



TO: Members of the Legislative Commission on Pensions and Retirement

FROM: Edward Burek, Deputy Executive Director *EB*

RE: Summary of 1990 Legislative Session Pension Legislation

DATE: May 21, 1990

The following is a summary of all pension related provisions passed by the 1990 Legislature. The primary pension bill was H.F. 2103 (MN Laws 1990, Chapter 570). Changes in appropriations and decreases in statutory contribution rates for MSRS General, MSRS Correctional, MSRS State Patrol, and TRA, all of which had been running sufficiencies, appeared in the Higher Education Bill, S.F. 2618 (MN Laws 1990, Chapter 591). Various other provisions appeared in revisor's and other bills.

The material that follows is grouped into two broad sections. The first is fund specific legislation. This includes a summary of legislation for single funds and for funds of a specific type, as the first class city teacher funds, local police and paid fire funds, and volunteer fire funds. The second grouping is miscellaneous legislation applying to all public pension funds or to miscellaneous groupings of funds.

I. Fund Specific Legislation

A. Minnesota State Retirement System (MSRS)

1. General State Employees Retirement Plan (MSRS General)

This year's MSRS General legislation covers various clarifications and technical corrections to the 1989 benefit increase legislation (MN Laws 1989, Chapter 319), miscellaneous service credit purchases at full actuarial value, several administrative changes, and a decrease in employee and employer contributions with an accompanying reduction in appropriations. The items passed as technical corrections relating to 1989 pension legislation are:

- a. Scope of Tier I benefit eligibility. Age 65 normal retirement age provision for pre-July 1, 1989 MSRS hires revised to include MSRS members who were members of any fund, prior to July 1, 1989, included under the combined service annuity provisions. (MN Laws 1990, Chapter 570, Article 12, Sections 2 and 6).
- b. Scope of Tier I early retirement annuity reduction eligibility. Eligibility for three percent per year annuity reduction for early retirement under Tier I benefit broadened to include MSRS members who were members of any fund, prior to July 1, 1989, included under combined service annuity provisions. (MN Laws 1990, Chapter 570, Article 12, Section 7)
- c. Clarification of Tier II minimum retirement age. Tier II level benefit provision clarified by noting it applies only to individuals at least age 55, the minimum retirement age for the fund. (MN Laws 1990, Chapter 570, Article 12, Section 6.)
- d. Clarification of Tier II actuarial reduction provision. Actuarial reduction provision clarified by noting it applies only to individuals who have attained at least age 55, the minimum retirement age of the plan. (MN Laws 1990, Chapter 570, Article 12, Section 8.)
- e. Appeal procedure revised. The benefit termination or denial appeal procedure is amended by requiring the executive director to notify the petitioner that any documentation submitted by the petitioner to the executive director must be received 30 days before the board meeting at which the petition will be discussed. (MN Laws 1990, Chapter 570, Article 12, Sections 3 and 4.) Also, the executive director will inform the board of cases where no relevant facts are in dispute and the board can issue findings, a decision, and final order; adverse decisions can be appealed to the Court of Appeals. (MN Laws 1990, Chapter 570, Article 12, Section 5.)
- f. Effective date of joint and survivor bounce-back. The bounce-back on a joint and survivor annuity will occur on the first of the month after the death of the designated beneficiary if a death certificate is submitted within one year to the executive director. If a death certificate is not submitted within one year, the bounce-back is retroactive to the first day of the eleventh month prior to the date of actual submission. (MN Laws 1990, Chapter 570, Article 12, Section 9.)
- g. Supplemental benefit clarification. Supplemental benefit payable under pre-June 30, 1963 retiree long-service provision is to be added and considered a part of the total annuity payable. (MN Laws 1990, Chapter 570, Article 12, Section 10.)

Miscellaneous MSRS General benefit-related provisions are:

- h. Purchase of Service Credit. An employee of the Department of Military Affairs between April 14, 1967

and December 31, 1974, and employees of the Willmar Regional Treatment Center who left state service to attend the University of Michigan between February 1966 and April 1 may purchase relevant service credit at full actuarial value. (MN Laws 1990, Chapter 570, Article 13, Section 1.)

- i. Recomputing annuity to exclude reduced salary. An individual who received a reduced salary based on service with the Metropolitan Transit Commission between November 4, 1987 and March 1, 1988 may have that service excluded from the high five average salary for retirement annuity calculations, but the individual must pay to the retirement fund the difference in the present value of the annuity due to this change. (MN Laws 1990, Chapter 570, Article 13, Section 1.)

The MSRS General administrative changes are:

- j. Definition of salary. Salary is defined to include compensation before deductions for deferred compensation or supplemental retirement plans, and includes net income from fees. Salary does not include sick leave payments, severance payments, payments in lieu of insurance coverage and workers compensation. (MN Laws 1990, Chapter 570, Article 10, Section 1.)
- k. Rejection of Individual Retirement Account Plan (IRAP) is an irrevocable selection. MSRS covered employees who become eligible for the state university and community college IRAP plan but choose not to join are making an irrevocable selection. (MN Laws 1990, Chapter 570, Article 10, Section 2.)
- l. Disabled members to vote in election of MSRS retired board member. Disabled members are added to the group who elects the retired MSRS board member. (MN Laws 1990, Chapter 570, Article 10, Section 4.)
- m. Change in start of board member term. State employee board member terms will begin in May rather than March. (MN Laws 1990, Chapter 570, Article 10, Section 4.)
- n. Employees of MSRS not eligible for MSRS board. Employees of MSRS cannot serve on the board. (MN Laws 1990, Chapter 570, Article 10, Section 4.)
- o. Clarification of annuity application provision. Specifies that application for an annuity or an optional annuity is at the time of retirement. (MN Laws 1990, Chapter 570, Article 10, Section 5.)
- p. Removal of reference to employees of the Grand Army of the Republic. In a revisor's bill, employees of the Grand Army of the Republic are deleted from definition of employees excluded from MSRS. (MN Laws 1990, Chapter 426, Article 1, Section 41.)

The provision reducing contribution rates and appropriations is:

- q. Reduction in contribution rates. The employee contribution rate is reduced from 4.34 to 4.15 percent of salary. The employer contribution rate is reduced from 4.51 to 4.29 percent of salary. Appropriations for fiscal 1991 for state agencies whose employees are covered by MSRS General are reduced by .22 percent of salary. By January 1st of each year the MSRS board must report to the Legislative Commission on Pensions and Retirement, and the chairpersons of the Finance and Appropriations Committees on whether the statutory contribution rates differ from the actuarially determined contribution rates. (MN Laws, Chapter 591, Article 2, Sections 1, 2, and 7.)

2. MSRS Unclassified Plan.

MSRS Unclassified Plan legislation includes providing coverage to State Lottery management plan employees and one technical correction to last year's legislation. The coverage provision is:

- a. State Lottery management plan employees to be covered by MSRS Unclassified Plan. Employees of the Division of the State Lottery in the Department of Gaming who are covered by the management plan are members of the MSRS Unclassified Plan unless they elect MSRS General. Those with past MSRS General service can transfer accumulated employee and employer shares with 8.5 percent interest to the MSRS Unclassified Plan. (MN Laws 1990, Chapter 570, Article 4, Sections 1 and 2.)

The technical correction is:

- b. MSRS Unclassified Plan retirement age lowered. Members of MSRS Unclassified Plan first become eligible to retire and select an annuity option at age 55 rather than at age 58. (MN Laws 1990, Chapter 570, Article 12, Section 18.)

3. Legislator's Retirement Plan

The following is a technical correction to the Legislator's Plan:

- a. Refund interest rate increased. Consistent with changes in refund interest rates in the 1989 pension legislation, the interest rate on refunds from the Legislator's Plan is increased from five to six percent. (MN Laws 1990, Chapter 570, Article 12, Section 1.)

4. Elected State Officers Plan

The following is a technical correction to the Elected State Officer's Plan:

- a. Refund interest rate increased. Consistent with changes in refund interest rates in the 1989 pension legislation, the interest rate on refunds from the Elected State Officers Plan is increased from five to six percent. (MN Laws 1990, Chapter 570, Article 12, Section 17.)

5. MSRS State Patrol Plan

Changes include coverage provisions for Gambling Enforcement Division peace officers and certain data processing managers, various administrative changes, and a decrease in employer contribution rates with an accompanying reduction in appropriations. The coverage provisions are:

- a. Gambling Enforcement Division Peace Officers to be covered by the State Patrol Plan. Members of the Gambling Enforcement Division who are peace officers are excluded from coverage under MSRS General. They will be covered under the State Patrol Plan and subject to the State Patrol age 60 mandatory retirement provision. (MN Laws 1990, Chapter 570, Article 1, Sections 1, 2, and 3.)
- b. Certain data processing managers retain State Patrol Plan membership. Crime Bureau officers who became data processing managers in September 1987 or January 1988 continue as State Patrol Plan members. (MN Laws 1990, Chapter 570, Article 1, Section 3.)
- c. Omitted contributions to be paid. Individuals effected by (a) or (b) who have not made full member contributions to the State Patrol Plan for the period of prior service must make the contributions with 8.5 percent interest. Within 30 days of payment of the employee's share, the Department of Public Safety will make the required employer contribution. (MN Laws 1990, Chapter 570, Article 1, Section 5.)

Administrative changes relating to MSRS State Patrol Plan are:

- d. Correction of vesting requirements. Consistent with the general move to three year vesting in last year's legislation, vesting is reduced from five years to three years in an early retirement provision, and a reference to 5 year vesting in an optional annuity provision is deleted. (MN Laws 1990, Chapter 570, Article 12, Sections 13 and 14.)
- e. Clarification of maximum monthly benefit provision. Language clarified in payment to surviving spouse and children provision; maximum monthly benefit provision clarified to apply to any one family. (MN Laws 1990, Chapter 570, Article 12, Section 15.)
- f. Increase in refund interest rate. Consistent with the general increase in refund interest rates in last year's legislation, the repayment of refund interest rate is increased from 5 percent to 6 percent. (MN Laws 1990, Chapter 570, Article 12, Section 16.)

The reduction in contribution rates and appropriations is:

- g. Reduction in contribution rates. The employer contribution rate is reduced from 18.9 to 14.88 percent of salary. Appropriations for fiscal 1991 to the agency are reduced by 4.02 percent of salary. By January 1st of each year the MSRS board must report to the Legislative Commission on Pensions and Retirement, and the chairpersons of the Finance and Appropriations Committees on whether the statutory contribution rates differ from the actuarially determined contribution rates. (MN Laws ,Chapter 591, Article 2, Section 4 and 7.)

6. MSRS Correctional Plan.

The changes include extending coverage when an MSRS Correctional Plan member becomes employed by a labor organization, providing a higher benefit to the surviving spouse of a certain correctional officer, various technical corrections, and a decrease in the employer contribution rate with an accompanying reduction in appropriations. The coverage provisions are:

- a. Labor organizations and MSRS Correctional membership. MSRS Correctional employees are permitted to retain membership while employed by a labor organization. (MN Laws 1990, Chapter 570, Article 10, Section 3.)
- b. Increased benefit to a surviving spouse. The surviving spouse of a correctional officer who was born on February 25, 1905 and died on June 14, 1970, and who worked at the Saint Cloud Reformatory, is entitled to the surviving spouse benefit specified in Minnesota Statutes 1971, Section 352.12, Subdivision 2, although the date of death was after the effective date of that provision and although a refund was paid. (MN Laws 1990, Chapter 589, Article 1, Section 3.)

The technical corrections relating to last year's benefit legislation are:

- c. Reduced Vesting. Consistent with the move to three year vesting in last year's legislation, references to vesting in an early retirement provision are reduced from five to three years. (MN Laws 1990, Chapter

570, Article 12, Section 13.)

- d. Clarification of pre-social security retirement provision. The pre-social security retirement provision is revised by specifically requiring actuarial reduction of normal retirement age benefit if the individual retired prior to age 55. (MN Laws 1990, Chapter 570, Article 12, Section 12.)

The change in contributions and appropriations is:

- e. Reduction in contribution rates. The employer contribution rate is reduced from 8.7 to 6.27 percent of salary. Appropriations for fiscal 1991 to the agency are reduced by 2.43 percent of salary. By January 1st of each year the MSRS board must report to the Legislative Commission on Pensions and Retirement, and the chairpersons of the Finance and Appropriations Committees on whether the statutory contribution rates differ from the actuarially determined contribution rates. (MN Laws, Chapter 591, Article 2, Section 3 and 7.)

7. MSRS Deferred Compensation Plans

The deferred compensation plans are exempted from an SBI review of marketing rules.

- a. Exemption from SBI review of marketing rules. The marketing rules for the deferred compensation plans do not need review by SBI.

B. Public Employees Retirement Association

1. Public Employees Retirement Association Plan

This year's PERA legislation includes technical corrections to the 1989 benefit legislation; purchase of service credit, including general authorization for local elected public officials to join PERA and purchase past credit at full actuarial value; exclusions from coverage; and various administrative changes. The technical corrections relating to the 1989 benefit legislation are:

- a. Extension of Tier I benefit eligibility. PERA members who were members of any fund covered under the combined service annuity provisions prior to July 1, 1989 are eligible for Tier I benefits including the Rule of 90. Age 65 normal retirement age provision revised to include members, prior to July 1, 1989, of any fund included under the combined service annuity provisions. (MN Laws 1990, Chapter 570, Article 12, Sections 19, 20, 21.)
- b. Minimum retirement age clarification. Tier II level benefit provision is clarified by noting it applies only to individuals at least age 55, the minimum retirement age for the fund. (MN Laws 1990, Chapter 570, Article 12, Section 20.)
- c. Extension of eligibility. The 30 years of service, age 62 retirement provision is amended to include PERA members who were members of any fund covered under the combined service annuity provision before July 1, 1989. (MN Laws 1990, Chapter 570, Article 12, Section 21.)
- d. Effective date of joint and survivor bounce-back. The bounce-back on a joint and survivor annuity will occur on the first of the month after the death of the designated beneficiary if a death certificate is submitted within one year to the executive director. If a death certificate is not submitted within one year, the bounce-back is retroactive to the first day of the eleventh month prior to the date of actual submission. (MN Laws 1990, Chapter 570, Article 12, Section 21.)
- e. Clarification of actuarial reduction provision. The actuarial reduction provision is revised to clearly apply only to individuals who have reached minimum retirement age. (MN Laws 1990, Chapter 570, Article 12, Section 20.)

New PERA service credit purchase provisions and coverage exclusions are:

- f. General authority for local elected officials to join PERA and purchase past service credit. Included in the PERA Unclassified Plan legislation (discussed below) is general authority permitting local elected public officials who have not joined PERA to become members of PERA, if they choose, and to purchase prior service credit at full actuarial value. (MN Laws 1990, Chapter 570, Article 8, Section 14.)
- g. Purchase of service credit. A Saint Cloud city council member elected on April 20, 1980, an elected Aitken county official with service between January 4, 1971 and December 31, 1975, a member of the Saint Louis Park city council from January 1, 1960 to January 1, 1968 may purchase relevant service credit in PERA at full actuarial value. (MN Laws 1990, Chapter 570, Article 13, Section 1.)
- h. Purchase of PERA credit for Saint Paul Bureau of Health service. Authorizes an ex-Saint Paul Bureau of Health employee currently covered by PERA to purchase credit in PERA for time spent as a member of the Saint Paul Bureau of Health pension plan, which later consolidated with PERA. The individual must pay full actuarial value, minus the present value of non-refunded employee and employer contributions made to the Saint Paul Bureau of Health pension plan. (MN Laws 1990, Chapter 570, Article 6, Section 4.)

- i. Exclusion of certain Minneapolis and Saint Paul interns from PERA coverage. University, college, or professional school students employed in training or intern programs of less than one year by the cities of Minneapolis and Saint Paul or any of the boards or commissions of these cities are excluded from coverage by PERA. (MN Laws 1990, Chapter 570, Article 6, Section 2.)
- j. Exclusion of certain hospital districts from PERA coverage. A hospital district organized or reorganized after June 30, 1975, whose employees are not enrolled and participating in PERA, may elect to be excluded from PERA. (MN Laws 1990, Chapter 556, Sections 7 and 8.)

Items passed as PERA administrative changes are:

- k. Exclusion of board and commission members from PERA. Members of boards and commissions serving intermittently are excluded unless the position is the result of public employment within that same governmental unit. (MN Laws 1990, Chapter 570, Article 11, Section 1.)
- l. Termination of public service. Termination of public service is redefined to be when an officer or employee terminates employment or is on temporary layoff and does not return to non-temporary employment in the same governmental subdivision within 30 days. (MN Laws 1990, Chapter 570, Article 11, Section 2.)
- m. Service credit for maternity leave. Defines allowable service to include up to two months of maternity leave. (MN Laws 1990, Chapter 570, Article 11, Section 3.)
- n. Electronic transfers. Permits electronic transfers of annuity, benefit, or refund checks. (MN Laws 1990, Chapter 570, Article 11, Section 4.)
- o. Exclusions from statute of limitations. Makes erroneous deductions for sick leave, vacation pay, and severance pay an exception to the three year statute of limitations on erroneous deductions. (MN Laws 1990, Chapter 570, Article 11, Section 5.)
- p. Submission of final payroll abstract. Requirement that non-school district employees provide PERA with December payroll abstract amended to require whichever abstract covers the final calendar-year payroll period. (MN Laws 1990, Chapter 570, Article 11, Section 6.)
- q. Refunds after termination of service. Individuals can pay refunds within six months of termination of service, rather than three months. (MN Laws 1990, Chapter 570, Article 11, Section 7.)
- r. Clarification of benefit rights. Survivor of a former member who died prior to June 30, 1973, if the survivor is eligible to receive a retirement annuity in his or her own right, is eligible to receive both benefits. (MN Laws 1990, Chapter 570, Article 11, Section 8.)
- s. PERA liability for certain pre-July 1, 1962 annuitants. Additional annuities of \$15 per month to certain PERA annuitants retiring prior to July 1, 1962 with long service and annuities less than \$200 will be paid by PERA rather than the state's general fund. These additional annuity amounts are to be added to rather than excluded from any survivor benefit or optional annuity. (MN Laws 1990, Chapter 570, Article 11, Section 12.)
- t. PERA contribution for certain volunteer firefighters repealed. 1989 Supplement, Section 353.87, Subd. 5, which permits individuals to contribute to PERA or PERA-P&F for volunteer fire services if the individual is not covered by a volunteer fire relief association plan, and if the individual is contributing to PERA or PERA-P&F based on other than volunteer fire service, is repealed. (MN Laws 1990, Chapter 570, Article 11, Section 13.)

2. Public Employees Retirement Association, Police and Fire Plan

Changes include a technical change reducing vesting, changing the effective date on a benefit improvement provision, and administrative changes. The vesting change is:

- a. Reduced vesting. Consistent with general changes in the 1989 legislation, the PERA early retirement provision is amended to reflect 3 year rather than 5 year vesting. (MN Laws 1990, Chapter 570, Article 12, Section 22.)

The amended benefit improvement provision is:

- b. Change in effective date of death-while-active member survivor benefit. The effective date of the 1989 PERA P&F death-while-active-member survivor benefit increase (from 30 percent of final six month pay rate to 50 percent) and the increase in the family maximum benefit (from 50 percent to 70 percent) is changed to May 16, 1989 from July 1, 1989. (MN Laws 1990, Chapter 570, Article 14, Section 3.)

The items included as PERA P&F administrative provisions are:

- c. Clarification of eligibility for line-of-duty disability benefits. Line-of-duty disability benefits are payable

only if the individual is expected to be unable to perform duties for at least one year. (MN Laws 1990, Chapter 570, Article 11, Section 9.)

- d. Clarification of eligibility for non-line of duty disability benefits. Non-duty disability benefits are payable only if the individual is expected to be unable to perform duties for at least one year. (MN Laws 1990, Chapter 570, Article 11, Section 10.)
- e. Surviving spouse right to retirement benefits. If a member dies prior to retirement or while disabled and no optional annuity was elected, the surviving spouse will receive survivor benefits. (MN Laws 1990, Chapter 570, Article 11, Section 11.)
- f. PERA P&F contribution for certain volunteer firefighters repealed. 1989 Supplement, Section 353.87, Subd. 5, which permits individuals to contribute to PERA or PERA-P&F for volunteer fire services if the individual is not covered by a volunteer fire relief association plan, and if the individual is contributing to PERA or PERA-P&F based on other than volunteer fire service, is repealed. (MN Laws 1990, Chapter 570, Article 11, Section 13.)

3. Public Employees Defined Contribution Plan

MN Laws 1990, Chapter 570, Article 8 amended the existing Ambulance Service Retirement Fund provisions to establish a new defined contribution plan for elected local officials. The changes are:

- a. New Public Employees Defined Contribution Plan (PEDCP) established. The Ambulance Service Retirement Fund is renamed the Public Employees Defined Contribution Fund and enlarged to establish a new fund for elected and appointed local government officials other than county sheriffs. Eligible officials may elect the Public Employees Defined Contribution Plan through an irrevocable election. Contributions are five percent of salary and matched by the employer. (MN Laws 1990, Chapter 570, Article 8, Sections 2, 3, and 4.)
- b. Disability benefits authorized from PEDCP. Benefits can be paid from PEDCP due to disability, but the monthly withdrawals cannot exceed full salary in the month prior to the disability. (MN Laws 1990, Chapter 570, Article 8, Section 9.)
- c. Switching coverage from PERA to PEDCP. Local government officials in PERA General may elect, prior to July 1, 1990, to terminate coverage in PERA General and become members of PEDCP. These individuals become eligible for a refund of employee contributions from PERA General or a deferred annuity. (MN Laws 1990, Chapter 570, Article 8, Section 12.)
- d. Contributions to PEDCP for prior service. Participating elected government officials with prior service can make prior service contributions to the plan, providing the service is not covered elsewhere. The amount cannot exceed the sum of employee and employer contributions that would have been made to PERA general for that service, plus six percent interest, or the contribution limitations on defined contribution plans. Contributions can be made from rollovers, including transfers from the state deferred compensation plan although the individual has not left public employment, to the extent permitted under federal law. (MN Laws 1990, Chapter 570, Article 8, Section 13.)

Administrative provisions relating to the new PEDCP are:

- e. PEDCP members excluded from PERA. The definition of a PERA member in the PERA definition provision is revised to excluded individuals who select coverage under PEDCP. (MN Laws 1990, Chapter 570, Article 8, Section 1.)
- f. Miscellaneous revisions to Ambulance Service Plan. In renaming and modifying the Ambulance Service Plan to become PEDCP, references in the investment, administrative expenses, reporting, and tax qualification provisions are revised in recognition of the expanded membership. (MN Laws 1990, Chapter 570, Article 8, Sections 6, 7, 8, and 11.)

C. Teachers Retirement Association (TRA)

The TRA provisions include a credit for medical leaves, several technical corrections to the 1989 benefit legislation, and a reduction in employer contribution rates with an accompanying reduction in appropriations. The medical leave provision is:

- a. Credit of medical leaves. Service credit is authorized for medical leaves of absence of up to one year. The member must pay the employee and employer contribution for the leave period with interest at 8.5 percent from the midpoint date of the leave. (MN Laws 1990, Chapter 570, Article 7, Section 1.)

The technical corrections relating to 1989 benefit legislation are:

- b. Clarification and extension of age 65 normal retirement age. Age 65 normal retirement age provision for pre-July 1, 1989 TRA hires revised to include TRA members who were members of any fund, prior to July 1, 1989, included under the combined service annuity provisions. (MN Laws 1990, Chapter 570,

Article 12, Section 23.)

- c. Scope of Tier I benefit eligibility. TRA members who were members prior to July 1, 1989 of any fund covered under combined service annuity provisions retain eligibility for Tier I benefits or Tier II if higher. (MN Laws 1990, Chapter 570, Article 12, Section 31.)
- d. Clarification of Tier II minimum retirement age. Tier II level benefit provision clarified by noting it applies only to individuals at least age 55, the minimum retirement age for the fund. (MN Laws 1990, Chapter 570, Article 12, Section 31.)
- e. Appeal procedure revised. Benefit termination or denial appeal procedure amended by requiring that the executive director notify petitioner that any documentation submitted by the petitioner to the executive director must be received 30 days before the board meeting at which the petition will be discussed. (MN Laws 1990, Chapter 570, Article 12, Sections 25 and 26.) Also, the executive director will inform the board of cases where no relevant facts are in dispute and the board can issue findings, a decision, and final order; adverse decisions can be appealed to the Court of Appeals. (MN Laws 1990, Chapter 570, Article 12, Section 27.)
- f. Effective date of joint and survivor bounce-back. The bounce-back on a joint and survivor annuity will occur on the first of the month after the death of the designated beneficiary if a death certificate is submitted within one year to the executive director. If a death certificate is not submitted within one year, the bounce-back is retroactive to the first day of the eleventh month prior to the date of actual submission. (MN Laws 1990, Chapter 570, Article 12, Section 32.)
- g. Clarification of eligibility for part-time teaching program. The part-time teaching provision is amended to specify that the ten years of allowable service required for eligibility for assignment to part-time teaching does not need to be ten years of full-time service. (MN Laws 1990, Chapter 570, Article 12, Section 44.)
- h. Repeal of references to the variable annuity fund. Under last year's legislation the TRA Variable Annuity Fund was dissolved (MN Laws 1989, Chapter 319, Article 9, Sections 1 through 4), but the statutes establishing the fund, governing management and investment of the fund, and various references to the fund were not repealed. These provisions and references are repealed or deleted by the current legislation. (MN Laws 1990, Chapter 570, Article 12, Sections 24, 28-31, and 33-43, and Chapter 426, Article 1, Sections 1 through 5.)

The change in the additional employer contribution rate and the appropriation reduction is:

- i. Reduction in contribution rates. The additional employer contribution rate is reduced from 4.48 to 3.64 percent of salary. Appropriations for fiscal 1991 are reduced by .84 percent of salary. By January 1st of each year the MSRS board must report to the Legislative Commission on Pensions and Retirement, and the chairpersons of the Finance and Appropriations Committees on whether the statutory contribution rates differ from the actuarially determined contribution rates. (MN Laws, Chapter 591, Article 2, Sections 5 and 7.)

D. First Class City Teacher Funds

Items include technical corrections to last year's benefit improvement bill, new provisions authorizing service credit for medical leaves, and optional annuitizing of post retirement adjustments. The technical corrections to last year's benefit improvement legislation are:

- a. Clarification and extension of age 65 normal retirement age. Age 65 normal retirement age provision for pre-July 1, 1989 hires of Minneapolis, Saint Paul, and new law coordinated members of the Duluth fund is revised to include members of these funds who, prior to July 1, 1989, were members of any fund included under the combined service annuity provisions. (MN Laws 1990, Chapter 570, Article 12, Section 45.)
- b. Scope of Tier I benefit eligibility. Coordinated member Tier I benefit eligibility provision expanded to include members of the First Class City Teacher Funds who were members prior to July 1, 1989 of any fund covered under the combined service annuity provisions. (MN Laws 1990, Chapter 570, Article 12, Section 47.)
- c. Scope of Tier I early retirement annuity reduction eligibility. Eligibility for three percent per year annuity reduction for early retirement under Tier I benefit broadened to include members of the First Class City Teacher Funds who were members of any fund, prior to July 1, 1989, included under combined service annuity provisions. (MN Laws 1990, Chapter 570, Article 12, Section 48.)
- d. Clarification of Tier II minimum retirement age. Tier II level benefit provision clarified by noting it applies only to individuals at least age 55, the minimum retirement age for the fund. (MN Laws 1990, Chapter 570, Article 12, Section 47.)
- e. Clarification of Tier II Actuarial reduction provision. Actuarial reduction provision clarified by noting it

