



TO: Members of the Legislative Commission on Pensions and Retirement  
FROM: Rachel Barth, Deputy Director  
RE: LCPR16-004: SPTRFA; Administrative Bill  
DATE: February 1, 2016  
ATTACHMENT: LCPR16-004

### Summary of the 2016 St. Paul Teachers Retirement Fund Association Administrative Bill

Bill draft LCPR16-004 amends various provisions in Minnesota Statutes, chapters 354A and 356, by adding clarifying language. The main components of the bill are as follows:

1. Amends Minn. Stat. § 354A.093, subd. 4, by removing the reference to the “applicable first class city” and replacing it with “St. Paul” to clarify that that provision only applies to the St. Paul Teachers Retirement Fund Association (SPTRFA) due to the Duluth Teachers Retirement Fund Association (DTRFA) merger into the Teachers Retirement Association (TRA).
2. Amends Minn. Stat. §§ 354A.093, subd. 6, 354A.096, 354A.38, 356.50, subd. 2, and 356.551, subd. 2, by adding language that clarifies the periods for when an 8.5% interest applies and when an 8% interest rate applies for service credit and refund purchases.

### Background Information

1. The merger of the Duluth Teachers Retirement Fund Association into TRA prompted the revision to remove the reference to the “applicable first class city” and replace it with a specific reference to “St. Paul.”
2. The clarifying language specifies that an 8.5% interest rate applies for any period, or portion thereof, that occurred before and through June 30, 2015 and that any period occurring after that date uses an 8% interest rate. SPTRFA expressed concern that an individual may interpret the old language to mean that the interest rate dates were the dates when the individual was purchasing the service credit or refund rather than the period of time for when the individual took the leave of absence that the service credit applies to or the period of time for which the individual wants to purchase or repay a refund. The addition of the “or portion thereof” language is meant to address periods of time that occur before and after June 30, 2015 and that the portion that occurred before June 30, 2015 will have an 8.5% interest rate and the portion that occurred afterwards will have an 8% interest rate.

### Staff Recommendation

Staff recommends approval of the SPTRFA administrative bill.