



H.F. 1100
(Hornstein)

S.F. 1112
(Dibble)

Executive Summary of Commission Staff Materials

Affected Pension Plan(s): TRA (former MTRFA)
Relevant Provisions of Law: Uncoded special law provision
General Nature of Proposal: Return of interest previously paid on refund repayment
Date of Summary: March 27, 2007

Specific Proposed Changes

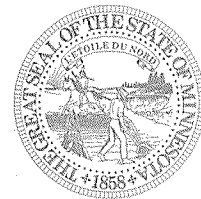
- Authorizes a former Minneapolis teacher to receive a return of previously paid interest on a repayment of refunds to the former Minneapolis Teachers Retirement Fund Association (MTRFA).

Policy Issues Raised by the Proposed Legislation

1. Equitable considerations – issue of misinformation/error.
2. Equitable considerations – issue of detrimental reliance.
3. Appropriateness of special legislation before TRA appeals process is completed.
4. Appropriateness in light of 2003 Commission review of same complaint.
5. Precedent.

Potential Amendments

H1100-1A Clarifies which statutory provision is to be overridden by special legislation (technical).



TO: Members of the Legislative Commission on Pensions and Retirement

FROM: Lawrence A. Martin, Executive Director *LA Martin*

RE: H.F. 1100 (Hornstein); S.F. 1112 (Dibble); TRA; Refund Payment for Prior MTRFA Service Without Interest

DATE: March 26, 2007

Summary of H.F. 1100 (Hornstein); S.F. 1112 (Dibble)

H.F. 1100 (Hornstein); S.F. 1112 (Dibble) limits the refund repayment amount for a former member of the former Minneapolis Teachers Retirement Fund Association (MTRFA) to the principal amount of previous MTRFA refunds without interest, and requires the return by the Teachers Retirement Association (TRA) of the amount in excess of that principal amount that the former member has previously paid, plus interest on that deduction amount at 8.5 percent compound interest.

Public Pension Complaint of Teresa M. Graham, MSW, LICSW

Teresa M. Graham, a 57-year-old licensed social worker who resides in Minneapolis, was employed by the Minneapolis Public Schools from 1978 to 1989, was covered by the Minneapolis Teachers Retirement Fund Association (MTRFA) during that employment, and took refunds from MTRFA in August 1979, August 1980, August 1981, and August 1983, totaling \$3,341.82.

Ms. Graham seeks to limit the amount she is required to pay in order to repay those refunds to the principal amount of the prior refunds from MTRFA to the Teachers Retirement Association (TRA), the successor to the former MTRFA, without interest. On the amount that Ms. Graham has repaid in excess of \$3,341.82, TRA would return her interest payment and be charged 8.5 percent compound interest on the overage. Ms. Graham contends that the MTRFA Executive Secretary, Harry Adams, verbally had informed her in January 1991 that she had 10.5 years of service credit rather than five years of service credit by virtue of the refunds and that MTRFA did not inform her that she was required to repay those refunds, that she relied on that service credit determination, and that she is entitled to credit for her full service period without interest or penalty upon the repayment of the principal amount of the 1979-1983 refunds because she has relied on that MTRFA misinformation/failure to provide information.

Additional Information Relating to Ms Graham's MTRFA Refund Repayment Situation

Although the Commission staff has not had the benefit of reviewing Ms. Graham's records with various Minnesota public pension plans beyond the Board materials for Ms. Graham's appeal to the TRA Board, there are additional informational items that the Commission staff has identified that may bear on the requested special legislation. The informational items are:

1. Portability Considerations. Ms. Graham has periods of public employment covered by various Minnesota public pension plans. Ms. Graham has been a member of the General Employees Retirement Plan of the Public Employees Retirement Association (PERA-General), the Teachers Retirement Association (TRA), the former Minneapolis Teachers Retirement Fund Association (MTRFA), and the St. Paul Teachers Retirement Fund Association (SPTRFA). By virtue of the multiple periods of service credit in several public pension plans, Ms. Graham will likely elect to utilize the Combined Service Annuity in any eventual Minnesota public retirement annuity.
2. MTRFA Refund Applications. The 1979, 1980, 1981, and 1983 applications for refunds from the Minneapolis Teachers Retirement Fund Association (MTRFA) appear to have been executed by the same person, presumably Ms. Graham, and all include a clear statement, immediately above the member signature line, that the service credit associated with the refund will not be restored until the refund is repaid with interest as provided by MTRFA Board rule.
3. April 25, 1988, Benefit Information Letter. On April 25, 1988, the Minneapolis Teachers Retirement Fund Association (MTRFA) provided information to Ms. Graham about her potential MTRFA single life retirement annuity at age 62, assuming three percent future pay increases. The estimate indicated that Ms. Graham had eight years of service credit, even though Ms. Graham had taken four refunds and had not repaid those refunds as of April 1988. The letter included two statements that the service

credit used in the estimate assumed no breaks in service and had not been adjusted for particular circumstances.

4. January 1991 Refund Application and Application Withdrawal. In December 1990, Ms. Graham filed an application for a refund with the Minneapolis Teachers Retirement Fund Association (MTRFA) and a refund check was cut and provided to her as of December 31, 1990. The application was voided upon an indicated return of the refund check in January 1991. MTRFA Executive Secretary Harry Adams is listed as the witness on the form, dated December 31, 1990.
5. November 29, 1995, and November 20, 2000, MTRFA Benefit Projections. In a March 3, 2003, letter, Karen Kilberg, Executive Director of the Minneapolis Teachers Retirement Fund Association (MTRFA) refers to two additional benefit estimates provided to Ms. Graham based on five years of MTRFA service credit, on November 29, 1985, and November 20, 2000. The letter also indicates that the November 20, 2000, benefit projection clearly stated that Ms. Graham had five years of MTRFA service credit.
6. December 2002 MTRFA Retirement Benefit Estimate. In response to a benefit estimate request from Ms. Graham, the Minneapolis Teachers Retirement Fund Association (MTRFA) informed her of her partial MTRFA service credit and the requirement that she pay interest on the principal amount of the 1979-1983 refunds. The refund interest amount as of December 2002 was almost five times greater than the refund principal amount. Ms. Graham indicates that she contacted MTRFA after receiving the refund repayment information and spoke to the MTRFA controller, Steve Schugel, a current Teachers Retirement Association (TRA) employee, who admitted that the 1990 information provided by MTRFA Executive Secretary Harry Adams was misinformation and was a mistake.
7. January 2003 MTRFA Refund Repayment Letter. A January 2003 letter from the Minneapolis Teachers Retirement Fund Association (MTRFA) indicated that state law required interest be paid on a previously taken refund in order to reinstate MTRFA service credit. It is unclear what prompted the January 2003 letter, although it may have been part of a communication of summary annual financial reporting required to be provided annually to the MTRFA membership by Minnesota Statutes, Sections 356.20, Subdivision 3, and 356A.07, Subdivision 2, or a benefit summary required to be provided periodically to the MTRFA membership by Minnesota Statutes, Section 356A.07, Subdivision 1.
8. January-February 2003 MTRFA Board Review of Graham Refund Repayment. In response to an attempt by Ms. Graham to repay the 1979, 1980, 1981, and 1983 refunds with a check for \$3,341.82, without interest, and her request that the Minneapolis Teachers Retirement Fund Association (MTRFA) rectify the mistaken information by MTRFA Executive Secretary Harry Adams in 1990, on January 28, 2003, the MTRFA Board, by letter dated February 20, 2003, returned her refund repayment, indicted that the refund must be repaid with interest, and did not address Ms. Graham's argument in support of her position. The MTRFA Board records transferred to the Teachers Retirement Association (TRA) indicate that the MTRFA Board considered and rejected Ms. Graham's appeal, on February 19, 2003, although there is no record that Ms. Graham ever was availed an opportunity to appear before the MTRFA Board.
9. 2003 H.F. 1412 (Hornstein); S.F. 1293 (Dibble). On February 23, 2004, the Legislative Commission on Pensions and Retirement heard 2003 Session H.F. 1412 (Hornstein); S.F. 1293 (Dibble), proposed special legislation on behalf of Ms. Graham, but took no action on the proposed legislation.
10. Refund Repayment with Interest. On May 1, 2003, Ms. Graham repaid to the Minneapolis Teachers Retirement Fund Association (MTRFA) the four MTRFA refunds with 8.5 percent interest.
11. February 2007 TRA Board Appeal. On February 14, 2007, the Teachers Retirement Association (TRA) Board heard an appeal from Ms. Graham regarding the amount of her refund repayment for the Minneapolis Teachers Retirement Fund Association (MTRFA) forfeited service credit. The final decision of the appeal, transmitted to Ms. Graham in early March 2007, was not favorable to Ms. Graham.

Discussion and Analysis

H.F. 1100 (Hornstein); S.F. 1112 (Dibble) permits Teresa M. Graham to reinstate service credit associated with four refunds taken from the former Minneapolis Teachers Retirement Fund Association (MTRFA) upon the payment of the principal amount of the refunds without any interest charge, with the refund repayment overpayment returned by the Teachers Retirement Association (TRA) with 8.5 percent compound interest on that amount from the date of its payment to the date of its return.

The proposed legislation raises several pension and related public policy issues for potential Commission consideration and discussion, as follows:

1. Equitable Considerations – Issue of Misinformation/Error. The policy issue is the appropriate weight to give the equitable consideration in the situation. Ms. Graham argues that her requested proposed legislation is the only appropriate remedy for misinformation allegedly given her by the Minneapolis Teachers Retirement Fund Association (MTRFA) Executive Secretary in 1990. Ms. Graham alleges that the misinformation about the length of her service credit (ten and a fraction years of total Minneapolis Public School service, of which she still had five years credited by MTRFA and not forfeited by prior refunds) was provided during a discussion with Harry Adams, MTRFA Executive Secretary, without any written records documenting the misinformation. The sole documentation contained in Ms. Graham's appeal to the Teachers Retirement Association (TRA) Board from MTRFA that overstates Ms. Graham's MTRFA service credit is a 1988 benefit projection, which indicates eight years of Minneapolis service, based on a 1979 entry date, when Ms. Graham actually had three and a fraction years of MTRFA service credit, projects continuous future MTRFA service credit and salary growth to 2012, and calculates a potential MTRFA retirement annuity at age 62, with caveats that the projection is an estimate only and was not adjusted for particular circumstances affecting service credit. Other MTRFA benefit estimates provided to Ms. Graham in 1995 and 2000 correctly indicated her actual MTRFA service credit. Each MTRFA refund application executed by Ms. Graham, including the 1990 refund application that she withdrew by returning the refund check un-negotiated, included a clear statement that the effect of the refund would be a forfeiture of the associated service credit that could only re-credited with a refund repayment with interest. Harry Adams left MTRFA employment before June 30, 1991, and the Commission staff is not aware of any documentation of any recitation by Mr. Adams of his memory of the 1990 discussion with Mr. Graham. The 1990 discussion between Ms. Graham and Mr. Adams apparently occurred within the context of Mr. Adams counseling Ms. Graham against taking an additional refund from MTRFA and forfeiting the balance of her MTRFA service credit. If the Commission determines that Mr. Adams provided Ms. Graham with misinformation, that alleged misinformation could be the basis for equitable relief if there is sufficient evidence that Mr. Graham relied on the misinformation to her detriment.
2. Equitable Considerations – Issue of Detrimental Reliance. The policy issue is whether or not there was detrimental reliance by Ms. Graham on an error that may have been committed by the Minneapolis Teachers Retirement Fund Association (MTRFA). Under developed equitable notions of justice, an error generally does not cause recompensable damages unless the error is material or significant, unless there has been reliance on the error, and unless that reliance was to the detriment of the relier. Without reliance and detriment, an error is generally viewed as a harmless error. Unless there are facts that were not presented as part of the appeal of Ms. Graham to the Teachers Retirement Association (TRA) Board of Trustees in this matter, the sole action that appears to have been taken by Ms. Graham in connection with the alleged 1990 misinformation by the MTRFA Executive Secretary was to return her January 1991 MTRFA refund check that would have forfeited the balance of her MTRFA service credit, which worked to both the concurrent and ultimate advantage of Ms. Graham. In late 1990–early 1991, Ms. Graham was not a Minnesota public employee and had no authority under Minnesota Statutes, Section 354A.38, the first class city teacher retirement fund associations refund repayment law, or Minnesota Statutes, Section 356.30, Subdivision 2, the Combined Service Annuity refund repayment provision, to repay a refund at that date, which would have minimized her eventual refund repayment interest charges. If Ms. Graham had authority to repay her past MTRFA refunds and did not do so in reliance on a misstatement of her service credit, that could have been detrimental reliance. Ms. Graham appears to have again become a Minnesota public employee on February 3, 1992, covered by the General Employees Retirement Plan of the Public Employees Retirement Association (PERA-General), but did not repay the MTRFA refunds during the PERA-General-covered service, and took a refund of contributions for that PERA-General service upon terminating employment in March 1994, which she did repay in February 2003. Ms. Graham's requested special legislation relief, a return of the interest charge on a 2003 MTRFA refund repayment, plus interest on that amount since 2003, is inconsistent with the legal theory for relief, which would be a return of the refund principal payment as well as interest. If the 1990 MTRFA mistake was to overstate Ms. Graham's MTRFA service credit by five and a fraction years of service credit and if Ms. Graham relied on the error to her detriment, her relief should be the recognition of those five and a fraction years of additional MTRFA service credit without any refund repayment, either principal or interest, rather than simply cancellation of interest. The Commission should consider taking specific testimony from Ms. Graham about her sense of her reliance on the alleged 1990 error and about her sense of detriment resulting from that reliance.

3. Special Legislation or Completion of the TRA Appeals Process. The policy issue is the appropriateness of the Commission considering special legislation on behalf of Ms. Graham in the absence of a completion of the appeal by Ms. Graham of the Teachers Retirement Association (TRA) rejection of her claim for a return of interest on the Minneapolis Teachers Retirement Fund Association (MTRFA) refund repayment. Ms. Graham complained to MTRFA about the interest charge on her refund repayment on January 28, 2003. The MTRFA Board reviewed Ms. Graham's complaint at its February 19, 2003, meeting, and decided that MTRFA had acted appropriately with respect to Ms. Graham's service credit record, apparently consistent with the MTRFA appeals process, but without affording Ms. Graham any opportunity to appear before the Board. The TRA Executive Director rejected Ms. Graham's request for a repayment of the interest charge on her 2003 MTRFA refund repayment, TRA held a hearing of her appeal before the TRA Board in February 2007, and the TRA Board rejected Ms. Graham's request. Ms. Graham apparently is pursuing this requested special legislation rather than appealing the TRA Board's rejection of her appeal to the Minnesota Court of Appeals under Minnesota Statutes, Section 354.071, Subdivision 9, although Ms. Graham has until mid-April 2007 to file a writ of certiorari with the Minnesota Court of Appeals. Until Ms. Graham has exhausted her administrative and judicial appeals process, the Commission should be cautious about becoming involved. The appellate process was established to ensure consistency and accuracy in appeals from adverse pension determinations and that desired consistency and accuracy could be lost with premature legislative intervention.
4. 2003 Commission Review of Ms. Graham's Requested Special Legislation. The policy issue is the appropriateness of providing constituents with multiple opportunities to have the Commission hear requested proposed special legislation. The Commission heard Ms. Graham's proposed special legislation during the 2003 Session, but took no action on the proposed special legislation. Unless there was some inadequacy in the 2003 Commission's hearing of Ms. Graham's complaint or unless there have been significant developments since the 2003 failure of the proposed special legislation to proceed, the Commission could decide that previously heard special legislation requests for relief should not be revisited.
5. Precedent. The policy issue is whether or not there is any prior special pension legislation comparable to the special proposed legislation sought by Ms. Graham and whether or not, if enacted, the special proposed legislation sought by Ms. Graham would likely become a precedent for future comparable legislation. The Commission staff has identified no prior special legislation recommended by the Commission or enacted by the Legislature that waived all interest payable on a repayment of a refund. The Commission staff has identified two special laws which related to interest on member payments, one related to a member payment for a contribution shortage (Laws 1999, Chapter 222, Article 8, Section 7) and one related to a refund repayment (Laws 2000, Chapter 461, Article 19, Section 5). Laws 1999, Chapter 222, Article 8, Section 7, required Independent School District No. 270, Hopkins, to repay \$1,004.08 interest charge to a Hopkins School District teacher for an overcharge she paid in 1997 to rectify a member contribution from the 1968-1969 school year that the school district failed to deduct and for which the school district apparently failed to notify the teacher when the district was notified by the Teachers Retirement Association (TRA). Laws 2000, Chapter 461, Article 19, Section 5, required TRA to repay six months of interest on a refund repayment that a retiring teacher paid when TRA failed to provide correct refund repayment information, failed to schedule benefit counseling, and failed to ascertain Combined Service Annuity eligibility and benefit information, delaying her retirement by six months. Copies of the two special laws and the Commission staff memoranda on the proposed legislation involved are attached for Commission consideration as to their similarity to this situation. If the Commission were to recommend and the Legislature enact special legislation totally waiving all interest on a refund repayment on the basis of alleged undocumented, verbal misstatement or error, the differential in the amount of consequent payments is so great that it is likely to give rise to other allegations of verbal misstatement or error.

Technical Amendment H1100-1A

Amendment H1100-1A is a technical amendment. The proposed special legislation would be clearer if the current statutory provision that is being overridden by the proposed special legislation is specified.

**BOARD OF TRUSTEES
MINNESOTA TEACHERS RETIREMENT ASSOCIATION**

In the Matter of the Petition of
Teresa Graham - Member No: 275119

FINDINGS, CONCLUSIONS,
AND FINAL ORDER

The Board of Trustees for the Teachers' Retirement Association met at its regularly scheduled board meeting on February 14, 2007 and heard the Petition for Review brought by Teresa Graham. Petitioner sought review of a decision of TRA's Executive Director dated October 11, 2006, (Exhibit 12 of TRA's Answer to Petition for Review), a copy of which is attached and incorporated herein by reference. The Executive Director determined that TRA did not have the statutory authority to refund the \$15,640.32 interest paid to the former MTRFA pursuant to Minnesota Statute § 354A.38 and Minnesota Statute § 354.50. The Executive Director's decision was consistent with the MTRFA Board's previous determination on this issue during their regular meeting on February 19, 2003. (Exhibit 7 of TRA's Answer to Petition for Review.)

Ms. Graham sought review by Petition dated December 4, 2006 of the Executive Director's decision. (Exhibit 1 of TRA's Answer to Petition for Review.) In her Petition, Ms. Graham requested that the Executive Director's decision be reversed to allow TRA to refund interest paid to the former MTRFA for previous refunds taken from 1979 to 1983.

At the hearing on her Petition, Teresa Graham appeared on her own behalf and Assistant Executive Director, Luther C. Thompson, appeared on behalf of the Teachers Retirement Association, 60 Empire Drive, Suite 400, St. Paul, MN 55103.

The Board reviewed the record and heard testimony and argument presented by the parties.

The Board approved a motion summarized as follows:

A motion was made affirming the Executive Director's decision that TRA does not have the statutory authority to forgive the interest payment of \$15,640.32 made by Ms. Graham to the former MTRFA.

The motion was seconded and approved by unanimous vote.

It is ordered that the decision of the Executive Director be affirmed in all respects and TRA's Executive Director shall serve copies of this Order on Petitioner.

Dated: _____

Curtis D. Hutchens, President
Teachers Retirement Association
Board of Trustees

Legislative Commission on Pensions and Retirement (LCPR)

Minneapolis Teachers Retirement Fund Association (MTRFA) and Teachers Retirement Association (TRA) Individual/Small Group Legislation 1987-2006

Key to LCPR Hearing Action: A=Amended; C=Continued; F wo R=Forwarded without recommendation; LO=Laid Over, NA=No Action; NP=Not Passed, P=Passed; PA=Passed as amended; PR=Re-passed; W=Withdrawn (generally by the bill author)

Note: Some bills were passed by the Pension Commission but were not enacted (likely voted down by another committee); and some bills that were not heard or not passed by the Commission were passed by another committee or by the House or the Senate.

There are links to online versions the bills going back to 1995. Bills from biennia prior to that date are available at the Legislative Reference Library, State Office Building, 6th Floor.

There are also links to Pension Commission meeting agendas going back to 2001. Copies of meeting agendas (and minutes) prior to that date are available from the Commission office upon request.

Biennium	House File	Senate File	Summary	Fund	LCPR Hearing (Action)	Enacted Bills: Ch., Art., Sec.
2005-2006 Biennium						
2005-2006	HF ____ ()	SF ____ ()	International Falls and Red Wing school strike service credit	TRA	<u>2/27/06</u> (PA)	Laws 2006, Ch. 271, Art. 14, Sec. 10
2005-2006	HF ____ ()	SF ____ (Pogemiller)	Medical leave service credit purchase	TRA	<u>2/27/06</u> (P)	Laws 2006, Ch. 271, Art. 14, Sec. 9
2005-2006	HF ____ (Smith)	SF ____ ()	Change optional annuity form election	TRA	<u>2/2/06</u> (NH)	--
2005-2006	HF ____ (Vandever)	SF ____ ()	Service credit purchase for Forest Lake school district teacher extended leave of absence	TRA	<u>3/24/06</u> (NA)	Laws 2006, Ch. 271, Art. 14, Sec. 17
2005-2006	<u>HF 970 (Greiling)</u>	SF ____ ()	Grandparenting of certain career-end school admin. salary arr.	TRA	--	--
2005-2006	HF 1648 (Abeler)	<u>SF 1758 (Jungbauer)</u>	Service credit purchase for extended leave of absence	TRA	<u>4/22/05</u> (PA)	2005 1 st SS Laws, Ch. 8, Art. 3 & 12, Sec. 1 & 4
2005-2006	HF 1772 (Hornstein)	<u>SF 865 (Dibble)</u>	Service credit purchase for a study leave	MTRFA	<u>1/31/06</u> (NH)	
2005-2006	HF 1978 (Ruth)	<u>SF 1736 (Day)</u>	Purchase of prior service credit for teaching service in Montana	TRA	<u>1/31/06</u> (P)	Laws 2006, Ch. 271, Art. 14, Sec. 3
2005-2006	HF 2462 (Wagenius)	<u>SF 2248 (Skoglund)</u>	Authorizing MnSCU employee to elect TRA coverage and transfer past service from IRAP - actuarial value	TRA/MnSCU	<u>2/15/06</u> (PA)	Laws 2006, Ch. 271, Art. 14, Sec. 8
2005-2006	HF 2463 (Wagenius)	<u>SF 2247 (Skoglund)</u>	Authorizing MnSCU employee to elect TRA coverage and transfer past service from IRAP - contrib. plus interest	TRA/MnSCU	<u>2/15/06</u> (NA)	--
2005-2006	HF 3388 (Cybart)	<u>SF 3029 (Gerlach)</u>	Repay contributions transferred to MSRS-Unclassified and reinstate prior TRA service credit	TRA/MSRS-U	<u>2/2/06</u> (PA)	Laws 2006, Ch. 271, Art. 14, Sec. 7
2003-2004 Biennium						
2003-2004	HF ____ ()	<u>SF 2039 (Betzold)</u>	Authorize acquisition of allowable and formula service credit for a paid leave of absence period	TRA	<u>3/9/04</u> (NP)	--

Biennium	House File	Senate File	Summary	Fund	LCPR Hearing (Action)	Enacted Bills: Ch., Art., Sec.
2003-2004	HF ____ ()	SF 2297 (Kiscaden)	Authorizing certain members to designate their children as optional annuity beneficiaries (see HF890/SF676)	TRA	3/3/04 (PA)	Laws 2004, Ch. 267, Art. 9, Sec. 20, 24
2003-2004	HF 404 (Kelliher)	SF 536 (Dibble)	Authorize retroactive qualified part-time teacher program coverage for an eligible teacher (see SS1-SF22)	MTRFA	4/22/03 (NP)	2003 1 st SS Laws, Ch. 12, Art. 14, Sec. 3
2003-2004	HF 856 (Dempsey)	SF 786 (Murphy)	Deadline extension for retirement coverage election by recently hired MnSCU faculty member (see SS1-SF22)	TRA	4/22/03 (NP)	2003 1 st SS Laws, Ch. 12, Art. 15, Sec. 1
2003-2004	HF 911 (Carlson)	SF 889 (Rest)	Mandating employer payment on previously authorized purchase of service credit (see 2003 SS1-SF22 - sunsets orig. provision)	MTRFA	4/22/03 (NP)	--
2003-2004	HF 1343 (Powell)	SF 1235 (Belanger)	Service credit purchase for certain sabbatical leaves (see SS1-SF22)	TRA	4/22/03 (NP)	2003 1 st SS Laws, Ch. 12, Art. 14, Sec. 2
2003-2004	HF 1402 (Hornstein)	SF 1247 (Dibble)	Authorize refund repayment without interest for a specified employee	MTRFA	4/22/03 (NA)	--
2003-2004	HF 1412 (Hornstein)	SF 1293 (Dibble)	Authorizing TRA to use a salary for pension purposes for a certain teacher which is in excess of actual earnings	TRA	2/23/04 (NA)	--
2003-2004	HF 1856 (Gerlach)	SF 1819 (Knutson)	Purchase of service credit for an extended leave of absence wrongly reported as a resignation	MTRFA	2/23/04 (LO)	--
2003-2004	HF 2827 (Mullery)	SF 2771 (Higgins)	Service credit purchase right authorized of prior school district employment	MTRFA	3/11/04 (W)	--
2001-2002 Biennium						
2001-2002	HF 60 (Workman)	SF 215 (Oliver)	Service credit purchase for uncredited leave period	TRA	3/14/01 (W)	--
2001-2002	HF 87 (Koskinen)	SF 59 (Foley)	Service credit purchase for omitted contributions (see SS SF 9)	MTRFA; TRA	3/21/01 (PA)	2001 1 st SS Laws, Ch. 10, Art. 17, Sec. 4
2001-2002	HF 163 (Seagren)	SF 106 (Belanger)	Service credit grant to MTRFA member	MTRFA	3/21/01 (NA)	--
2001-2002	HF 295 (Cassell)	SF 314 (Larson)	Service credit for former Alexandria tech college faculty member	TRA; PERA	9/13/01 (NA)	--
2001-2002	HF 356 (Workman)	SF 315 (Oliver)	Service credit purchase for leave, ISD #270, Hopkins	TRA	3/21/01 (NH)	--
2001-2002	HF 527 (Ness)	SF 435 (Dille)	Service credit purchase for ext. leave of absence, ISD #423, Hutchinson	TRA	3/14/01 (PA)	2001 1 st SS Laws, Ch. 10, Art. 17, Sec. 2
2001-2002	HF 537 (Koskinen)	SF 438 (Foley)	Service credit purchase due to clerical error for sabbatical leave, ISD #11 Anoka	TRA	3/14/01 (PA)	2001 1 st SS Laws, Ch. 10 Art. 17, Sec. 1
2001-2002	HF 907 (Osthoff)	SF 371 (Anderson)	Service credit purchase, ISD#12, Centennial	TRA	3/14/01 (W)	--
2001-2002	HF 1215 (Jennings)	SF 1273 (Ring)	Serv. cr. purchase for U of M teaching service, ISD 279, Osseo	TRA	3/21/01 (NA)	-- (general provision enacted for all with uncredited U of M service - see SS Laws 2001, Ch. 10)

Biennium	House File	Senate File	Summary	Fund	LCPR Hearing (Action)	Enacted Bills: Ch., Art., Sec.
2001-2002	<u>HF 2285 (Carlson)</u>	SF 2146 (Rest)	Prior service credit purchase for school social worker	MTRFA	--	--
1999-2000 Biennium						
1999-2000	HF ____ ()	SF ____ ()	Service credit purchase for leave of absence, Anoka-Hennepin teacher.	TRA	--	Laws 1999, Ch. 222, Art. 8, Sec. 10.
1999-2000	<u>HF 291 (Folliard)</u>	SF 302 (Kelley, S.P.)	Service credit purchase Minnetonka teacher medical leave	TRA	3/10/99 (PA)	Laws 1999, Ch. 222, Art. 8, Sec. 6
1999-2000	<u>HF 360 (Skoe)</u>	SF 93 (Moe, R.D.)	TRA annuity susp, membership resumption, recomputed benefits authorized for a specified person.	TRA	--	--
1999-2000	<u>HF 366 (Kelliher)</u>	SF 5 (Spear)	Reimbursement of interest charge, Hopkins school district teacher.	TRA	3/10/99 (PA)	Laws 1999, Ch. 222, Art. 8, Sec. 7
1999-2000	<u>HF 440 (Abrams)</u>	SF 372 (Robertson)	Service credit purchase, Spring Lake Park teacher sabbatical leave.	TRA	3/10/99 (PA)	Laws 1999, Ch. 222, Art. 8, Sec. 8
1999-2000	<u>HF 1570 (Tingelstad)</u>	SF 1806 (Hanson)	Teacher retirement survivorship interest assigned to estate	TRA	--	--
1999-2000	<u>HF 1850 (Tomassoni)</u>	SF 1569 (Janezich)	Purchase unrequested leave service	TRA	--	Laws 1999, Ch. 222, Art. 8, Sec. 4
1999-2000	<u>HF 1925 (Otrema)</u>	SF 1886 (Sams)	Service credit purchase, Bertha-Hewitt school district teacher.	TRA	3/25/99 (PA)	Laws 1999, Ch. 222, Art. 8, Sec. 3
1999-2000	<u>HF 2068 (Jaros)</u>	SF 1957 (Solon)	Purchase Lydia Special Ed Coop service	TRA	--	--
1999-2000	<u>HF 2289 (Carlson)</u>	SF 2121 (Junge)	Purchase independent contractor service	MTRFA	2/8/00 (PA)	Laws 2000, Ch. 461, Art. 19, Sec. 8
1999-2000	<u>HF 2476 (Orfield)</u>	SF 2318 (Spear)	Purchase nonprofit teaching service credit (Loring Nicollet-Bethlehem)	MTRFA	2/8/00 (PA)	Laws 2000, Ch. 461, Art. 11, Sec. 7
1999-2000	<u>HF 2543 (Gleason)</u>	SF 2358 (Ranum)	Purchase prior teaching service credit	MTRFA	2/28/00 (PA)	Laws 2000, Ch. 461, Art. 19, Sec. 6.
1999-2000	<u>HF 2566 (Greiling)</u>	SF 2293 (Marty)	Refund interest charges to member	TRA	2/8/00 (P)	Laws 2000, Ch. 461, Art. 19, Sec. 5
1999-2000	<u>HF 3494 (Cassell)</u>	SF 3224 (Sams)	Prior service credit transfer from PERA-P&F to TRA	TRA, PERA-P&F	--	--
1999-2000	<u>HF 3691 (Boudreau)</u>	SF 3451 (Neuville)	Purchase Pre-25, Pre-57 service credit	TRA	12/14/99 (LO)	--
1997-1998 Biennium						
1997-1998	HF ____ ()	SF ____ ()	Accept beneficiary designation change after member's death.	TRA	--	Laws 1997, Ch. 241, Art. 12, Sec. 2
1997-1998	HF ____ ()	<u>SF 3001 (Foley)</u>	Mounds View teacher, service credit purchase for portion of sabbatical leave.	TRA	2/6/98 (PA)	Laws 1998, Ch. 390, Art. 4, Sec. 3, Sub. 7
1997-1998	<u>HF 54 (Murphy)</u>	SF 15 (Solon)	Repay a refund	TRA	3/14/97 NP	--
1997-1998	<u>HF 305 (Wagenius)</u>	SF 188 (Ranum)	Permit coverage for part-time teacher	MTRFA	3/21/97 (PA)	Laws 1997, Ch. 241, Art. 5, Sec. 2
1997-1998	<u>HF 416 (Entenza)</u>	SF 139 (Cohen)	Service credit purchase, Inver Grove Heights teacher, medical leave for multiple sclerosis.	TRA	3/21/97 (LO) 2/6/98 (LO/A)	Laws 1998, Ch. 390, Art. 4, Sec. 3, Sub. 2
1997-1998	<u>HF 937 (Carlson)</u>	SF 936 (Scheid)	Exempt interim superintendent from earnings limit	TRA	4/4/97 NP	--
1997-1998	<u>HF 1230 (Johnson, R)</u>	SF 1507 (Hottinger)	Service credit purchase, Mankato teacher, for a misclassified leave.	TRA	3/21/97 (LO) 1/30/98 (PA)	Laws 1998, Ch. 390, Art. 4, Sec. 3, Sub. 1
1997-1998	<u>HF 1752 (Kalis)</u>	SF 1624 (Beckman)	Part-time teacher program deadline extension	TRA	--	--
1997-1998	<u>HF 1891 (Smith)</u>	SF ____ ()	Extend deadline for purchase of service credit	TRA	--	--

Biennium	House File	Senate File	Summary	Fund	LCPR Hearing (Action)	Enacted Bills: Ch., Art., Sec.
1997-1998	<u>HF 2006 (Jefferson)</u>	SF 1767 (Pogemiller)	Member may retain TRA coverage	TRA	--	--
1997-1998	<u>HF 2470 (Tingelstad)</u>	SF 2011 (Hanson)	Reassign survivor interest in 100% J&S optional annuity to an estate	TRA	--	--
1997-1998	<u>HF 2525 (Koskinen)</u>	SF 1939 (Betzold)	Service credit purchases, part-time teacher program, late reporting.	TRA	2/6/98 (LO)	Laws 1998, Ch. 390, Art. 4, Sec. 3, Sub. 3
1997-1998	<u>HF 3002 (Wolf)</u>	SF ____ ()	Exempt retired principal & superintendent from limit	TRA	2/10/98 (LO)	--
1997-1998	<u>HF 3122 (Chaudhary)</u>	SF 2529 (Novak)	Columbia Heights teacher, service credit purchase for extended leave.	TRA	2/6/98 (PA)	Laws 1998, Ch. 390, Art. 4, Sec. 3, Sub. 5
1997-1998	<u>HF 3202 (Pelowski)</u>	SF 2769 (Morse)	Winona State University faculty member, service credit purchase for extended leave.	TRA	2/6/98 (PA)	Laws 1998, Ch. 390, Art. 4, Sec. 3, Sub. 6
1997-1998	<u>HF 3298 (Dempsey)</u>	SF 2914 (Murphy)	Hastings teacher, service credit purchase.	TRA	--	Laws 1998, Ch. 390, Art. 4, Sec. 3, Sub. 9
1997-1998	<u>HF 3368 (Abrams)</u>	SF 2927 (Robertson)	Purchase sabbatical service	TRA	2/6/98 (NA)	--
1995-1996 Biennium						
1995-1996	<u>HF 152 (Mares)</u>	SF 101 (Chandler)	Purchase of service credit for sabbatical leave period.	TRA	3/1/95 (PA)	Laws 1995, Ch. 141, Art. 2, Sec. 1
1995-1996	<u>HF 271 (Dorn)</u>	SF 187 (Hottinger)	Member provided bounce-back annuity	TRA	3/1/95 (NP)	--
1995-1996	<u>HF 688 (Dauner)</u>	SF 643 (Langseth)	Disability benefit granted for member	TRA	3/8/95 (NA)	--
1995-1996	<u>HF 968 (Smith)</u>	SF 645 (Neuville)	Purchase of service credit for previously exempt service	TRA	3/8/95 (LO) 2/2/96 (W)	--
1995-1996	<u>HF 1272 (Carlson)</u>	SF 1150 (Reichgott-Junge)	Purchase of prior service by former Minneapolis teacher	MTRFA	2/2/96 (PA)	Laws 1996, Ch. 438, Art. 9, Sec. 6
1995-1996	<u>HF 1336 (Otremba)</u>	SF 943 (Sams)	Waive annuity reduction for person	TRA	3/24/95 (LO)	--
1995-1996	<u>HF 1424 (Dorn)</u>	SF 1179 (Hottinger)	Service credit purchase for extended leave of absence	TRA	3/24/95 (PA)	Laws 1996, Ch. 141, Art. 2, Sec. 3
1995-1996	<u>HF 1540 (Jefferson)</u>	SF ____ ()	Purchase out of state service credit	MTRFA	3/24/95 (LO) 2/2/96 (PA)	--
1995-1996	<u>HF 1658 (McGuire)</u>	SF 1594 (Marty)	Early retirement benefits provided for Minneapolis teacher	MTRFA	--	--
1995-1996	<u>HF 2021 (Broecker)</u>	SF 1714 (Runbeck)	Retroactive benefits for ISD 622 disabillitant.	TRA	1/29/96 (W)	--
1995-1996	<u>HF 2272 (Dauner)</u>	SF 2103 (Langseth)	Reemployed annuitant earnings limitation exemption for certain interim superintendents	TRA	1/29/96 (NP)	--
1995-1996	<u>HF 2467 (Daggett)</u>	SF 2234 (Sams)	Full-time coverage for New-York Mills teacher	TRA	1/29/96 (PA)	Laws 1996, Ch. 438, Art. 9, Sec. 3
1995-1996	<u>HF 2627 (Murphy)</u>	SF 2399 (Solon)	Authorize refund repayment	TRA	--	--
1995-1996	<u>HF 3021 (Entenza)</u>	SF 2671 (Cohen)	Purchase of service for member with MS	TRA	--	--
1993-1994 Biennium (no online versions of the bills)						
1993-1994	<u>HF ____ ()</u>	SF 1287 (Johnson, R)	Purchase additional service credit	TRA	--	--
1993-1994	<u>HF 662 (Orfield)</u>	SF 609 (Kroening)	Purchase service, interstate service	MTRFA	3/10/94 (PA)	Vetoed
1993-1994	<u>HF 664 (Greiling)</u>	SF 614 (Krentz)	Job-sharing service/credit purchase	TRA	3/10/94 (PA)	--
1993-1994	<u>HF 769 (Jaros)</u>	SF 616 (Solon)	Pre-age 25 service credit buyback	TRA	3/17/93 (NP)	--
1993-1994	<u>HF 779 (Dorn)</u>	SF 575 (Hottinger)	Optional annuity recomputation	TRA	3/10/94 (NP)	--
1993-1994	<u>HF 1453 (Tunheim)</u>	SF 1375 (Stumpf)	Adjust retirement effective date for certain individual	TRA	--	--
1993-1994	<u>HF 1903 (Johnson, A)</u>	SF 2614 (Sams)	Military service credit	TRA	--	--

Biennium	House File	Senate File	Summary	Fund	LCPR Hearing (Action)	Enacted Bills: Ch., Art., Sec.
1993-1994	HF 2269 (Tunheim)	SF 2028 (Stumpf)	Roseau S.D. retiree, adjust ret date & post-ret adj benefit recomputation	TRA	3/10/94 (PA)	Laws 1994, Ch. 440
1993-1994	HF 2626 (Wenzel)	SF 2432 (Samuelson)	Purchase of service credit, certain Merchant Marine service	TRA	3/21/94 (PA)	Laws 1994, Ch. 494
1993-1994	HF 2658 (Kahn)	SF 2357 (Morse)	Waiver from reemployed annuitant limits for certain part time faculty	TRA	3/22/94 (PA)	Laws 1994, Ch. 602
1993-1994	HF 2732 (Peterson)	SF 2300 (Langseth)	Permit retiree '93 early ret incentive	TRA	3/21/94 (LO)	--
1993-1994	HF 2994 (Sekhon)	SF 2759 (Hanson)	Permit certain individual to change C-3	TRA	--	--
1993-1994	HF 3113 (Smith)	SF ____ ()	Buyback exempt service for certain members	TRA	--	--
1991-1992 Biennium (no online versions of the bills)						
1991-1992	HF 23 (Blatz)	SF 297 (Belanger)	Purchase service credit for unrequested leaves	TRA	4/4/91 (LO)	--
1991-1992	HF 150 (Ormann)	SF 293 (Bertram)	Purchase of service credit for Merchant Marine service	TRA	--	--
1991-1992	HF 394 (Ernhardt)	SF 279 (Storm)	Deadline payment extension for leave of absence	MTRFA	3/26/91 (NP)	--
1991-1992	HF 874 (Johnson, R)	SF 992 (Finn)	Recalculate benefit of certain annuitants	TRA	4/11/91 (NP)	--
1991-1992	HF 876 (Rodosovich)	SF 791 (Morse)	Purchase service for pre-57 pre- age 25 service	TRA	3/2/92 (NA)	--
1991-1992	HF 1022 (Reding)	SF 903 (Finn)	Permit certain persons to transfer coverage from IRAP to TRA	TRA	4/11/91 (LO)	--
1991-1992	HF 1024 (Reding)	SF 901 (Morse)	Supplemental retirement plan delay admin. trans.	TRA	--	--
1991-1992	HF 1044 (Beard)	SF 906 (Price)	Purchase military service ISD #833 employee	TRA	4/2/91 (PA)	Laws 1991, Ch. 293
1991-1992	HF 1054 (Stanisus)	SF 813 (Knaak)	Purchase service for leave of absence & medical leave	TRA	4/11/91 (PA)	Laws 1991, Ch. 89
1991-1992	HF 1245 (Ogren)	SF 996 (Chmielewski)	Authorize special contract for IDS #100 superintendent	TRA	4/11/91 (NP)	--
1991-1992	HF 1456 (Clark)	SF 1364 (Pogemiller)	Mpis pay health cost for certain retirees	MTRFA	--	--
1991-1992	HF 1477 (Janezich)	SF 1282 (Dicklich)	Purchase military service 5+ years after discharge	TRA	--	--
1991-1992	HF 1871 (Dorn)	SF 1711 (Hottinger)	Certain individual single life annuity	TRA	3/2/92 (LO)	--
1991-1992	HF 1996 (Reding)	SF 2023 (Benson, JE)	Permit employer contrib. to transfer to IRAP for certain individual	TRA	3/10/92 (P)	Laws 1992, Ch. 420
1991-1992	HF 1998 (Reding)	SF 2022 (Langseth)	Permit employer contrib. to transfer to IRAP	TRA	--	--
1991-1992	HF 2257 (Jefferson)	SF 2764 (Pogemiller)	Purchase of service ISD #197	TRA	3/11/92 (P)	--
1991-1992	HF 2314 (Jaros)	SF 2112 (Solon)	Purchase of service for pre-25 teacher	TRA	--	--
1991-1992	HF 2803 (Orfield)	SF 2508 (Kroening)	Out of state buyback	MTRFA	--	--
1991-1992	HF 2907 (Schafer)	SF 2683 (Renneke)	Health insurance for certain ret. admin.	TRA	--	--
1989-1990 Biennium (no online versions of the bills)						
1989-1990	HF 362 (Johnson, R)	SF 1217 (Decker)	Purchase of prior service, Bemidji teacher	TRA	4/8/89 (LO)	--
1989-1990	HF 365 (Blatz)	SF 691 (Dicklich)	Purchase service credit for unrequested leaves	TRA	4/8/89 (LO)	--
1989-1990	HF 425 (Simoneau)	SF 451 (Frank)	Joint & survivor annuity for certain surviving spouse	TRA	4/8/89 (LO)	Laws 1989, Ch. 319

Biennium	House File	Senate File	Summary	Fund	LCPR Hearing (Action)	Enacted Bills: Ch., Art., Sec.
1989-1990	HF 547 (Stanius)	SF 902 (Knaak)	Purchase of prior service for Lakewood teacher	TRA	4/8/89 (LO)	--
1989-1990	HF 835 (Stanius)	SF 142 (Knaak)	Purchase of prior service ISD 624 teacher	TRA	4/8/89 (LO)	--
1989-1990	HF 1486 (Janezich)	SF 1319 (Dicklich)	Purchase of prior service for school district coop employee	TRA	--	--
1987-1988 Biennium (no online versions of the bills)						
1987-1988	HF ____ ()	SF 665 (Stumpf)	Change retirement effective date for certain annuitant	TRA	--	Laws 1987, Ch. 372
1987-1988	HF 680 (Tunheim)	SF 646 (Stumpf)	Allow retro accrual of benefits after teaching service termination	TRA	--	--
1987-1988	HF 1529 (Minne)	SF 1362 (Dicklich)	Service credit for unrequested leaves of absence	TRA	--	Laws 1988, Ch. 709
1987-1988	HF 1789 (Rukavina)	SF 1578 (Dicklich)	Surviving spouse joint and survivor annuity	TRA	--	--
1987-1988	HF 1834 (Valento)	SF 1774 (Hughes)	Rule of 85, certain teachers missed deadline	TRA	--	--
1987-1988	HF 1987 (Forsythe)	SF 1794 (Storm)	Purchase of prior service, Richfield teacher	TRA	--	Laws 1988, Ch. 709
1987-1988	HF 2360 (Simoneau)	SF 2285 (Frank)	Purchase of prior service, university agriculture teacher	TRA	--	Laws 1988, Ch. 709
1987-1988	HF 2622 (Rukavina)	SF 2462 (Dicklich)	Purchase prior service for terminated teacher	TRA	--	--

executive director of the public employees retirement association may notify the commissioner of finance of that fact and the commissioner of finance may order that the required amount be deducted from any subsequent state payment to Dakota county and transmitted to the public employees retirement association.

Subd. 3. **APPLICATION; DOCUMENTATION.** A person described in subdivision 1 must apply with the executive director of the public employees retirement association to make the purchase. The application must be in writing and must include all necessary documentation of the applicability of this section and any other relevant information that the executive director may require.

Subd. 4. **LIMITATION.** Authority under this section expires on July 1, 2001.

Sec. 4. **PUBLIC EMPLOYEES RETIREMENT ASSOCIATION; REDUCED SERVICE CREDIT REQUIREMENT FOR DISABILITY BENEFIT APPLICATION.**

(a) An eligible person described in paragraph (b) is entitled to apply for a disability benefit from the general employees retirement plan of the public employees retirement association with 14 months of service credit subsequent to the person's last termination of membership, notwithstanding any provision to the contrary of Minnesota Statutes, section 353.33, subdivision 1.

(b) An eligible person is a person who:

- (1) was born on May 30, 1945;
- (2) began public employment with Todd county in November 1978;
- (3) first terminated public employment in August 1982;
- (4) resumed public employment with Morrison county in October 1987;
- (5) subsequently terminated public employment with Meeker county in November 1997;
- (6) resumed public employment with Todd county in August 1998; and
- (7) subsequently terminated public employment October 8, 1999.

Sec. 5. **TEACHERS RETIREMENT ASSOCIATION; REFUND OF CERTAIN INTEREST CHARGES.**

(a) Upon filing a written demand for the interest refund, a person described in paragraph (b) is entitled to receive a refund of interest specified in paragraph (c) for the period during which the teachers retirement association was negligent in providing accurate information to the eligible person or was negligent in making timely reports to other Minnesota public pension plans in which the eligible person has service credit.

(b) An eligible person is a person who:

- (1) retired from the teachers retirement association effective September 1, 1999;
- (2) repaid a previously taken refund to the teachers retirement association on August 23, 1999, restoring 10.979 years of allowable service credit;

New language is indicated by underline, deletions by strikeout.

(3) began the retirement application and refund repayment process in February 1999 and was first able to file retirement forms with the teachers retirement association office on August 27, 1999; and

(4) was charged interest on the repayment of refund for the period during which the teachers retirement association failed to provide requested information and failed to contact the public employees retirement association and the St. Paul teachers retirement fund association.

(c) The refund interest rate is 0.708 percent per month, compounded monthly, on the refund repayment amount that would have been payable on April 15, 1999, applied to the period April 15, 1999, to August 23, 1999, and 8.5 percent per year, compounded annually, on that initially determined amount from August 23, 1999, until the interest repayment is made.

(d) The interest refund is payable on the first day of the month next following the date on which the eligible person files the written demand under paragraph (a).

Sec. 6. **MTREA; PRIOR SERVICE CREDIT PURCHASE FOR UNCRETED TEACHING SERVICE PERIODS.**

(a) An eligible person described in paragraph (b) is entitled to purchase allowable service credit from the Minneapolis teachers retirement fund association basic program for the periods of teaching employment specified in paragraph (c) by making the payment required under Minnesota Statutes, section 356.55.

(b) An eligible person is a person who:

- (1) was employed by special school district No. 1 (Minneapolis) as a long call reserve teacher from October 1972 to June 1973 and was covered by the Minneapolis employees retirement fund;
 - (2) was employed by special school district No. 1 (Minneapolis) as a school social worker at Franklin junior high school from August 28, 1973, through June 12, 1974, and from August 29, 1974, through June 11, 1975, without retirement coverage;
 - (3) was employed by special school district No. 1 (Minneapolis) as a school social worker at North high school from August 29, 1975, through December 19, 1975, covered by the Minneapolis teachers retirement fund association;
 - (4) was retained by special school district No. 1 (Minneapolis) in the capacity of a school social worker at North high school as an hourly wage social worker from August 1976 through June 1983 without retirement coverage; and
 - (5) is currently employed by Hennepin county covered by the public employees retirement association.
- (c) The periods for allowable service credit purchase are August 28, 1973, through June 12, 1974; and August 29, 1974, through June 11, 1975.
- (d) An eligible person must provide any relevant documentation related to eligibility to make this service credit purchase required by the executive director of the

New language is indicated by underline, deletions by strikeout.



TO: Members of the Legislative Commission on Pensions and Retirement

FROM: Lawrence A. Martin, Executive Director *JAM*

RE: H.F. 2566 (Greiling); S.F. ____ (): TRA; Payment Of Interest Charge Caused By Administrative Errors

DATE: January 19, 2000

Summary of H.F. 2566 (Greiling); S.F. ____ ()

H.F. 2566 (Greiling); S.F. ____ () refunds to a retired member of the Teachers Retirement Association (TRA) the amount of interest that the person paid beyond April 15, 1999, on a repayment of a refund for which processing began in February, 1999, and did not conclude until August 27, 1999. The retired teacher involved is Karyoln Kingsbury.

Public Pension Problem of Karolyn Kingsbury

Karolyn Kingsbury is a recent retiree from the Teachers Retirement Association (TRA), the Public Employees Retirement Association (PERA), and the St. Paul Teachers Retirement Fund Association (StPTRFA) who had various administrative problems with TRA in attempting to repay a previously received refund of member contributions, to obtain reliable retirement benefit estimates, and to receive a timely retirement annuity.

In February, 1999, Ms. Kingsbury decided to retire, effective June, 1999, and began the process with TRA of repaying a previously received TRA refund and scheduling benefit counseling. Ms. Kingsbury has prior service with three Minnesota public pension plans, but only had problems with TRA. Although assured by TRA in February, 1999, that she would receive information on her refund repayment and that a benefit counseling session would be scheduled for her, Ms. Kingsbury did not receive anything from TRA until May, 1999, and that communication did not contain any benefit estimate information. When Ms. Kingsbury complained to TRA about these omissions, she was assured that the omitted information would be corrected, but did not receive the requested information finally until July 23, 1999. In the interval, TRA contacted her and informed her that she was not entitled to repay the refund, based on erroneous information about the termination of her St. Paul teaching service. This was corrected once, then later reemerged to confuse the process a second time. Ms. Kingsbury ultimately paid her refund repayment on August 23, 1999, despite assertions from TRA staff at the time that she was not eligible to repay a refund.

TRA also apparently failed to make timely reports to PERA and StPTRFA to allow for the calculation of her combined service annuity under Minnesota Statutes, Section 356.30, communicating instead with the Minnesota State Retirement System (MSRS), where Ms. Kingsbury never had any service credit. When Ms. Kingsbury finally was able to file her retirement papers on August 27, 1999, TRA informed her that it would be three or four months before it would be able to review her retirement application to determine what additional information might be needed, while PERA and StPTRFA indicated that she would receive her retirement annuity from them in the following month.

On October 22, 1999, in response to a September 4, 1999, letter of complaint from Ms. Kingsbury, TRA apologized for the errors and difficulties she encountered in attempting to repay her prior refund and in filing retirement papers, blaming old data in its records, an inexperienced retirement counselor, and delayed information from PERA and StPTRFA. TRA indicated that it was not able to waive any portion of the additional interest that Ms. Kingsbury paid as a result of the TRA errors.

Discussion of Proposed Special Legislation

H.F. 2566 (Greiling); S.F. ____ () provides Karolyn Kingsbury with a refund of the interest that she paid the Teachers Retirement Association (TRA) on her repayment of a previously taken member contribution refund after April 15, 1999, caused by TRA errors and delays.

The proposed special legislation raises a number of pension and other policy issues, as follows:

1. Sufficiency of Factual Basis For Interest Overpayment Claim. The policy issue is the sufficiency of the factual basis presented by Karolyn Kingsbury for the interest overpayment claim. TRA admits that it is responsible for delays in providing her accurate information on the amount of her refund repayment, but contended that some of those delays and related errors were caused by outdated data in her file, her overlapping service credit history, and the crush of pending retirements due to the Improved Money Purchase Savings Clause developments. Clearly Ms. Kingsbury was harmed to some degree and her harm was not a result of factors over which she had control, but TRA may wish to argue that her harm was caused by factors that were largely out of its control also and that it should not be liable for any amount payable to Ms. Kingsbury.
2. Appropriate Remedy. The policy issue is whether or not the interest repayment remedy is appropriate in this instance. The proposed special legislation provides interest at 8.5 percent on the repayment amount for a period April 15, 1999 to August 23, 1999, plus 8.5 percent interest on that amount from August 23, 1999 to the date that the refund interest overcharge is paid by TRA. From Ms. Kingsbury's perspective, the interest repayment may not fully repay her for the grief that she may have suffered in this instance if this was tort litigation. However, Ms. Kingsbury did have the use of her money during the delays caused by TRA, which was of some economic value to her.
3. Appropriateness of Special Legislation. The policy issue is the appropriateness of special proposed legislation in this instance and similar instances. The special proposed legislation really represents an alternative to tort litigation and comes without the costs or protections of court procedures. It is necessitated, in part, because TRA and the other Minnesota public pension plans lack authority to fashion any monetary remedy when their errors cause difficulties. This lack of authority to waive interest charges or fashion other monetary remedies insures that pension administrators are not able to show potential or actual favoritism to some pension plan members and not others. If the Commission and the Legislature desire to formalize a remedy system other than special legislation, a procedure utilizing some third party fact-finder and remedy fashioner could be explored. Also problematic in this type of special proposed legislation is the potential disparity in treatment of various people that is inherent in special legislation, where individuals who are personally familiar with a legislator or who are very assertive will obtain a potential remedy and where less well-connected or less assertive individuals will not.
4. Precedent. The policy issues are that of any precedent for this legislative action and that of the precedent value this legislative action may represent. Laws 1999, Chapter 222, Article 8, Section 7, is a direct precedent for this special legislation, providing for a refund by the Hopkins school district of an overcharge on a member contribution shortage payment for a Hopkins teacher, based on errors caused by the school district. This special legislation, if enacted, would likely set a precedent for charging TRA for an overcharge based on TRA errors.
5. Larger Potential Administrative Problems In TRA. The policy issue is the potential need to address larger administrative problems in TRA. In the past several years, the TRA administration expenses have grown dramatically (from \$3,353,000 in 1994 to \$8,348,000 in 1999), largely as a result of a TRA Board and management initiative to redesign its customer service effort and its retention of consultants to accomplish this. The TRA effort began, and has been conducted, without legislative involvement. The TRA effort has not necessarily demonstrated any clear improvement in the provision of administrative services to its members, based on recent complaints resulting in special legislation. The Commission and the Legislature may wish to undertake a special effort to assess the administrative capabilities of TRA and the other various statewide retirement plan administrations, especially in light of the pending move to a joint retirement building and that opportunity to streamline, reorient and redesign administrative structures.

Teachers Retirement Association



Suite 500, Gallery Building
17 West Exchange Street
Saint Paul, MN 55102
(651) 296-2409
(800) 657-3669
Fax (651) 297-5999

October 22, 1999

Ms. Karolyn Kingsbury
711 Keller Parkway
Saint Paul, MN 55117

Dear Ms. Kingsbury:

I am in receipt of your letter dated September 4, 1999 to Gary Austin, Executive Director. I have reviewed your file and the chronology of events. On behalf of Mr. Austin, I apologize for the errors and delays we made in the processing of your refund repayment and subsequent retirement application.

Concerning your refund repayment, our records did have older, conflicting information regarding your service credit total with the Saint Paul School District. Unfortunately, this older data remained with your file and was used by an inexperienced retirement counselor. We also mistakenly requested information from the Minnesota State Retirement System (MSRS), due to a clerical error. Your ledger also contained unusual overlapping service (service credit cannot be earned in more than one fund at a time). All these situations contributed to our delays in providing you with an accurate amount to repay. Your refund repayment was received on August 23, 1999, restoring 10.979 years of service to your account. TRA statutes do not provide any authority for the Executive Director to waive interest charges on the repayment of refunds. Consequently, I cannot offer you any abatement on the \$20,979.04 of interest charged.

I have checked the payment status of your retirement benefit with the TRA Processing Division. We have just received salary and service credit information from both the Saint Paul Teachers Retirement Association and the Public Employees Retirement Association (PERA). I expect that you will receive your first payment from TRA on November 1, 1999. The payment will cover the months of September through November 1999.

Your experience with the TRA retirement process has been very unusual. We have indeed experienced processing delays this past year due to the unusually high volume of retirements caused by teachers eligible for the provisions of the Improved Money Purchase (IMP) Program. TRA processed a record 2,800 retirement applications this past summer. To handle the record number, management reallocated staffing resources to first place retiring members into benefit payment status. The shift did result in delays for retirement estimates,

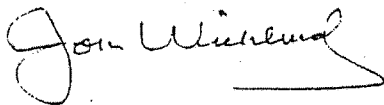
Karoly Kingsbury
Page 2

repayment of refunds and communication with other retirement systems for combined service information.

Still, our communication and response time to you was unacceptable to us as well. We have learned from these shortcomings this year and are already implementing improvements in anticipation of an expected equally busy season of retirements next summer.

Best wishes for many happy years of retirement. Please call me directly at (651) 296-8051 if you have further questions or concerns.

Sincerely,

A handwritten signature in cursive script, appearing to read "John Wicklund", with a long horizontal flourish extending to the right.

John Wicklund
Assistant Executive Director, Administration

payments of state education aid to the school district and be transmitted to the teachers retirement association.

Sec. 7. HOPKINS SCHOOL DISTRICT; REPAYMENT OF INTEREST CHARGE ON CERTAIN MEMBER CONTRIBUTION SHORTAGE PAYMENTS.

(a) Independent school district No. 270, Hopkins, shall pay the amount of \$1,004.08, plus compound interest on the amount at the annual rate of six percent from June 1, 1997, to the date of payment, to an eligible person described in paragraph (b) to compensate the person for a past overcharge in a member contribution shortage payment. The shortage was caused by the failure of the school district to make the required member contribution deductions during the 1968-1969 school year and the overpayment was caused by the failure of the teachers retirement association to notify the eligible person in a timely fashion of the shortage.

(b) An eligible person is a person who:

(1) was employed by independent school district No. 270, Hopkins, during the 1968-1969 school year and suffered an under deduction by the school district of \$114.66;

(2) took a member contribution refund in the early 1970's and repaid the refund in November 1974; and

(3) had an appeal denied by the teachers retirement association board of trustees at a May 8, 1998, hearing, reflected in a May 21, 1998, findings and final order.

(c) The payment must be made within 30 days of the effective date of this section. If independent school district No. 270, Hopkins, fails to make a timely payment of its obligation, the teachers retirement association must make the payment and may notify the commissioner of finance of the school district's failure to pay. In that event, the commissioner of finance may order that the required school district payment be deducted from the next subsequent payment of state education aid to the school district and transmitted to the teachers retirement association.

Sec. 8. TEACHERS RETIREMENT ASSOCIATION; PURCHASE OF SERVICE CREDIT FOR CERTAIN SABBATICAL LEAVES.

(a) Notwithstanding any provision of Minnesota Statutes, chapter 354, to the contrary, an eligible teacher as defined in paragraph (b) is entitled to purchase allowable and formula service credit from the teachers retirement association for the uncredited portion of a sabbatical leave during the 1976-1977 school year under paragraph (c).

(b) An eligible teacher is a person who was born on September 10, 1942, became a member of the teachers retirement association on October 31, 1968, is employed by independent school district No. 16, Spring Lake Park, and will qualify for an early normal retirement annuity under the "rule of 90" on September 16, 2000.

(c) Notwithstanding Minnesota Statutes, section 356.55, subdivision 5, the eligible person may pay, before January 1, 2000, or the date of retirement, whichever is earlier, an amount equal to the employee contribution rate or rates in effect during the prior service period applied to the actual salary rates in effect during the prior service period, plus annual compound interest at the rate of 8.5 percent from the date on which the contributions would have been made if made contemporaneous with the service period to the date

New language is indicated by underline, deletions by ~~strikeout~~.



TO: Members of the Legislative Commission on Pensions and Retirement

FROM: Lawrence A. Martin, Executive Director *LAM*

RE: H.F. 366 (Kelliher); S.F. 5 (Spear): TRA; Omitted Contribution Interest Charge Repayment

DATE: March 1, 1999

Summary of H.F. 366 (Kelliher); S.F. 5 (Spear)

H.F. 366 (Kelliher); S.F. 5 (Spear) applies to Ruth V. Jones, described in the form of a narrow class based on the factual information available regarding her, and requires the Teachers Retirement Association (TRA) to pay her \$1,004.08, plus six percent interest from June 1, 1997, to the actual date of repayment, to compensate her for the interest overcharge caused by TRA's failure to more timely notify her of the 1968-1969 member contribution underdeduction by the Hopkins School District.

Background Information on Omitted Contributions in the Teachers Retirement Association (TRA)

The Teachers Retirement Association (TRA), akin to the other major statewide general employee pension plans, has an administrative procedure to handle omitted member contributions. The TRA provision is Minnesota Statutes, Section 354.51, Subdivision 5.

If the full required TRA member contributions are not deducted from the salary of a teacher by the employing unit, Minnesota Statutes, Section 354.51, Subdivision 5, provides the following:

1. Pre-7/1/1957 Omitted Deductions Not Payable. Any shortage in member deductions on salary earned by a teacher before July 1, 1957, cannot be restored and the teacher will lose service credit for the applicable period of time.
2. Post-6/30/1957 Pre-July 1, 1981 Omitted Deductions Payable By Any Source. A shortage in member deductions on salary earned after June 30, 1957 and before July 1, 1981, is payable until retirement by any source or combination of sources. The payment amount is the member deduction amount only, plus compound annual interest at 8.5 percent from the end of the fiscal year in which the shortage occurred to the end of the month in which the shortage payment is made. If payment is not made, the teacher will have formula service credit prorated based on the relation that the amount of the shortage bears to the total contribution amount due.
3. Post-6/30/1981 Pre-7/1/1986 Omitted Deductions Paid By Employing Unit. A shortage in member deductions on salary earned between June 30, 1981 and July 1, 1986, is payable solely by the employing unit upon notification by the TRA Executive Director. The payment amount is the member deduction amount only, plus compound annual interest at 8.5 percent from the end of the fiscal year in which the shortage occurred to the end of the month in which the shortage payment is made. If the employing unit does not pay the amount certified within 60 days, the TRA Executive Director can certify the omitted amount to the applicable county auditor for inclusion in the local property tax levy or can certify the omitted amount to the Finance Commissioner for deduction from state aids or appropriations.
4. Post-6/30/1986 Omitted Deductions And Employer Contributions Paid By Employing Unit. A shortage in member deductions on salary earned after June 30, 1986 is payable solely by the employing unit upon notification by the TRA Executive Director. The payment amount is the member deduction amount, plus compound annual interest at 8.5 percent from the end of the fiscal year in which the shortage occurred to the end of the month in which the shortage payment is made plus the amount of the employer contribution amount or amounts attributable to the omitted member contribution. If the employing unit does not pay the amount certified within 60 days, the TRA Executive Director can certify the omitted amount to the applicable

county auditor for inclusion in the local property tax levy or can certify the omitted amount to the Finance Commissioner for deduction from state aids or appropriations.

Public Pension Problem of Ruth V. Jones

Ruth V. Jones, a Minneapolis resident, is a current Hopkins School District classroom teacher who is a member of the Teachers Retirement Association (TRA) and who was required to pay TRA an additional \$1,118.74 (\$114.66 in principal and \$1,004.08 in interest) for an underpayment of member contributions from the 1968-1969 school year or have her TRA retirement annuity reduced. Ms. Jones desires to have TRA repay her the \$1,004.08 in interest that she believes it unjustly charged her. Ruth V. Jones was a Independent School District No. 274 (Hopkins) public school teacher during the 1968-1969 school year, when the school district failed to deduct \$114.66 in member contributions for some unknown reason, deducting only \$48.00 in total member contributions. TRA apparently discovered the member contribution shortage during the early portion of the 1969-1970 school year, as part of processing the school district's 1968-1969 annual report, and sent Ms. Jones a letter notifying her of the shortage on November 10, 1969, in care of Independent School District No. 274. Ms. Jones contends that she never received the notice, which demanded payment of the additional \$114.66. Ms. Jones never paid the unpaid amount and, in the early 1970's, took a refund of her TRA member contributions, which she repaid to TRA in 1974 when she returned to teaching. TRA did not raise the issue of the unpaid member contributions in 1974 when it calculated her refund repayment amount. TRA also did not raise the issue of the unpaid member contributions in 1994, 1995, or 1996, when Ms. Jones reports that she sought estimates of her TRA retirement annuity. In May, 1997, as part of preparing a benefit estimate, TRA discovered the contribution shortage, which with 8.5 percent interest from 1969, totaled \$1,118.74, and notified her of her obligation to pay the principal and interest amounts under Minnesota Statutes, Section 354.51, Subdivision 5, or have her 1968-1969 year of service reduced by 70.5 percent. Ms. Jones paid the required amounts under protest and appealed the issue to the TRA Board of Trustees on May 8, 1998. The TRA Board eventually decided against Ms. Jones.

Ms. Jones wants TRA to repay to her the \$1,004.08 in interest that she was charged. Ms. Jones argues that TRA's failure to actually notify her of the shortage in 1969, its failure to identify the shortage in 1974, when she repaid her member contribution refund, and its failure to identify the shortage in 1994, when she first began requesting benefit estimates from TRA, support her claim for this repayment.

Discussion of H.F. 366 (Kelliher); S.F. 5 (Spear)

H.F. 366 (Kelliher); S.F. 5 (Spear) requires the Teachers Retirement Association (TRA) to repay \$1,004.08 in interest that it charged Ruth V. Jones, a Hopkins School District teacher for an omitted member deduction payment from the 1968-1969 school year.

The proposed public legislation raises several pension and related public policy issues that merit consideration by the Legislative Commission on Pensions and Retirement, as follows:

1. Equitable Considerations. The policy issue is whether or not equitable considerations favor Ruth V. Jones and her suggested legislative remedy. If Ms. Jones never received actual notice of her Teachers Retirement Association (TRA) member contribution shortage in 1969, as she claims, then she is understandably upset about her situation and could reasonably be judged by policy makers to have an equitable basis from some relief, including legislative relief. TRA should be requested to establish the reasonableness of its recordkeeping practices, its accounting verification processes, and its past practice of providing indirect notice through the employing unit to a member with a records problem. The long delay in TRA providing her with any direct notice is very problematic, especially when there were numerous past opportunities to do so. However, Ms. Jones did have a statutory remedy to regain this service credit, which in other public pension plans would likely only be obtainable through special legislation authorizing a service credit purchase, at a much greater expense to Ms. Jones. The amount Ms. Jones was required to pay, given that she had the use of the principal amount for almost 30 years, may not be so great as to merit special legislation in the matter.
2. Appropriateness of Legislative Remedy. The policy issue is the appropriateness of a legislative remedy for this public pension problem. Specifically, the issue is whether or not a legislative body is the best venue for determining the relevant facts in the situation, which may be in dispute, and whether or not the Joint Legislative Claims Subcommittees are not a better site for airing this problem. The Legislature and the Legislative Commission on Pensions and

Retirement are not well equipped to engage in the detailed fact-finding needed to resolve what is essentially a negligence claim, especially when the issue may be contentious and the facts may be in considerable dispute. The Legislature has established a claims process, generally used for State General Fund relief of damages incurred on or in connection with State property. While retirement disputes have not been referred to the claims process historically, it may be a better forum for the dispute. Alternatively, the proposed legislation could be amended to trigger the remedy of an interest repayment with an affirmative decision by an administrative hearing examiner after a contested case administrative hearing on Ms. Jones' contention.

3. Need For More Comparability In Major Fund Treatment of Omitted Deductions. The policy issue is whether or not there is a need for more comparability and uniformity between the General Employees Retirement Plan of the Minnesota State Retirement System (MSRS-General), the General Employees Retirement Plan of the Public Employees Retirement Association (PERA), and the Teachers Retirement Association (TRA) in the treatment of omitted member contributions. The three plans differ in the manner in which they currently handle omitted contributions, as follows:

	<u>MSRS-General</u>	<u>PERA</u>	<u>TRA</u>
Member Obligation To Pay	Deductions due less than 60 days are recoverable from employee on later payroll abstract.	Deductions due less than 60 days before the end of a payroll period are recoverable from the member from the next salary payment.	Omitted deductions become the employer obligation when discovered as part of review of annual employer report.
Employer Obligation To Pay	Deductions over 60 days due become the employing unit responsibility, plus the employer contribution associated with the employee contribution.	Deductions over 60 days due become the employing unit responsibility, plus the employer contributions associated with the member contribution.	All omitted deductions become the employer obligation, plus the employer contributions associated with the member contribution.
Interest	8.5 percent simple interest if payment delay is one year or less; 8.5 percent compound annual interest if the payment delay is more than one year.	8.5 percent compound annual interest from the date that the payment was due to the date payment is made.	8.5 percent compound annual interest from the end of the fiscal year in which the shortage occurred to the date payment is made.
Treatment Of Former Member	If the deduction is less than 60 days due, the employing unit continues to owe the employer contribution associated and the unpaid amount is considered to have been a refund paid to the former member, subject to eventual refund repayment. If the deduction is over 60 days due, the employing unit owes the member contribution as well as the employer contribution associated.	No provision	No provision.
Time Limitation	No statute of limitations.	Three year statute of limitations.	Pre-7/1/1957 omitted deductions are not payable.
Consequence on Service Credit	No provision.	No service credit obtainable for service beyond statute of limitations.	Formula service credit is reduced in proportion to omitted deduction amount bears to full contributions payable.

Because the provisions are not uniform, identical omitted deduction situations in different pension plans will generate vastly different treatment. That different treatment may be viewed as unfair.

4. Lack of Hopkins School District Liability. The policy issue is whether or not the Hopkins Public School District should be liable for the interest on the omitted member deduction. Under the Teachers Retirement Association (TRA) law, employing units are obligated to deduct member contributions from the pay period-to-pay period compensation paid to teachers (see Minnesota Statutes, Section 354.42, Subdivision 2). The Hopkins School District failed to deduct 70 percent of Ms. Jones' member contributions in 1968-1969, but is not held liable for any penalty or consequence of that failure. Although TRA can be faulted for its poor communications with Ms. Jones, the school district has even a more proximate connection to the source of the problem for Ms. Jones.
5. Need For More Attention To Retirement System Communications and Counseling. The policy issue is the need, evidenced by Ms. Jones' problem and her difficulty in gaining redress, for more legislative attention to the quality of communications with members, the priority of services, and the adequacy of benefit counseling by the various public retirement plans in Minnesota. The Legislature and the Commission have not pursued these issues in any detail during the past several decades. Specifically with respect to the Teachers Retirement Association (TRA), the Findings and Final Order in the Jones Appeal, in point 6, indicates that there is statutory authority for TRA to reduce or eliminate school district interest or fines from reporting violations. This authority was requested by TRA, but no similar authority has been requested by TRA with respect to members. Any leniency in this area is problematic from a policy perspective, but the disproportionality of it is demonstrated in the Jones appeal is even more problematic, for it goes to the issue of TRA's priorities and whether or not the favoritism shown to employing units and not members is consistent with TRA's fiduciary responsibilities.

1.1 moves to amend H.F. No. 1100; S.F. No. 1112, as follows:

1.2 Page 1, line 7, after "(a)" insert "Notwithstanding any provision of Minnesota
1.3 Statutes, section 354A.38, subdivision 2, to the contrary, "

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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH
SESSION

HOUSE FILE No. **1100**

February 19, 2007

Authored by Hornstein

The bill was read for the first time and referred to the Committee on Governmental Operations, Reform, Technology and Elections

1.1 A bill for an act
1.2 relating to retirement; specifying the cost for repayment of a refund; requiring
1.3 the Teachers Retirement Association to return any overpayments.

1.4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.5 Section 1. **TEACHERS RETIREMENT ASSOCIATION; AMOUNT OF**
1.6 **REFUND REPAYMENT; RETURN OF OVERPAYMENT.**

1.7 (a) The cost of repaying a refund taken from the Minneapolis Teachers Retirement
1.8 Fund Association is \$3,341.82 for an eligible individual described in paragraph (b), for
1.9 refunds the eligible individual received with checks dated August 31, 1979; August 4,
1.10 1980; August 5, 1981; and August 8, 1983. If an eligible individual has made a refund
1.11 repayment before the effective date of this section that exceeds \$3,341.82, the Teachers
1.12 Retirement Association, as successor to the Minneapolis Teachers Retirement Fund
1.13 Association, must pay the eligible individual the sum of:

1.14 (1) the difference between the amount the individual paid and \$3,341.82; and
1.15 (2) interest on the amount under clause (1) at the rate of 8.5 percent, compounded
1.16 annually, from the time the individual made the payment and the time the Teachers
1.17 Retirement Association repays the individual.

1.18 (b) For purposes of this section, an eligible individual is a person who:

1.19 (1) was born on February 21, 1950;

1.20 (2) last separated from Minneapolis Teachers Retirement Fund Association-covered
1.21 service on February 10, 1989; and

1.22 (3) took refunds from the Minneapolis Teachers Retirement Fund Association with
1.23 checks dated August 31, 1979; August 4, 1980; August 5, 1981; and August 8, 1983; with
1.24 a combined refund from these checks totaling \$3,341.82.

H.F. 1100

- 2.1 **Sec. 2. EFFECTIVE DATE.**
- 2.2 **Section 1 is effective the day following final enactment.**