

Background Information on the History and Significant Features of the Uniform Judges Retirement Plan

There have been six retirement plans for Minnesota judges and their survivors, the five old law plans and the current Judges Retirement Plan (Uniform Retirement and Survivors' Annuities for Judges Plan).

1. Old Law Judicial Retirement Plans. The five old law plans were:
 - the Supreme Court Justices Retirement Plan, established by legislative enactment in 1943, which provided retirement annuity and disability benefit coverage for justices of the Minnesota Supreme Court who entered service prior to January 1, 1974;
 - the District Court Judges Retirement Plan, established in 1925 by legislative enactment, which provided retirement annuity and disability benefit coverage for the judges of the various district courts in Minnesota who entered service as a judge prior to January 1, 1974;
 - the Probate and County Court Judges Retirement Plan, established by legislative enactment in 1931, which provided retirement annuity and disability benefit coverage for the judges of the various probate courts or subsequent county courts who entered into service prior to January 1, 1974;
 - the Supreme Court Justices and District Court Judges Survivor Benefit Plan, established in 1959, which provided survivor benefit coverage to the surviving spouses of deceased active or retired Supreme Court justices or District Court judges; and
 - the Probate and County Court Judges Survivor Benefit Plan, established in 1967, which provided survivor benefit coverage to surviving spouses of deceased active or retired probate or county court judges. The various justices and judges obtaining the survivor coverage were required to make a member contribution to fund the coverage, which was intended to be the sole financing of the coverage and was to be periodically revised based on the financial condition of the survivor funds.

2. Creation of the Uniform Judicial Retirement Plan. The Uniform Judicial Retirement Plan, Minnesota Statutes, Sections 490.121 to 490.133, was enacted in 1973. The Uniform Judicial Retirement Plan is the successor to several prior judicial retirement plans. The prior plans were applicable to the different levels of courts and judicial service and provided different levels of benefit coverage. The 1973 provisions were at the request of the Judicial Compensation Committee of the Minnesota State Bar Association, in conjunction with the Committee on Retirement of the District Judges Association and the County Judges Association. The plan standardized benefits for the judges in the various levels of courts, allowed existing judges to retain their prior coverage if they so desired, and extended Social Security coverage to existing judges on an individual election (referendum) basis and to newly appointed or elected judges on a mandatory basis. The Uniform Judicial Retirement Plan was apparently intended to provide better portability for individuals with varied judicial service, provide earlier vesting based on service credit only, improve deceased active member survivor benefit coverage, establish optional annuity forms for improved retired member survivor benefit flexibility, establish a pension fund for the plan with regular financing, and provide regular post-retirement adjustments.

3. Subsequent Amendments to the Uniform Judicial Retirement Plan. Since 1973, there have been a number of modifications in the uniform judicial retirement plan, as follows:
 - In 1975 (Laws 1975, Ch. 418, Sec. 3-4) a proportionate annuity based on accrued service credit at the mandatory retirement age was authorized by the Legislature.
 - In 1978 (Laws 1978, Ch. 627) the Legislature authorized fractional (portion of a year) service credit and authorized a refund to the survivor or estate of a deceased judge who is not eligible for survivor benefit coverage.
 - In 1980 (Laws 1980, Ch. 607, Art. 15, Sec. 16-17), the retirement annuity benefit accrual rate was increased by legislation from 2.5% to 3.0% for each year of service rendered after June 30, 1980, and the member contribution rate was increased by 0.50% of salary, with a 7.0% aggregate contribution (inclusive of the Social Security employee contribution).
 - In 1981 (Laws 1981, Ch. 319, Sec. 1-2) the Legislature approved an extension of active member survivor coverage to deferred annuitants during the period of that deferral and eliminated the surviving spouse or estate death refund.

- In 1982 (Laws 1982, Ch. 501, Sec. 24) with the creation of the Court of Appeals, judicial service with that court was included in coverage by the Judges Retirement Plan.
- In 1983 (Laws 1983, Ch. 286, Sec. 22) the Legislature provided that the initial disability benefit coverage, which is a two-year continuation of salary, may not continue beyond the mandatory retirement age.
- In 1984 (Laws 1984, Ch. 574, Sec. 16) the reduction factor used to calculate a reduced early retirement annuity was reset from 6.67% per year under age 65 to 6% per year under age 65.
- In 1988 (Laws 1988, Ch. 709, Art. 9, Sec. 4; Art. 10, Sec. 1-3) the service credit requirement for vesting for a normal or early retirement was reduced from ten years to five years. An unsubsidized bounceback joint-and-survivor optional retirement annuity form was authorized, the Social Security benefit offset from the coordinated program retirement annuity was reduced from 75% of the primary benefit amount to 50%, and the coordinated program member contribution rate was increased by 0.75% of salary.
- In 1989 (Laws 1989, Ch. 319, Art. 5, Sec. 1-7), the Combined Service Annuity portability mechanism was extended to the Uniform Judges Retirement Plan and former judges who return to judicial service were authorized to repay any prior refunds of member contributions and interest.
- In 1991 (Laws 1991, Ch. 345, Art. 1, Sec. 103-104) the terminal employer funding procedure for the fund was replaced with a regular concurrent employer contribution rate of 22% of salary. The coordinated program member contribution was revised to 4% of salary and the continuation of full salary initial judicial disability benefit was reduced from two years to one year. Prior to 1991, the employer contributions to the fund occurred only when benefits became payable—when the fund was required to transfer the full actuarial reserves to the State Board of Investment Post Retirement Fund.
- In 1992 (Laws 1992, Ch. 492, Art. 1, Sec. 1-3, 10; Ch. 598, Art. 1, Sec. 13) the 30-day time limit on electing an optional retirement annuity form was eliminated. The Social Security benefit offset from the coordinated program retirement annuity was repealed, the coordinated program member contribution was increased from 4% to 6.27% of pay, judges covered by the basic program were provided a second chance opportunity to elect prospective Social Security coverage, and the interest rate payable on refund repayments was increased from 6% to 8.5%.
- In 1993 (Laws 1993, Ch. 307, Art. 1, Sec. 41-42), the Legislature clarified that disabled judges earn a year of service credit for the year of full salary continuation, with the applicable salary rate credited in determining a final average salary for benefit computation, and with member contributions payable on that salary amount.
- In 1996 (Laws 1996, Ch. 438, Art. 1, Sec. 4) a death refund payable to the applicable estate was authorized if no other benefit is payable.
- In 1997 (Laws 1997, Ch. 233, Art. 1, Sec. 5, 66, 67, 72) the annual benefit accrual rates were increased to 2.7% from 2.5% for pre-July 1, 1980, service, and to 3.2% from 3.0% for post-June 30, 1980, service, while future annual post-retirement adjustments were reduced by 1%.
- In 1998 (Laws 1998, Ch. 390, Art. 5, Sec. 1-7) the member contribution rate was increased from 6.27% to 8.00%, the employer contribution rate was reduced from 22.0% to 20.5%, and the salaries of judges were increased by 1.5%.
- In 2000 (Laws 2000, Ch. 461, Art. 18, Sec. 1-9), the maximum benefit payable from the Judges Retirement Plan was revised from 70% of annual salary for the 12 months preceding retirement, to 76.8% of the high-five average salary (which, for a post-July 1, 1980, judge will occur at 24 years of service). Years of service beyond that point does not earn additional service credit in the Judges Retirement Plan, although the compensation during these “extra service years” can be used in computing the high-five average salary. After the service credit cap is reached, the judge’s continuing employee contribution is deposited into an account for the judge in the Unclassified State Employees Retirement Program of the Minnesota State Retirement System (MSRS-Unclassified), which is a defined contribution benefit plan. Also in 2000, the Combined Service Annuity law (Minn. Stat. Sec. 356.30) was amended to permit judges to use the full Judges Retirement Plan 3.2% accrual rate for post-July 1, 1980, service, rather than a 2.7% accrual rate, in a Combined Service Annuity.
- In 2001 (1st Spec. Sess. Laws 2001, Ch. 10, Art. 3, Sec. 27), the Judges Retirement Plan definition of allowable service was clarified to include any month in which the judge provided service, making the provision more consistent with service credit procedures used in other MSRS plans.

- In 2003 (Laws 2003, Ch. 112, Art. 2, Sec. 47) the Commissioner of Finance replaced the State Treasurer as the treasurer of the Judges Retirement Fund.
 - In 2004 (Laws 2004, Ch. 267, Art 3, Sec. 8; Art. 7, Sec. 7; Art. 9, Sec. 23, 26), the early retirement age was reduced from age 62 to age 60 and the interest on refunds of member contributions was indexed to the refund interest provision of the General State Employees Retirement Plan of the Minnesota State Retirement System (MSRS-General). A Uniformed Services Employment and Reemployment Rights Act (USERRA)-compliant military break-in-service credit purchase provision was added to the plan.
 - In 2005 (1st Spec. Sess. Laws 2005, Ch. 8 Art. 1, Sec. 30-31; Art 2, Sec. 2, 8; Art. 10, Sec. 79), the final average compensation definition was revised and the limitation on final average compensation was clarified. A definition of allowable service was expanded to include authorized leaves of absence with the payment of the equivalent of the normal cost of the retirement plan, the definition of actuarial equivalency was revised, and the prior plan-specific exemption from legal process provision was replaced by a generally applicable provision.
 - In 2006 (Laws 2006, Ch. 271, Art. 11) the Judges Retirement Plan statutory chapter was reorganized and updated and a death-while-eligible 100% joint-and-survivor annuity benefit was added to the plan.
 - In 2007 (Laws 2007, Ch. 134, Art. 2, Sec. 47-48) the definitions of “early retirement date” and “normal retirement date” were revised to shift from the last day of the month to the particular retirement date.
 - In 2009 (Laws 2009, Ch. 169, Art. 1, Sec. 74-76) the plan was disconnected from the Minnesota Post Retirement Investment Fund and covered by the flat 2.5% per year general post-retirement adjustment mechanism.
 - In 2010 (Laws 2010, Ch. 359, Art. 1, Sec. 76-77) the 2.5% post-retirement adjustment amount was reduced to 2.0% until the plan achieves 90% funded on a market value of assets basis.
4. Current Significant Features of the Judges Retirement Plan. The last Judges Retirement Plan basic members have now retired, or are no longer covered by the plan for their continued employment. Coordinated program members currently pay 8.00% of salary to the Judges Retirement Plan, and also make required contributions to the Social Security system. The employer contribution to the Judges Retirement Plan is 20.5% of salary.

The Judges Retirement Plan is a high-five average salary plan where average salary is defined as the average of the five highest years of salary during the last ten years prior to retirement. Normal retirement age is age 65 with at least five years of service. At retirement, the individual receives 2.7% of the average salary for year of service prior to July 1, 1980, and 3.2% of average salary for each year rendered on or after that date. The maximum pension payable from the plan is limited by a benefit cap of 76.8% of the high-five average salary, which is reached after 24 years of service. After an individual reaches the Judges Retirement Plan cap, employee contributions are redirected to MSRS-Unclassified, a defined contribution plan. The Judges Retirement Plan offers a single-life annuity covering only the member, or optional joint-and-survivor annuities providing survivor coverage, or term-certain annuities. Post-retirement increases are provided annually, at 2.0% per year until the retirement plan becomes 90% funded on a market value of assets basis and 2.5% thereafter. Any benefit payable from MSRS-Unclassified can be withdrawn or converted to an MSRS-General annuity.

The Judges Retirement Plan provides for disability benefits if there is a permanent inability to perform the functions of a judge. For the first year following the disability, no benefits are paid from any retirement fund; rather, the courts continue to pay full salary for one year following the date of disability. If the individual remains disabled, the individual begins to receive the larger of 25% of average salary or a retirement benefit without any reduction for early retirement computed on the years of service (including the one year of disability). The plan also has a death-while-active benefit and a refund provision.

The Judges Retirement Plan does have an early retirement provision. Members may retire as early as age 60 if they have five or more years of service. The benefit is reduced by 0.50% for each month the member is under age 65 at the time of retirement. This is equivalent to a 6% per year reduction.