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 paragraph (b) 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 paragraph (b), without any reduction by reason of early retirement.

(d) This paragraph 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 paragraph and in conjunction with paragraph (e), is higher than it is when calculated under paragraph (b), in conjunction with paragraph (c). For a basic member, the average salary, as defined in section 354.05, subdivision 13a, multiplied by the percent specified by section 356.315, subdivision 4, for each year of service for a basic member shall determine the amount of the retirement annuity to which the basic member is entitled. The annuity of a ba-

sic member who was a member of the former Minneapolis Teachers Retirement Fund Association as of June 30, 2006, must be determined according to the annuity formula under the articles of incorporation of the former Minneapolis Teachers Retirement Fund Association in effect as of that date. For a coordinated member, the average salary, as defined in section 354.05, subdivision 13a, multiplied by the percent specified in section 356.315, subdivision 2, for each year of service rendered before July 1, 2006, and by the percent specified in section 356.315, subdivision 2b, for each year of service rendered on or after July 1, 2006, determines the amount of the retirement annuity to which the coordinated member is entitled.

(e) This paragraph 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 paragraph (d) in conjunction with this paragraph than when calculated under paragraph (b), in conjunction with paragraph (c). An employee who retires under the formula annuity before the normal retirement age shall be paid the normal annuity provided in paragraph (d) 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 if the employee became an employee before July 1, 2006, and at 2.5 percent compounded annually if the employee becomes an employee after June 30, 2006.

(f) No retirement annuity is payable to a former employee with a salary that exceeds 95 percent of the governor's salary unless and until the salary figures used in computing the highest five successive years average salary under paragraph (a) have been audited by the Teachers Retirement Association and determined by the executive director to comply with the requirements and limitations of section 354.05, subdivisions 35 and 35a.

[For text of subs 6a to 9, see M.S.2006]

History: 2007 c 134 art 1 s 5

354.45 OPTIONAL RETIREMENT ANNUITIES; UNPAID ANNUITIES, DISPOSITION.

[For text of subd 1, see M.S.2006]

Subd. 1a. **Bounce-back annuity.** (a) If a former member or disabilitant selects 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) The restoration of the normal single life annuity under this subdivision will take effect on July 1, 1989, or 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 Teachers Retirement Association, whichever date is later.

(c) Except as stated in paragraph (b), this subdivision may not be interpreted as authorizing retroactive benefit payments.

[For text of subd 2, see M.S.2006]

History: 2007 c 134 art 2 s 38

354.471 ACCOUNT TERMINATION; RESTORATION.

Subdivision 1. **Account termination.** If an active or deferred member dies and there is no surviving spouse or other beneficiaries, or the spouse or beneficiaries cannot be located

within five years of the date of death of the member, the accumulated employee and employer contributions and any other payments made to the Teachers Retirement Association fund by the individual or on behalf of the individual, and all investment earnings on these amounts, must be credited to and become part of the retirement fund.

Subd. 2. Restoration. Following a forfeiture under subdivision 1, if a surviving spouse or other beneficiary of the deceased contacts the Teachers Retirement Association and, based on documentation determined by the executive director to be valid and adequate, establishes a right to a survivor annuity, death refund, or other benefit provided by this chapter, the account forfeited under subdivision 1 must be fully or partially restored, as necessary.

History: 2007 c 134 art 2 s 39

354.48 PERMANENT DISABILITY BENEFITS.

[For text of subs 1 and 2, see M.S.2006]

Subd. 3. Computation of benefits. (a) The amount of the disability benefit granted to members covered under section 354.44, subdivision 2, paragraphs (b) and (c), is an amount equal to double the annuity which could be purchased by the member's accumulated deductions plus interest on the amount computed as though the teacher were at normal retirement age at the time the benefit begins to accrue and in accordance with the law in effect on the last day for which salary is received. Any member who applies for a disability benefit after June 30, 1974, and who failed to make an election under Minnesota Statutes 1971, section 354.145, shall have the disability benefit computed under this paragraph, as further specified in paragraphs (b) and (c), or paragraph (d), whichever is larger.

(b) The benefit granted shall be determined by the following:

(1) the amount of the accumulated deductions;

(2) interest actually earned on these accumulated deductions to the date the benefit begins to accrue;

(3) interest for the years from the date the benefit begins to accrue to the date the member attains normal retirement age at the rate of three percent;

(4) annuity purchase rates based on an appropriate annuity table of mortality established by the board as provided in section 354.07, subdivision 1, and using the applicable postretirement interest rate assumption specified in section 356.215, subdivision 8.

(c) In addition, a supplementary monthly benefit of \$25 to age 65 or the five-year anniversary of the effective date of the disability benefit, whichever is later, must be paid to basic members.

(d) The disability benefit granted to members covered under section 354.44, subdivision 6, shall be computed in the same manner as the annuity provided in section 354.44, subdivision 6. The disability benefit shall be the formula annuity without the reduction for each month the member is under normal retirement age when the benefit begins to accrue as defined by the law in effect on the last day for which salary is paid.

(e) For the purposes of computing a retirement annuity when the member becomes eligible, the amounts paid for disability benefits shall not be deducted from the individual member's accumulated deductions. If the disability benefits provided in this subdivision exceed the monthly average salary of the disabled member, the disability benefits shall be reduced to an amount equal to the disabled member's average salary.

[For text of subs 3a to 10, see M.S.2006]

History: 2007 c 134 art 2 s 40

354.49 REFUND.

[For text of subs 1 to 4, see M.S.2006]

Subd. 5. [Repealed, 2007 c 134 art 2 s 50]

354.72 AUTHORIZED LEAVE OF ABSENCE AND STRIKE PERIOD SERVICE CREDIT PURCHASE PROCEDURE.

Subdivision 1. **Application.** This section applies to any strike period under section 354.05, subdivision 13, clause (9), and to any period of authorized leave of absence without pay under sections 354.093, 354.094, 354.095, and 354.096 for which the teacher obtains credit for allowable service by making payment as specified in this section to the Teachers Retirement Association fund. Each year of an extended leave of absence under section 354.094 is considered to be a separate leave for purposes of this section.

Subd. 2. **Purchase procedure.** (a) A teacher may purchase credit for allowable and formula service in the plan for a period specified in subdivision 1 if the teacher makes a payment as specified in paragraph (b) or (c), whichever applies. The employing unit, at its option, may pay the employer portion of the amount specified in paragraph (b) on behalf of its employees.

(b) If payment is received by the executive director within one year from the end of the strike period or authorized leave under section 354.093, 354.095, or 354.096, or after June 30 and before the following June 30 for an extended leave of absence under section 354.094, the payment must equal the total employee and employer contributions, including amortization contributions if applicable, given the contribution rates in section 354.42, multiplied by the member's average monthly salary rate on the commencement of the leave or period of strike, multiplied by the months and portions of a month of the leave of absence or period of strike for which the teacher seeks allowable service credit. Payments made under this paragraph must include compound interest at a monthly rate of 0.71 percent from the last day of the leave period or strike period, or from June 30 for an extended leave of absence under section 354.094, until the last day of the month in which payment is received.

(c) If payment is received by the executive director after the applicable last permitted date under paragraph (b), the payment amount is the amount determined under section 356.551.

History: 2007 c 134 art 2 s 41