TO: Members of the Legislative Commission on Pensions and Retirement

FROM: Lawrence A. Martin, Executive Director

RE: S.F. 429 (Betzold); H.F. 2090 (Smith); PERA Collection Procedures for Unpaid Charter School Contributions

DATE: March 28, 2005

Summary of S.F. 429 (Betzold); H.F. 2090 (Smith)

S.F. 429 (Betzold); H.F. 2090 (Smith) amends Minnesota Statutes, Section 353.28, Subdivisions 5 and 6, portions of the Public Employees Retirement Association (PERA) law governing the collection of unpaid contributions, by revising the interest compounding language, eliminating obsolete provisions related to excess police state aid repayments, and specifying a procedure for the collection of unpaid charter school amounts.

Background Information on the Collection of Contributions and the Handling of Omitted Contributions

Since the enactment of the Uniform Judicial Retirement Plan in 1973, all Minnesota public pension plans are now contributory retirement plans, meaning that the active members of Minnesota public pension plans are required to make a member contribution to partially fund their retirement coverage as well as participating public employers. With this shared obligation to fund public pension plan coverage, the various retirement plans have the responsibility to collect those member and employer contributions when they are due.

In most Minnesota public pension plans, the employing unit is made specifically responsible for deducting member contributions. The frequency of making deductions is generally specified, and optimally, the deduction frequency coincides with payroll periods. The manner of making these remittances and their frequency is balanced against the potential burden that the practice will place on participating employing units, while being as frequent as is convenient and usually occurs in a form that allows the pension plan to process, deposit, and invest the remittance as promptly as possible. For special case employees, who are those employees who are compensated in whole or in part by fees or assessments, who are compensated from federal grants or other irregular funding sources, or who perform extracurricular duties or are otherwise compensated in a lump sum, most plans make some accommodations. With respect to the process for accounting for member deductions and the reporting of deduction amounts and related payroll period and covered salary figures, the seven major Minnesota public pension plans vary considerably in their requirements for the content and frequency of this accounting and reporting. The reporting is a key factor for the pension plan in record keeping for plan members and will affect the accuracy of record keeping and the timelines of related plan disclosures and reporting. For plans with perennial plan reporting and record-keeping accuracy problems, such as the Teachers Retirement Association (TRA), consideration of replicating the accounting and reporting requirements of plans with fewer problems may be advantageous.

The plans differ in the form and frequency of the payment of employer contributions. The plans also differ based on the source of employing unit revenues, with the Minneapolis Employees Retirement Fund (MERF) employer contribution derived from property taxes and payable only when the property tax levy is collected, and with the employer contributions for other plans payable more quickly and derived from all governmental revenue sources. Some of the plans covering Minnesota State Colleges and Universities System (MnSCU) employees have specific employer contribution payment requirements, while other plans with MnSCU employee participants have no specific requirements and could merit from the addition of specific requirements adopted from the other plans. The plans also differ in the member responsibility for the payment of any omitted deduction amount. Since the payment and receipt of member deductions triggers the crediting of allowable service for vesting, benefit eligibility, and benefit calculation purposes, with omitted deductions, the plan member will suffer the consequences and has an interest in making necessary corrections. The three statewide major pension plans provide for the member payment of omitted member deductions, but the three first class city teacher retirement fund associations and MERF have no comparable authority.

The employer frequently has some responsibility for the payment of any omitted deduction amount. There is considerable variability in the employer authority or requirement for the payment of omitted member deductions, with no employer payment provision for MERF, with an immediate automatic employer responsibility for the four teacher retirement plans, and a variable requirement for MSRS-

General and PERA-General based on the passage of a certain period of time without a member payment. There is no clear policy basis for treating various plan members differently and some plan members more advantageously. The pension plans differ in whether or not there should be a limitation on the payment of omitted deductions and, if there is a limit, the length until that limit is met. There is no limit for MSRS-General and MERF, a three-year limit for PERA-General and the first class city teacher retirement fund associations, and a 46-year limit (1957) for TRA. The differences have no clearly specified or easily inferred policy rationale. The payment of late contributions generally bears interest charges and a penalty for late contributions. Six of the seven pension plans charge interest and/or impose penalties, with the sole exception being MSRS-General, which has no interest or penalty provision. Interest on late contributions is clearly appropriate, at a minimum of the actuarial interest rate assumption, in order to avoid the late contribution becoming effectively a loan to the employer from the pension plan. Penalties are also appropriate in order to prompt greater compliance by the employer in the payment of pension plan contribution.

The various pension plans vary in the manner in which erroneous deductions and overpayments are to be handled by public pension plans. The three statewide pension plans cover the topic, with some variability, but the four other major local pension plans lack specific provisions. There will clearly be erroneous deductions and overpayments in connection with a public pension plan and having a consistent procedure for handling these occurrences is beneficial.

A comparison of the statutory and related contribution collection provisions of the seven major statewide and local pension plans is attached, designated as Attachment A.

Discussion and Analysis

S.F. 429 (Betzold); H.F. 2090 (Smith) primarily permits the General Employee Retirement Plan of the Public Employees Retirement Association (PERA-General) to exercise the same authority as the four teacher retirement plans in dealing with omitted contributions for charter schools, allowing the retirement plan to collect omitted contribution amounts from any state aid payable to the applicable charter school.

The proposed legislation raises several pension and related public policy issues that may merit Commission consideration and discussion, as follows:

1. Extent of PERA-General Charter School Omitted Contribution Problem. The policy issue is the extent of the problem faced by the Public Employees Retirement Association (PERA) in omitted contributions from charter schools. There were 93 charter schools that operated during the 2003-2004 school year. Any non-teaching personnel in these charter schools who meet the minimum salary threshold are required by Minnesota Statutes, Section 124D.10, Subdivision 22, Paragraph (b), to be members of the General Employee Retirement Plan of the Public Employees Retirement Association (PERA-General). There is no current readily available information on the number of PERA members who are employed by the 93 charter schools, but when the Commission staff researched the unpaid charter school contribution problem in 2002 as part of a mandated interim study, covering the 2000-2001 school year, there were 740 charter school support staff members (employed in 44 of the 68 then existing charter schools), with an average salary of approximately $12,000. The total amount of unpaid contributions to PERA-General from charter school support staff from the 2000-2001 school year was $938, attributable to three closed charter schools. The total potential amount of unpaid retirement contributions to PERA-General related to charter schools during the 2000-2001 was $467,200. PERA may be able to provide additional information on the omitted charter school contribution problem.

2. Precedent. The policy issue is the existence of prior precedents for the proposed change and the potential for the proposed change to become a precedent for similar changes in similar situations. Precedents for the proposed change exist with respect to the four teacher retirement plans. Minnesota Statutes, Section 354.51, Subdivision 5, with respect to the Teachers Retirement Association (TRA), and Minnesota Statutes, Section 354A.12, Subdivision 5, Paragraph (e), with respect to the first class city teacher retirement fund associations, both permit the administrator of the pension plan to collect unpaid amounts from any State aid payable by certifying the debt to the Commissioner of Finance. If enacted as proposed, for PERA, the proposed change would become a precedent for the collection of unpaid amounts other than charter school shortages, such as unpaid contributions from labor organizations, joint power entities which are not financed by property taxes, and quasi-governmental organizations. Amendment LCPR05-183 revises the proposed legislation to extend the collection power to all participating employers which are not financed by property taxes.

3. <u>Appropriateness of Eliminating Excess Police State Aid Collection Provisions</u>. The policy issue is the appropriateness of eliminating the provisions for collecting excess police state aid. Excess police aid is the amount of automobile casualty insurance premium tax distribution that exceeds a governmental subdivision's employer contributions to the Public Employees Police and Fire Retirement Plan (PERA-P&F). In 1996 (Laws 1996, Chapter 390, Sections 26-30), the distribution amount of police state aid was modified from the initially calculated per police officer amount (i.e., total dedicated insurance premium tax amount divided by the total number of full-time police officers), with the collection of any amount by which the amount exceeded the most recent PERA-P&F employer contribution for full-time police officers, to a distribution that was adjusted in advance for the PERA-P&F employer contribution requirement. Since no excess police state aid amounts are currently collected after the fact by PERA for the benefit of the State, the collection provisions in Minnesota Statutes, Section 353.28, Subdivisions 5 and 6, are now obsolete and can be eliminated without causing any harm.

Attachment A

Comparison of Provisions Relating to Contribution Collection and Remittance and to Handle Omitted Contributions

Plan	MSRS-General	PERA-General	TRA	DTRFA	MTRFA	SPTRFA	MERF
Member Contribution Amount	4.0 % [352.04, Subd. 2]	5.10% Coordinated program; 9.10% Basic program [353.27, Subd. 2]	5.0% Coordinated program; 9.0% Basic program [354.42, Subd. 2]	5.5% Old Law program; 5.5% New Law program [354A.12, Subd. 1]	5.5% Coordinated program; 8.5% Basic program 354A.12, Subd. 1]	5.5% Coordinated program; 8.0% Basic program [354A.12, Subd. 1]	9.25% base contribution plus 0.50% contribution for survivor coverage [422A.10, Subd. 1]
Employer Contribution Amount	4.0% [352.04, Subd. 3]	5.10 % Coordinated program; 9.10% Basic program [353.27, Subd. 3]	5.0% Coordinated program; 9.0% Basic program [354.42, Subd. 3]	4.5% Old Law program; 4.5% New Law program [354A.12, Subd. 2a]	4.5% Coordinated program; 8.5% Basic program [354A12, Subd. 2a]	4.5% Coordinated program; 8.0% Basic program [354A12, Subd. 2a]	Contribution based on actuarial valuation results (22.76% based on 7/1/2001 actuarial valuation) [422A.101, Subds. 1, 1a,2, & 2a]
Employer Additional Contribution Amount	0.0%	0.43% Coordinated program; 2.68% Basic program [353.27, Subd. 3a]	0.0%	1.29% Old Law program; 1.29% New Law program [354A.12, Subd. 2a]	3.64% Coordinated program; 3.64% Basic program [354A12, Subd. 2a}	3.84% Coordinated program; 3.64% Basic program [354A12, Subd. 2a}	No specific provision
Member Contribution Deduction Requirement	Duty of every department head to deduct member contribution every payroll period. [352.04, Subd. 4]	Department head representative is required to deduct member contribution from salary every pay period. [353.27 Subds. 2 & 4]	Member contribution must be made by deduction every pay period. If a portion of salary is paid from other than public funds, the deduction must be based on total salary. [354.42, Subd. 2; 354.52, Subd. 3]	Member contribution must be made by deduction from salary. [354A.12, Subd. 1]	Member contribution must be made by deduction from salary. [354A.12, Subd. 1]	Member contribution must be made by deduction from salary. [354A.12, Subd. 1]	Member contribution must be made by deduction and withholding from basic salary, pay, or compensation. Acceptance or continuance in employment is deemed to be consent by the member to the deduction. The member may periodically increase or decrease the contribution deduction amount, with 9.75% minimum, consistent with board rules and regulations. [422A.10]
Member Contribution Deduction Payment	Deducted amount payable in aggregate on single voucher [352.04, Subd. 4]	Deducted amount to be remitted in manner prescribed by the PERA executive director. [353.27, Subd. 4]	Deducted amount must be remitted to fund with statement for each member showing deduction amount. [354.52, Subds. 3 and 4]	Deducted amount must be remitted to the plan at least once per month. Remittance must include for each pay period an itemized statement of the amount due and the amount transmitted. [354A.12, Subd. 5]	Deducted amount must be remitted to the plan at least once per month. Remittance must include for each pay period an itemized statement of the amount due and the amount transmitted. [354A.12, Subd. 5]	Deducted amount must be remitted to the plan at least once per month. Remittance must include for each pay period an itemized statement of the amount due and the amount transmitted. [354A.12, Subd. 5]	City controller or person with payroll supervision must cause member deductions to be withheld from member salary and to make a record of those amounts to the credit of the affected employees. [422A.12, Subd. 1]

Plan	MSRS-General	PERA-General	TRA	DTRFA	MTRFA	SPTRFA	MERF
Member Contribution Deduction For Fee Employees	Member contribution must be deducted from fee compensation. [352.04, Subd. 4]	Members with salary paid in whole or in part from fees or assessments are required to make member contributions in same amount, at the same time, and in the same manner as non-fee compensated public employees. [353.27, Subd. 9]	No specific provision.	No specific provision	No specific provision	No specific provision	No specific provision
Member Contribution Deduction For Employees on Federal Payrolls	Member contribution deduction must be made from Federal payroll by agency/ department head. [352.04, Subd. 4]	No specific provision.	Member deduction must include amount related to other than public funds-related salary. [354.42, Subd. 2]	No specific provision	No specific provision	No specific provision	No specific provision
District Court Reporter Member Deductions	Not applicable	Deduction responsibility for a court reporter in a judicial district consisting of two or more counties is with the county auditor of the county where the bond and official oath of the reporter is filed, allocated between counties based on the proportion of salary paid by each county. [353.27, Subd. 8]	Not applicable	Not applicable	Not applicable	Not applicable	No specific provision
Member Deduction Accounting Requirements	Deductions must be remitted to the MSRS Executive Director with a statement showing the amount of earnings or fees (if fees, with a statement of the number of transactions), amount of deductions and collections, and names of applicable employees. [352.04, Subd. 4]	Deductions must be received by PERA within 14 calendar days, unless PERA provides a less frequent reporting and payment schedule for small employers. The department/agency head must submit a salary deduction report in the format prescribed by the PERA Executive Director, including name, Social Security number, deduction amount, payroll period dates, and past pay period adjustments or corrections. The employer also must furnish data for new members and report all member status changes. [353.27, Subd. 4]	The deduction report must be furnished by the employing unit to the member. Deduction report must contain a statement of the amount due and the amount transmitted and any information required by the TRA Executive Director. Member data reporting must be filed with each payroll cycle, with certain salary, deduction and contribution data reporting requirement items specified. [354.52, Subds. 3 & 4b]	The deduction report must contain a statement of the amount due and the amount transmitted and any information required by the plan Executive Secretary. Member data reporting must be filed with each payroll cycle, with certain salary, deduction and contribution data reporting requirement items specified. [354A.12, Subd. 5]	The deduction report must contain a statement of the amount due and the amount transmitted and any information required by the plan Executive Director. Member data reporting must be filed with each payroll cycle, with certain salary, deduction and contribution data reporting requirement items specified. [354A.12, Subd. 5]	The deduction report must contain a statement of the amount due and the amount transmitted and any information required by the plan Executive Director. Member data reporting must be filed with each payroll cycle, with certain salary, deduction and contribution data reporting requirement items specified. [354A.12, Subd. 5]	At the close of each fiscal year, the amount of the deductions must be credited to the individual accounts of the members. [422A.12, Subd. 2]

Plan	MSRS-General	PERA-General	TRA	DTRFA	MTRFA	SPTRFA	MERF
Employer Contribution Payment	Department head is required to pay employer contribution based on salary abstract at the same time as the member contribution deduction. Amount must be charged as an administrative cost and is payable from agency revenue. [352.04, Subd. 5]	Governmental unit is required to secure employer contributions and pay them out of taxes or other governmental revenue. Amount must be charged as administrative expenses by the governmental unit. [353.28, Subd. 1]	No specific provision	The employer contributions must be remitted directly to the plan at least once per month. For MnSCU employing units, employer contributions for employees paid from normal operating funds must be made from the appropriate college or university fund. [354A.12, Subd. 2a]	The employer contributions must be remitted directly to the plan at least once per month. For MnSCU employing units, employer contributions for employees paid from normal operating funds must be made from the appropriate college or university fund. [354A.12, Subd. 2a]	The employer contributions must be remitted directly to the plan at least once per month. For MnSCU employing units, employer contributions for employees paid from normal operating funds must be made from the appropriate college or university fund. [354A.12, Subd. 2a]	The city of Minneapolis must levy a property tax for the amount of the employer contribution certified by the Board, and the tax, when collected, must be credited to the retirement fund. If the city council fails to certify the correct levy to the county auditor, the Board is required to submit the correct levy to the county auditor. The employer contribution from public utilities is a cost of operating the utility and must be financed by the utility governing body. Special School District No. 1 employer contributions must be remitted to the fund each month. Employer contributions from Hennepin County must be made at the times specified by the board. Both Special School District No. 1 and Hennepin County are permitted to levy property taxes for the employer contribution. The Metropolitan Airports Commission and the Metropolitan Council employer contributions must be paid in installments. Deposit Accumulation Fund deficiency payments are payable in full upon billing by the Executive Director. Retirement Benefit Fund transfer shortfall amounts are payable within three days by the City of Minneapolis, with the city authorized to prorate the additional employer contributions between other participating employers based on its responsibility for the shortfall. [422A.101, Subds. 1a,2, 2a, & 3]
Employer Contribution From Quasi-State Agency	Same requirement as for regular State agencies and departments. [352.04, Subd. 6]	No provision	No specific provision	No specific provision	No specific provision	No specific provision	No specific provision

Plan	MSRS-General	PERA-General	TRA	DTRFA	MTRFA	SPTRFA	MERF
Applicability of Tax Levy Limitations	No provision.	If PERA employer contribution or payment requirements causes levy limitation to be exceeded, governmental unit other than a school district may levy taxes for the required amount in excess of the limits. Additional levy may not be included in the computation of the cost of government under a home rule charter. [353.28, Subd. 8]	No specific provision	No local tax levies except for amounts to match certain State aid amounts. [354A.12, Subd. 2]	No local tax levies except for amounts to match certain State aid amounts. [354A.12, Subd. 2]	No local tax levies except for amounts to match certain State aid amounts. [354A.12, Subd. 2]	Special School District No. 1 property tax levies are subject to the limits of Minnesota Statutes, Section 126C.41, Subdivision 3. [422a.101, Subd. 2]
Omitted Deduction - Member Payment	If deduction is not taken for 60 days or less, deduction is to be made from later payroll abstract [352.04, Subd. 8]	Omission of a deduction must be immediately reported to PERA, with payment of the omitted deduction consistent with PERA Executive Director reporting procedures and methods. If the entire deduction omission period is 60 days or less, the employer may report and submit omitted deduction payment to PERA under regular reporting and remittance procedures. [353.27, Subd. 12]	Omitted deductions after 6/30/1957 and before 7/1/1991 may be paid any time before retirement by the member, plus annual compound interest at 8.5 percent from the end of the fiscal year in which the shortage occurred to the date of payment, with formula service credit downwardly adjusted if the shortage is not paid. [354.50, Subd. 5]	No requirement for member payment of omitted deductions.	No requirement for member payment of omitted deductions.	No requirement for member payment of omitted deductions.	No specific provision
Omitted Deduction - Employer Payment	If deduction is not taken for more than 60 days, employer is obligated to pay both member and employer contribution plus 8.5 percent of the total annual amount if under one year or interest at the compound annual rate of 8.5 percent if period exceeds one year. [352.04, Subd. 8]	If deduction is omitted for more than 60 days, the employer must furnish sufficient data to allow PERA to determine omitted amounts, future deductions must be made, and the employing unit required to pay the omitted deduction amount, plus the associated employer contribution amounts, and interest on the total at the compound interest rate of 8.5 percent from the date the amount was first payable to the date of actual payment. The employer may not hold the member liable for the omitted deduction amount or attempt to recover the amount from the member. [353.27, Subd. 12]	Omitted deductions after 6/30/1981 are the sole obligation of the employing unit and must be paid following notification by TRA with annual compound interest at the rate of 8.5 percent from the end of the fiscal year in which the shortage occurred to the date of the payment. The employer must pay the employer contribution applicable to omitted deductions after 6/30/1986. [354.50, Subd. 5]	Omitted deductions are the sole obligation of the employing unit and must be paid following notification by the plan with monthly compound interest at the rate of 0.71 percent from the date the payment was due to the date that payment is made, with a minimum interest charge of $10. [354A.12, Subd. 1a]	Omitted deductions are the sole obligation of the employing unit and must be paid following notification by the plan with monthly compound interest at the rate of 0.71 percent from the date the payment was due to the date that payment is made, with a minimum interest charge of $10. [354A.12, Subd. 1a]	Omitted deductions are the sole obligation of the employing unit and must be paid following notification by the plan with monthly compound interest at the rate of 0.71 percent from the date the payment was due to the date that payment is made, with a minimum interest charge of $10. [354A.12, Subd. 1a]	No specific provision

Plan	MSRS-General	PERA-General	TRA	DTRFA	MTRFA	SPTRFA	MERF
Omitted Deduction For Subsequently Terminating Employee	For omitted member deduction for employee who terminates before the omission is corrected, and the period is 60 days or under, no member contribution is collected, but employer is obligated to pay the employer contribution, and the unpaid member contribution is considered to be a refund open for repayment in the event that the person returns to State employment. If the period is over 60 days, employer is obligated to pay member and employer contributions, plus amount in lieu of interest or interest at 8.5 percent. [352.04, Subd. 8]	If there are omitted member deductions for a person who has terminated, no omitted member deductions are payable, but the employing unit is liable for the employer contributions associated with the member deductions, plus interest at a compound annual rate of 8.5 percent. A terminated member for whom deductions were omitted or a current member with a prior period covered by an omitted deduction period may pay the omitted deduction amount within a period of six months after initial notification of eligibility to pay the amount, or, if the person is covered by another Minnesota public pension plan, within six months of the termination of subsequent public service. If the terminating member is immediately eligible to begin receipt of an annuity, the terminating member shall pay the omitted deduction amount within six months of notification, or forfeit the payment right, and the employing unit is obligated to pay the omitted employer contributions associated with the deductions, plus interest at an annual compound rate of 8.5 percent. [353.27, Subds 12, 12a, & 12b]	No specific provision	No specific provision	No specific provision	No specific provision	No specific provision
Time Limitation on Correcting Omitted Deductions	No provision	PERA not allowed to recover omitted deductions or contributions due for more than three calendar years after the calendar year in which the omission occurred. No payments of omissions may be accepted by PERA unless PERA has begun action to recover, which occurs when PERA mails written correspondence requesting pertinent data to allow for the computation of the omission. [353.27, Subd. 12]	Omitted deductions dating before 7/1/1957 may not be paid. [354.51, Subd. 5]	Omitted deduction due for more than three years after the date of the omission are not payable. [354A12, Subd. 1a]	Omitted deduction due for more than three years after the date of the omission are not payable. [354A12, Subd. 1a]	Omitted deduction due for more than three years after the date of the omission are not payable. [354A12, Subd. 1a]	No specific provision

Plan	MSRS-General	PERA-General	TRA	DTRFA	MTRFA	SPTRFA	MERF
Late Employer Contributions or Other Payments		Late contribution amounts payable with 8.5 percent compound interest from the due date to the date of payment, with a minimum interest charge of $10. Late unpaid amounts must be certified by the PERA Executive Director to the governmental unit and if still unpaid, certified to the applicable county auditor for collection against governmental unit revenue or added to local property taxes and paid to PERA. Any property tax levied to collect unpaid amount must be collected and apportioned as other property taxes are collected and apportioned. [353.28, Subds. 5 & 6]	Deduction remittance is due seven calendar days after the date of the payroll warrant and late payment accrues at an annual compound interest rate of 8.5 percent from the date due to the date received. Amounts not remitted within 60 days of notification by TRA must be certified to the Commissioner of Finance, who shall deduct the amount from any State aid or appropriation applicable to the employing unit. Unpaid omitted deductions alternatively must be certified to the applicable county auditor who shall spread a levy on the taxable property of the employing unit. Non-compliance with reporting requirements results in the imposition of a $5 per day fine until the required data is received. [354.52, Subds 3, 4, & 5]	Delinquent employer contributions must be paid following notification by the plan with monthly compound interest at the rate of 0.71 percent from the date the payment was due to the date that payment is made, with a minimum interest charge of $10. Amounts not remitted within 60 days of notification by the plan must be certified to the Commissioner of Finance, who shall deduct the amount from any State aid or appropriation applicable to the employing unit. [354A.12, Subd. 2]	Delinquent employer contributions must be paid following notification by the plan with monthly compound interest at the rate of 0.71 percent from the date the payment was due to the date that payment is made, with a minimum interest charge of $10. Amounts not remitted within 60 days of notification by the plan must be certified to the Commissioner of Finance, who shall deduct the amount from any State aid or appropriation applicable to the employing unit. [354A.12, Subd. 2]	Delinquent employer contributions must be paid following notification by the plan with monthly compound interest at the rate of 0.71 percent from the date the payment was due to the date that payment is made, with a minimum interest charge of $10. Amounts not remitted within 60 days of notification by the plan must be certified to the Commissioner of Finance, who shall deduct the amount from any State aid or appropriation applicable to the employing unit. [354A.12, Subd. 2]	Delinquent contributions from Special School District No. 1 accrue interest at the annual compound rate of six percent from a date 15 days after the payment was due to the date of payment. Additional employer contributions related to Deposit Accumulation Fund deficiencies or Retirement Benefit Fund shortfalls must include interest at the annual compound rate of six percent. [422A.101, Subds. 2 & 4]
Erroneous Deduction	Deductions taken in error, when discovered and verified, must be refunded to the member. If the person is a member of another plan, erroneous deductions and associated employer contributions are payable to the correct pension plan. [352.04, Subd. 9]	Erroneous deductions and employer contributions for a person not entitled to membership remain valid if begun before 1/1/1990, and the person, upon determination of error, may continue in membership while retaining the same employment position or may terminate membership. If the erroneous member deductions and employer contributions began after 1/1/1990, PERA shall require the employing unit to discontinue deductions and contributions, and the person and the employer each are entitled to a refund with six percent compound interest. Erroneous deductions taken for a person unqualified for membership because of concurrent membership in another pension plan are invalid, related service credit cancels upon discovery by PERA, deductions must be refunded to the person with six percent interest, and employer contributions must	Erroneous deductions must be refunded to the member upon discovery and verification and the associated employer contribution must be refunded to the employing unit. If TRA receives deductions or contributions that should have been sent to another plan, TRA must transfer those amounts to the appropriate plan, without interest. Erroneous direct payments of member contributions or erroneous deductions not refunded in the regular processing of the employer's annual summary report must be refunded to the member with annual compound interest at the rate of six percent. [354.42, Subd. 7]	No provision	No provision	No provision	No specific provision

Plan	MSRS-General	PERA-General	TRA	DTRFA	MTRFA	SPTRFA	MERF
		be refunded to the employer unit. Deductions and contributions taken on compensation that is not covered salary are invalid upon discovery by PERA and may be refunded. Deductions and contributions erroneously transmitted to PERA and due another public pension plan must be transferred to the appropriate plan, without interest, and without the application of any time limitation. [353.27, Subds 7 & 7a]					
Deductions Associated With Canceled Warrants	If a deduction is taken from a warrant subsequently canceled or returned, the amount is refunded if the department applies for a refund on an MSRS form, along with any department payment. [352.04, Subd. 9]	If a deduction is taken from a canceled or returned warrant or check, a refund must be made to the employing unit in whole or in the amount needed to adjust deductions. [353.27, Subd. 7]	If a deduction is taken from a warrant or check that has been canceled or returned, a refund of the deducted amount or the portion required to adjust deductions, must be made to the employing unit. [354.42, Subd. 7]	No provision	No provision	No provision	No specific provision
Overpayments to Members	No specific provision	An overpayment to a member must be recovered by suspending the applicable annuity or benefit until the amount is recovered. [353.27, Subd. 7b]	No specific provision	No specific provision	No specific provision	No specific provision	No specific provision