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State of Minnesota
HOUSE OF REPRESENTATIVES
EIGHTY-NINTH SESSION
H. F. No. **3422**

03/21/2016 Authored by Knoblach

The bill was read for the first time and referred to the Committee on Government Operations and Elections Policy

1.1 A bill for an act
1.2 relating to retirement; Public Employees Retirement Association; Teachers
1.3 Retirement Association; higher education individual retirement account plan;
1.4 authorizing an eligible Minnesota State Colleges and Universities system
1.5 employee to repay a refund of member contributions and to elect prospective and
1.6 retroactive Teachers Retirement Association coverage.

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

1.8 Section 1. **TRA COVERAGE ELECTION AND PERA REFUND REPAYMENT**
1.9 **AUTHORITY FOR CERTAIN MNSCU EMPLOYEE.**

1.10 (a) Notwithstanding any provision of Minnesota Statutes, chapter 353 or 354B,
1.11 to the contrary, an eligible person described in paragraph (b) is eligible to become a
1.12 coordinated member of the Teachers Retirement Association and to purchase service
1.13 and salary credit in the Teachers Retirement Association coordinated plan retroactively
1.14 from July 1, 2001, upon repaying a member contribution refund taken from the general
1.15 employees retirement plan of the Public Employees Retirement Association under
1.16 paragraph (c), upon making an election under paragraph (e), and upon making all required
1.17 payments under paragraphs (f) and (g).

1.18 (b) An eligible person is a person who:

1.19 (1) was born April 4, 1956;

1.20 (2) was employed by a governmental subdivision in 1995, with retirement coverage
1.21 in the general employees retirement plan of the Public Employees Retirement Association,
1.22 for which a refund of member contributions and interest was taken before 2001;

1.23 (3) was employed by St. Cloud State University in the late 1990s, with retirement
1.24 coverage in the general state employees retirement plan of the Minnesota State Retirement
1.25 System;

2.1 (4) was hired as an academic advisor by St. Cloud State University on July 1, 2001,
2.2 with retirement coverage in the higher education individual retirement account plan; and

2.3 (5) was not informed of the option to elect Teachers Retirement Association
2.4 coverage in the coverage election authorized by Minnesota Statutes 2001, section
2.5 354B.21, so remained in the higher education individual retirement account plan.

2.6 (c) The refund repayment required by Minnesota Statutes, section 356.551,
2.7 subdivision 1, paragraph (c), must be calculated under Minnesota Statutes, section 353.35,
2.8 subdivision 1, paragraph (c).

2.9 (d) Authority to repay a refund under this section expires January 1, 2017.

2.10 (e) To be eligible for coverage by the Teachers Retirement Association, an eligible
2.11 person must submit a written application to the executive director of the Teachers
2.12 Retirement Association on a form provided by the Teachers Retirement Association. The
2.13 application must include all documentation of the applicability of this section and any
2.14 other relevant information that the executive director may require. Teachers Retirement
2.15 Association plan membership commences after the date of the retirement coverage
2.16 election under this section and past salary and service credit is granted for past Minnesota
2.17 State Colleges and Universities system employment from July 1, 2001, until the executive
2.18 director receives the written application specified in this paragraph and receipts of the
2.19 payments specified in paragraphs (c), (f), and (g). Coverage by the Teachers Retirement
2.20 Association is in lieu of coverage by the individual retirement account plan.

2.21 (f) If the eligible person makes the retirement coverage election under paragraph (e),
2.22 the eligible person's member contributions to the higher education individual retirement
2.23 account plan must be transferred to the Teachers Retirement Association, with any earned
2.24 investment returns on those contributions. If the transferred member contributions and
2.25 investment earnings are less than the calculated amount of the member contributions
2.26 that the eligible person would have made to the Teachers Retirement Association on the
2.27 eligible person's compensation from the Minnesota State Colleges and Universities system
2.28 for the period from July 1, 2001, to the date of the retirement coverage election, if the
2.29 person had been covered by the Teachers Retirement Association during the period, plus
2.30 annual compound interest at the rate of 8.5 percent, then the eligible person shall pay the
2.31 balance of that calculated member contribution obligation within 30 days of the retirement
2.32 coverage election.

2.33 (g) Upon the transfer of the equivalent member contribution amount and any
2.34 additional payment under paragraph (f), the balance of the eligible person's higher
2.35 education individual retirement account plan account must be transferred to the Teachers
2.36 Retirement Association. If the amounts under paragraph (f) and the individual retirement

3.1 account plan balance under this paragraph are less than the prior service credit purchase
3.2 payment amount calculated under Minnesota Statutes, section 356.551, the Minnesota
3.3 State Colleges and Universities system shall pay the difference within 60 days of the
3.4 retirement election date.

3.5 (h) The authority to make a retirement coverage election under this section expires
3.6 January 1, 2017.

3.7 **EFFECTIVE DATE.** This section is effective the day following final enactment.