



**H.F. 3415**  
(Pelowski)

**S.F. 3531**  
(Larson, D.)

### **Executive Summary of Commission Staff Materials**

*Affected Pension Plan(s):* TRA and First Class City Teacher Plans  
*Relevant Provisions of Law:* Minnesota Statutes, Sections 354.05, 354.44, 354A.31, and New Coding  
*General Nature of Proposal:* Increases TRA, DTRFA, and SPTRFA exempt reemployment income amounts to \$46,000; creates new TRA "phased retirement program"  
*Date of Summary:* March 10, 2008

### **Specific Proposed Changes**

- Increases the Teachers Retirement Association (TRA), the Duluth Teachers Retirement Fund Association (DTRFA), and the St. Paul Teachers Retirement Fund Association (SPTRFA) exempt reemployment income amounts to \$46,000 rather than the maximum exempt income amounts for a given age as specified by the Social Security Administration.
- Creates a new TRA program, called the phased retirement program, permitting active teachers at least age 62 to enter into an agreement to continue providing teaching service after retirement, on any terms agreed to by the teacher and district.
- Changes TRA's definition of termination of teaching service, permitting in-service distribution to those at least age 62 despite a contract to return to employment, and to younger teachers if there is an oral rather than written contract to return to teaching service following submission of a resignation.

### **Policy Issues Raised by the Proposed Legislation**

1. In-service distribution problem, those under age 62.
2. In-service distribution issues, those over age 62.
3. Inconsistency with the general policy against double-dipping.
4. Similar provision in other bills.
5. Lack of any phased retirement restrictions in proposed phased retirement program.
6. Issues raised by section 1, in conjunction with the section 3 phased retirement program.
7. Cost implications.
8. Issue of whether defined benefit pension plans should continue to be offered.
9. Need for new phased retirement program.
10. Unclear actual need for relaxation of limits; potential misunderstanding of current reemployed annuitant limits.
11. Willingness of legislature to make further changes.
12. Erosion of contribution base.
13. Loss of gain on account assets.
14. Scope.
15. Further design questions.
16. Study.

### **Potential Amendments**

- H3415-1A** is a technical amendment.  
**H3415-2A** deletes Section 1.  
**H3415-3A** can be used if section 1 remains in the bill. It prohibits all pre-retirement return-to-employment contracts after retirement by those under age 62, not just those which are written, and removes reference to different treatment if individuals are age 62 or over.  
**H3415-4A** deletes Sections 2, 4, and 5.

