

Background Information on MSRS-General MnDOT Pilots Coverage

Under General State Employees Retirement Plan of the Minnesota State Retirement System (MSRS-General) law, MSRS-General members are entitled to unreduced benefits provided the individuals retire at or after reaching the normal retirement age for the plan. That age is specified in law (Minn. Stat. Sec. 352.01, Subd. 25) as age 65 for members who first became public employees before July 1, 1989. For those hired later, normal retirement age is age 65 or “retirement age” as defined in federal law for Social Security purposes (United States Code, Title 42, Section 416(1), as amended), but not to exceed age 66.

MSRS-General includes a few exceptions to normal retirement age for specific occupations where the mandatory retirement age for that occupation is, or was, below the Minnesota State Retirement System (MSRS) normal retirement age. Two exceptions in current law are for Military Affairs personnel and Minnesota Department of Transportation (MnDOT) pilots. Military Affairs personnel continue to have a retirement age under federal law or military regulation that is below the MSRS-General normal retirement age. The MnDOT pilots had an age 62 mandatory retirement age set by MnDOT policy documents, but this was revised in 2004 to permit continuation to age 65, the MSRS-General normal retirement age for pre-July 1, 1989, hires, and the MnDOT pilots provision was eventually closed to new entrants. There is also an exception for certain State Fire Marshal employees (Minn. Stat. Sec. 352.87), but it does not appear that that exception was added due to a retirement age conflict. The following provides more information on the Military Affairs Personnel and MnDOT pilots provisions.

1. MSRS Military Affairs Personnel. Minnesota Statutes, Section 352.85, within the MSRS chapter of law specifies special treatment for certain employees of the Department of Military Affairs who are required by federal laws or military regulations to retire at an age below the normal retirement age specified in the MSRS-General Plan. Section 352.85 permits these individuals to draw an MSRS-General annuity without any application of MSRS early retirement reductions due to retirement before the MSRS-General normal retirement age (age 65 to age 66). This special treatment is not automatic. To be covered, the individual must elect this coverage and the individual and employer must each make contributions of 1.6% of salary, in addition to the contribution requirements required to the MSRS-General plan in general.
2. MSRS Transportation Pilots. The version of Minnesota Statutes, Section 352.86, in effect prior to 2004 provided certain exceptions for MnDOT employees employed as pilots who were required by MnDOT rule or policy to terminate pilot service upon reaching age 62. Similar to the treatment above for Military Affairs personnel, the individuals could receive a retirement annuity computed under MSRS-General law without any reduction for early retirement. If a pilot became disabled, a job-specific standard was used rather than the more general standard applicable to MSRS-General where the individual must be unable to hold any form of gainful employment, and the disability benefit, 75% of current salary, was paid from the State Airports Fund rather than from the MSRS-General Fund. To receive this package of coverage, the MnDOT pilot had to elect the coverage and additional employee and employer contributions of 1.6% of salary were required.

In 2004 (Laws 2004, Ch. 267, Art. 7, Sec. 1) this section of statute was revised by permitting the pilots to remain in service until age 65, rather than age 62, with an unreduced benefits if they retired early. An age 62 age limit on access to disability benefits, however, was not changed.

Policies were revised again in 2009 (Laws 2009, Ch. 169, Art. 12, Sec. 1-3). Under the 2009 revisions, access to this MnDOT pilots provision was closed by restricting it to pilots who had elected the coverage before June 1, 2008. Disability provisions were also altered. If a pilot becomes disabled, the MSRS-General Fund and the State Airports Fund will share in making the payments. MSRS-General will pay the benefit amount as specified in the MSRS-General disability provision (Minn. Stat. Sec. 352.113) and the remainder of the total benefit (75% of current salary) is paid by the State Airports Fund. Rather than disability benefits terminating age 62, the payments can be made for five years or until age 65, whichever is earlier.