

Background Information on Reemployed Annuitant Exempt Earnings Limits

1. Purpose of Reemployed Annuitant Limitations. Reemployed annuitant earnings limitations are a feature of some defined benefit retirement plans that require either a forfeiture or withholding of all or a portion of a retirement annuity if the retiree becomes reemployed after retirement by an employer who is an employing unit covered by the retirement plan.

Although reemployed annuitant earnings limitations were not part of the original enactments of the major Minnesota retirement plans, they were enacted more than four decades ago no documentation exists as to the policy ends arguing for their addition. Five policy considerations could have provided the rationale, in whole or in combination, for the addition of reemployed annuitant savings limitations, as follows:

- a. Financial/Funding Considerations. The use of reemployed annuitant earnings limitations, especially if the limitation includes a forfeiture of some or all of the retiree's annuity, will produce an actuarial gain (i.e., liability release) when imposed, that will improve the financial or actuarial condition of the retirement plan. Additionally, the limitation can influence behavior, potentially causing delays in retirements by individuals in a position to retire earlier than the normal retirements age and to become reemployed at more than an incidental level of compensation with an employer also covered by the retirement plan, which will lead to actuarial gains in the short run and to reduced calculated actuarial normal costs when the behavior becomes fully reflected in the retirement age and withdrawal actuarial assumptions.
- b. Enhance Recognition of Retirement as Employment Conclusion. The use of reemployment earnings limitations will encourage active pension plan members to begin receiving retirement annuities no earlier than at the age when their regular substantial employment concludes, enhancing "normal retirement" as the regular or usual age for drawing a retirement annuity. This is consistent with the purpose for a retirement plan specified in the Pension Policy Principles of the Legislative Commission on Pensions and Retirement (Principle II. A. 1.), which is

...to augment the Minnesota public employer's personnel and compensation system by assisting in the recruitment of new qualified public employees, the retention of existing qualified public employees, and the systematic out-transitioning of existing public employees at the normally expected conclusion of their working careers or the systematic phasing-out of existing employees who are nearing the normally expected conclusion of their full-time working careers by providing, in combination with federal Social Security coverage, personal savings and other relevant financial sources, retirement income that is adequate and affordable.

- c. Dissuade Early Retirement Funding A Second Career. The use of reemployment earnings limitations could function to dissuade active retirement plan members from retiring before the normal retirement age and use their early retirement annuity to finance the creation of a second career, which has never been a stated purpose of a Minnesota public retirement plan.
 - d. Replication of Social Security Benefit Practices. The use of reemployed annuitant earnings limitations paralleled or replicated the practice of the Social Security System, which utilizes an "earnings test" originally in connection with all Social Security benefit recipients and currently in connection with pre-age 65/age 66/age 67 Social Security benefit recipients.
 - e. Address Public Displeasure with Actual or Perceived Double-Dipping. The use of reemployed annuitant earnings limitations can mollify any displeasure voiced by the general public over public retirement plan annuitants also being employed in substantial post-retirement public employment, a practice sometimes referred to as "double dipping". Where the reemployed annuitant earnings limitation results in a forfeiture of some or all of the retirement annuity when the earnings limitation has been exceeded, the acceptability of double compensation at the same time by a reemployed annuitant is addressed.
2. Reemployed Annuitant Earnings Limitations under Social Security. Since the creation of the Old Age and Survivors Insurance Program (Social Security) in the 1930s, Social Security benefits have been subject to an employment earnings limitation, known as the "earnings test." The Social Security Administration (SSA) maximum salary earnings limitations for continued receipt of full benefit amounts under the federal Old Age, Survivors and Disability Insurance Program are used by the SSA to determine whether Social Security benefits must be reduced because the individual has salary or

self-employment income in excess of the maximums permitted under federal law for continued full receipt of those benefits.

The table summarizes the annual maximum earnings permissible by Social Security benefit recipients for each year from 1995 onward, which a benefit recipient may receive without incurring a reduction in Social Security benefits. In the table, these maximums are referred to as exempt amounts, since they indicate the highest salary earnings, which are exempt from a reduction in the Social Security benefits that otherwise would be received. Originally, in 1935, there was no exempt amount and reemployment in a month by a Social Security benefit recipient in another gainful occupation would result in a reduction in the monthly Social Security benefit of an amount equal to one month's benefit. In 1939, an "exempt amount" was added to the Social Security earnings test, set at \$15 per month, with a dollar-for-dollar reduction above that figure. In 1950, the exempt amount was increased to \$50 per month and the earnings test was discontinued for Social Security recipients at age 75 or older. In 1952, the exempt amount was again increased, to \$1,200 per year. In 1954, the earnings test was changed from a monthly earnings amount to an annual earnings amount and the earnings test discontinuation age was reduced from age 75 to age 72. In 1960, the reduction for earnings above the exempt amount was modified, with the reduction of \$1 dollar for every \$2 dollars earned imposed on earnings between \$1,200 and \$1,500 and dollar-for-dollar over \$1,500. In 1972, the earnings test amounts were indexed to the increase in average earnings, effective in 1975. Under Social Security law, the exempt amount differs with the age of the individual. If an individual is under the Social Security full retirement age, once 65 and now between age 65 and age 67, depending on the person's year of birth, but drawing Social Security Old Age Insurance benefits, the maximums are fairly low. The exempt amount for the year in which the Social Security full retirement age is reached is notably higher. The following table has three columns, which are the applicable year, the maximum (exempt) amount under age 65 (before 2000) or under the full normal retirement age (after 1999), and the maximum amount for age 65-69 (before 2000) or for the full normal retirement age year (after 1999):

Year	Under Age 65	Age 65-69
1975	\$2,520	\$2,520
1976	\$2,760	2,760
1977	3,000	3,000
1978	3,240	4,000
1979	3,480	4,500
1980	3,720	5,000
1981	4,080	5,500
1982	4,440	6,000
1983	4,920	6,600
1984	5,160	6,960
1985	\$5,400	\$7,320
1986	\$5,760	\$7,800
1987	\$6,000	\$8,160
1988	\$6,120	\$8,400
1989	\$6,480	\$8,880
1990	\$6,840	\$9,360
1991	\$7,080	\$9,720
1992	\$7,440	\$10,200
1993	\$7,680	\$10,560
1994	\$8,040	\$11,160
1995	\$8,160	\$11,280
1996	\$8,280	\$12,500
1997	\$8,640	\$13,500
1998	\$9,120	\$14,500
1999	\$9,600	\$15,500
	Prior to Year of Full	Year of Full
Year	Retirement Age	Retirement Age
2000	\$10,080	\$17,000
2001	\$10,680	\$25,000
2002	\$11,280	\$30,000
2003	\$11,520	\$30,720
2004	\$11,640	\$31,080
2005	\$12,000	\$31,800
2006	\$12,480	\$33,240

If the Social Security benefit recipient is under the full retirement age, the reduction is one dollar of Social Security benefits for each two dollars of earnings in excess of the maximum amount earned. For the year in which the full retirement age is attained, the reduction is one dollar for each three dollars of earnings in excess of the maximum amount earned.

3. Reemployed Annuitant Earnings Limitations under the Minnesota Public Pension Plans. Among Minnesota public pension plans, but unlike Social Security, the public employee must terminate from active public employment with the employing unit to initially qualify to receive the public employee retirement annuity. If the individual's public pension plan has a reemployed annuitant earnings limit provision, the individual often (but not always) will be subject to that reemployed earnings limit if the individual returns to public employment with pension coverage in the same public pension system.

These reemployed annuitant provisions in Minnesota public pension plans bear a great similarity to the Social Security System but are far less global in scope. Under Social Security, the benefit reductions would be applied to any Social Security benefit recipient under the full retirement age who exceeded the maximum permissible exempt salary earnings, regardless of the employer, applicable for the individual's age. In contrast, if a Minnesota public pension plan has a reemployed annuitant earnings provision, reductions or suspension of the annuity by the plan will occur for those with salary income in excess of exempt amounts only from employment covered by the same pension plan or system. An annuitant from the General Employee Retirement Plan of the Public Employees Retirement Association (PERA-General) who becomes reemployed in a position covered by the Minnesota State Retirement System (MSRS), the Teachers Retirement Association (TRA), or any other public pension system, would not be subject to the reemployed annuitant provisions in PERA law. Also, no Minnesota public pension plan benefit reductions would occur if the annuitant becomes employed by a governmental employer in another state, by the federal government, or in the private sector.

Even within the same public pension system, reemployed annuitant reductions may not apply if the individual becomes employed in a position covered by another plan within the system. Typically, the laws have been constructed or interpreted in a way that applies reemployed annuitant earnings provisions if an annuitant from one plan in a system becomes employed by another plan in that same system providing that both plans were originally created within that system. A Public Employees Police and Fire Retirement Plan (PERA-P&F) annuitant who become employed in PERA-General covered employment will be subject to PERA's reemployed annuitant provision because PERA-P&F was spun out of PERA-General in 1959. However, a retiree from the State Patrol Retirement Plan who becomes reemployed in an MSRS-General covered position faces no reemployed annuitant penalties because the State Patrol Plan was originally not administered by MSRS, but was moved into MSRS for administrative purposes in 1969. The State Patrol Retirement Plan has no reemployed annuitant earnings provision in the plan, and the provision in MSRS-General law has been interpreted as not applying to State Patrol annuitants.

Reemployed annuitant earnings limitations in Minnesota law support the requirement that a public employee must terminate the employment relationship in order to receive a retirement benefit. The limitations ensure that politically connected public employees cannot manipulate the personnel system and also maximize their income by drawing a full retirement benefit along with a full salary. In doing this, the reemployed annuitant earnings limitations follow one of the traditional purposes for a retirement plan, which is to assist the personnel system in producing an orderly and systematic out-transitioning of senior employees who have reached the end of their normal working lifetime.

However, when reemployed annuitant earnings limitations do not apply uniformly, when some plans have no limits, when the limitations impact differently when applicable, or when no limitations apply to most reemployed annuitant situations (i.e., a public plan annuitant employed by a private sector employer or by a public sector employer of a different level or branch of government), the basic fairness of the limitations can be questioned.

The following chart provides information on the reemployed annuitant earnings limitation laws in Minnesota's public plans:

Retirement Plan	Applicable Compensation	Limit Threshold	Effect After Threshold Exceeded	Reempl. Period Retirement Coverage	Exceptions
MSRS-General [352.115, Subd. 10]	Salary or wages from state of from employer of MSRS-General members.	Social Security maximums (\$14,160 annually if under the Social Security normal retirement age; \$37,680 in year in which Social Security normal retirement age is reached; no limit thereafter).	Suspension of annuity for the balance of the calendar year or until reemployment termination, with the suspended annuity amounts deposited in a separate account, earning 6% compound annual interest prior to 1/1/2011, payable one year after the reemployment ends.	No retirement coverage.	No application to service as temporary legislative employee. Suspension lifted during any sick leave.
MSRS-Correctional [352.951]	Same as MSRS-General.	Same as MSRS-General.	Same as MSRS-General.	Same as MSRS-General.	Same as MSRS-General.
State Patrol Plan	No provision.	No provision.	No provision.	No provision.	No provision.
Legislators Plan ¹	No provision.	No provision.	No provision.	No provision.	No provision.
Elective State Officers Plan	No provision.	No provision.	No provision.	No provision.	No provision.
Judges Plan ²	No provision.	No provision.	No provision.	No provision.	No provision.
MSRS-Unclassified	No provision.	No provision.	No provision.	No provision.	No provision.
PERA-General [353.87]	Salary from governmental subdivision employment or public employee labor union employment.	Social Security maximums (\$14,160 annually if under the Social Security normal retirement age; \$37,680 in year in which Social Security normal retirement age is reached; no limit thereafter).	Suspension or reduction, whichever produces higher annual amount. Suspension of amount is for the balance of the calendar year or until reemployment termination. Reduction is one-half of the excess over the maximum if under the Social Security full retirement age and one-third of the excess over the maximum if at the Social Security full retirement age. The reduction or suspended amount is deposited in a separate account, earning 6% compound annual interest prior to January 1, 2011, payable one year after the reemployment ends.	No retirement coverage.	No application to service as a local government elected official.
PERA-P&F [353.68]	Same as PERA.	Same as PERA.	Same as PERA.	Same as PERA.	Same as PERA.
PERA-Correctional [353E.08]	Same as PERA.	Same as PERA.	Same as PERA.	Same as PERA.	Same as PERA.
TRA [354A.31, Subd. 3]	Income from teaching for employing unit covered by TRA, income from consultant or independent contractor teaching services for employing unit covered by TRA, or income received by comparable position if greater than actual income received.	\$46,000 annually until Social Security normal retirement age; no limit thereafter.	Reduction in following calendar year annuity of one-half of the excess over the maximum, with the annuity reduction amount deposited in a separate account earning 6% compound annual interest prior to January 1, 2011, payable one year after the reemployment ends.	No retirement coverage.	No application to interim superintendents during a lifetime limit of three 90-day exemption periods or to reemployed retired MnSCU faculty working between 33.3% and 66.7% of full time with salary under \$46,000.
First Class City Teacher Retirement Fund Associations [354.44 Subd. 5]	Income from teaching for employing unit covered by first class teacher retirement fund association, income from consultant or independent contractor teaching services for employing unit covered by first class teacher retirement fund association, or income received by comparable position if greater than actual income received.	\$46,000 annually until Social Security normal retirement age; no limit thereafter.	Reduction in following calendar year annuity of one-half of the excess over the maximum, with the annuity reduction amount deposited in a separate account earning 6% compound annual interest prior to January 1, 2011, payable one year after the reemployment ends.	No retirement coverage.	No application to interim superintendents during a lifetime limit of three 90-day exemption periods or to reemployed retired MnSCU faculty working between 33.3% and 66.7% of full time with salary under \$46,000.

¹ While there is no explicit provision of Minn. Stat. Ch. 3A, or other statutory chapter, the practice of the Minnesota State Retirement System since the resumption of legislative service by Representative Leo J. Reding in 1987 after retiring in 1982 has been to suspend the Legislators Retirement Plan annuity of a reelected retired legislator and to recomputed the benefit based on any additional allowable service credit and increased final average salary.

² Minn. Stat. Sec. 2.724, Subd. 2-3, permits the Supreme Court, by rule, or the Chief Justice of the Supreme Court to temporarily assign a retired justice or judge to act as a Supreme Court justice, Court of Appeals, or district court judge until the unfinished duties of the position are completed. Retired justices or judges qualify for pay and expenses as established by the Supreme Court.

Minn. Stat. Sec. 480.21 provides that the Supreme Court may appoint a resigned Supreme Court justice who is not engaged in the practice of law to function as a court commissioner to perform assigned duties, with per diem compensation payments. The provision presumably applies to retired judges.

Minn. Stat. Sec. 484.61 provides that, upon appointment and assignment, after retirement from the Judges Retirement Plan, a retired judge can consent to function as a district court judge.

4. Example of Teachers Retirement Association (TRA) Reemployed Annuitant Earnings Limitation Provision. The current TRA limit, Minnesota Statutes, Section 354.44, Subdivision 5, provides for a reduction in the subsequent year's annuity of one dollar for every two dollars earned in excess of the Social Security limitation, which is \$12,480 annually (\$1,040 monthly on a 12-month basis or \$1,387 monthly on a nine-month basis) in 2006 for retirees between age 65 and age 66 (the Social Security full retirement age for retirees with birth years between 1937 and 1955) and is \$33,240 for the year of attaining the Social Security full retirement age.

TRA Annuitant Retiring at Age 63
Final Five Years' Salary

Year 1	48,430
Year 2	50,850
Year 3	53,390
Year 4	56,060
Year 5	58,858

Highest Five Successive Years Average Salary \$53,517.65
Benefit Accrual Percentage (30 Years x 1.7) x .51
\$27,294 (\$2,274.50/month)

		Situation 1	Situation 2	Situation 3		
		TRA Annuitant without any Reemployment	TRA Annuitant with \$25,000 Reemployment, Current Law	TRA Annuitant with \$25,000 Reemployment, Reemployment Earning Limit of \$23,000		
Year 1		Reemployed Earnings	\$25,000	Reemployed Earnings	\$25,000	
		TRA Annuity	27,294	TRA Annuity	27,294	
		Total	\$52,294	Total	\$52,294	
Year 2		Reemployed Earnings	\$25,000	Reemployed Earnings	\$25,000	
		TRA Annuity	\$27,294	TRA Annuity:		
			Year 1 Earnings	25,000	Year 1 Earnings	25,000
			Earnings Limit	12,480	Earnings Limit	23,000
			Excess Amount	12,520	Excess Amount	2,000
			\$1 for \$2 Reduction ²	6,260	\$1 for \$2 Reduction ²	1,000
			TRA Base Annuity	27,294	TRA Base Annuity	27,294
			Reduction	6,260	Reduction	1,000
		Remaining Annuity	21,034	Remaining Annuity	26,294	
	Total	\$27,294	\$46,034	Total	51,294	

¹ Year 2 annuity amount assumes no Minnesota Post Retirement Investment Fund post-retirement adjustments and assumes no increase in the Social Security earnings test amount, although both are likely.

² Reduction amount is deposited in a separate account, credited with 6% compound interest annually, payable at the later of age 65 or one year after termination of the reemployment.

5. Development of Reemployed Annuitant Earnings Limitation Provisions.

- a. In General. Before 1951, none of the Minnesota statewide or major public retirement plans had a reemployed annuitant earnings limitation and annuity reduction provision. By 1963, the three major statewide retirement plans all had a reemployed annuitant earnings limitation and annuity reduction provision.
- b. State Employees Retirement Plan/General State Employers Retirement Plan of the Minnesota State Retirement System (MSRS-General).
 - In 1961 (Ex. Sess. Laws 1961, Ch. 67, Sec. 22, Subd. 2) as part of the "service in more than one retirement plan" portability provision, a provision was included that disallowed the payment of a retirement annuity from the State Employees Retirement Association to a former state employee who was an active member earning allowable service credit in either the Public Employees Retirement Association or the Teacher Retirement Association.
 - In 1963 (Laws 1963, Ch. 383, Sec. 32), a reemployed annuitant earnings limitation was added to the State Employees Retirement Association, providing that if any former member who again becomes entitled to a salary or wages from the state, the person's annuity ceases if the employment is longer than a ten-day emergency appointment, but no member contribution deductions are payable from the annuitant's salary or wages, and, if granted sick leave without

pay, the annuity resumes for the period of that leave, and resumes upon the termination of the reemployment without any change in amount by virtue of that reemployment.

- In 1965 (Laws 1965, Ch. 230, Sec. 4), the reemployed annuitant earnings limitation was modified by excluding annuitants reemployed as temporary legislation employees during the legislation session from its application by resetting the limitation at \$1,200 in any calendar year, and by providing that the reemployed annuitant earnings limitation must be constructed to be consistent with the 1961 service-in-more-than-one-retirement-plan provision restriction on annuity receipt while obtaining allowable service credit from another retirement plan.
- In 1967 (Ex. Sess. Laws 1967, Ch. 57, Sec. 16), the reemployed annuitant earnings limitation amount was increased from \$1,200 to \$2,000, and it was clarified that a retiree's annuity resumes either upon reemployment termination or upon the beginning of a new calendar year.
- In 1975 (Laws 1975, Ch. 368, Sec. 22), was increased the reemployed annuitant earnings limitation amount from \$2,000 to \$3,000.
- In 1980 (Laws 1980, Ch. 342, Sec. 3) the reemployed annuitant earnings limitation was clarified to apply to reemployment by any employing entity with employees covered by the General State Employers Retirement Plan of the Minnesota State Retirement System and reset the limitation amount from \$3,000 to the applicable Social Security earnings test limitation amount.
- In 1981 (Laws 1981, Ch. 224, Sec. 48), legislation clarified the title of the federal official administering Social Security and clarified the applicable Social Security earnings test limitation amount for retirees under age 62, the earliest Social Security old age benefit receipt age.
- In 1987 (Laws 1987, Ch. 229, Art. 6) legislation updated the language and style of retirement plan provisions.
- In 1999 (Laws 1999, Ch. 222, Art. 19, Sec. 3), a full-time employee of the Minnesota State Colleges and Universities System (MnSCU) full-time who retires from the General State Employees Retirement Plan with at least ten years of service and returns to MnSCU employment of at least one-third full time and no more than two-thirds of full-time with a salary that does not exceed \$35,000 is exempt from the reemployed annuitant earnings limitation.
- In 2000 (Laws 2000, Ch. 461, Art. 2, Sec. 2), the forfeiture aspect of the reemployed annuitant earnings limitation was eliminated with benefit reductions placed into a special deferral account with compound interest at six percent annually, payable at age 65 or the first of the month next following the termination of the reemployment, whichever is later.
- In 2000 (Laws 2000, Ch. 461, Art. 2, Sec. 3-4), the reemployment annuitant earnings limitation exemption amount for an MSRS-General annuitant who is reemployed by MnSCU was increased from \$35,000 to \$46,000.
- In 2010 (Laws 2010, Ch. 359, Art. 1, Sec. 83, and Art. 2, Sec. 4), interest on a reemployed annuitant earnings limitation deferral account for the retirement plan is payable only up to January 1, 2011, and the reemployed annuitant earnings limitation was made inapplicable for salary and wages of a temporary employee of the Legislature during the legislative session.

c. MSRS Correctional State Employees Retirement Plan (MSRS-Correctional).

- In 1981 (Laws 1981, Ch. 224, Sec. 60), a provision was added to the retirement plan statutes to specify that the provisions of MSRS-General apply to MSRS-Correctional unless otherwise specified.
- In 1993 (Laws 1993, Ch. 307, Art. 1, Sec. 23), the general law applicability provision was extended to cover the Military Affairs Personnel Retirement Plan and the Transportation Pilots Retirement Plan.
- In 2007 (Laws 2007, Ch. 134, Art. 2, Sec. 8), the general law applicability provision was extended to cover the Fire Marshal Employees Retirement Plan.

d. General Employees Retirement Plan of the Public Employees Retirement Association (PERA-General).

- In 1951 (Laws 1951, Ch. 22, Sec. 23), a reemployed annuitant limitation provision was added to the retirement plan, specifying that a person otherwise eligible for a retirement annuity loses that entitlement if receiving compensation for services as a public or state employee or a judicial officer or if receiving a public employee or state employee retirement benefit or pension if any period of PERA service credit was also required to establish eligibility for the retirement benefit or pension.
- In 1955 (Laws 1955, Ch. 815, Sec. 6), the 1953 reemployed annuitant limitation relating to the receipt of another public retirement annuity was clarified to only apply if the retirement plan regional member contributions and the entire limitation was clarified to require a suspension of the PERA annuity on a monthly basis for months when disqualifying retirement compensation or a disqualifying annuity is received, does not increase when resumed by virtue of the

suspension, and no PERA member contributions are required on the disqualifying compensation.

- In 1957, (Laws 1957, Ch. 935, Sec. 17, 27), the prior reemployed annuitant limitation was repealed and was replaced with a suspension and forfeiture of a PERA retirement annuity if the annuitant reenters public employment in excess of 60 days in any 12 consecutive months or is receiving any other benefit or pension for a public or state employee if member contributions were required and any period of public service was used to qualify for the PERA annuity, with the suspension continuing for any month in which the disqualifying condition applies, and any subsequent employment does not increase the PERA annuity and no additional member contributions are required for the reemployment service. The limit does not apply to any federal law benefit to which the annuitant is entitled.
- In 1959, (Laws 1959, Ch. 650, Sec. 26), the prior disqualifying event of reemployment of 60 days in any 12 consecutive months was revised as reemployment of 60 days in any 12 or more consecutive months.
- In 1961 (Ex. Sess. Laws 1961, Ch. 87, Sec. 1), the 1957 reemployed annuitant limitation was further modified by exempting elected officials from the limitation, by specifying the time period for the 60 day reemployment trigger to a calendar year, by adding a dollar earning limit of \$75 per month, and by adding a special exemption for a particular 1953 retiree whose salary did not exceed \$80 a month.
- In 1963 (Laws 1963, Ch. 641, Sec. 31), clarified the annuity suspension for the duration of reemployment in a non-elective employment position in a governmental subdivision once compensation exceeds \$1,200 in any calendar year. Also in 1963 (Laws 1963, Ch. 853, Sec. 1-2), the special 1961 exemption from the reemployed annuitant earnings limitation was broadened to retirees between November 30, 1953 and before October 2, 1959, if the monthly average compensation year reemployment did not exceed \$95 per month and a special exemption for police officers who retired before August 1, 1959, and were reemployed as a police officer on an emergency basis and the average monthly earnings did not exceed \$95 per month, with any withheld annuity amount for the emergency service paid upon the end of the reemployment.
- In 1967 (Laws 1967, Ch. 711, Sec. 2), the reemployed annuitant earnings limitation triggering amount was increased from \$1,200 to \$2,000 annually.
- In 1971 (Laws 1971, Ch. 412, Sec. 2), the PERA reemployed annuitant earnings limitation was no longer made applicable to reemployment by the State of Minnesota.
- In 1973 (Laws 1973, Ch. 753, Sec. 63, 85), a specific reference to the PERA board in implementing the limitation was removed, an incorrect reference to benefit rather than annuity was corrected, an inapplicability provision relating to federal law benefits was eliminated and the 1961 and 1963 special exceptions were repealed.
- In 1975 (Laws 1975, Ch. 102, Sec. 18), the reemployed annuitant earnings limitation triggering amount was increased from \$2,000 to \$3,000 annually.
- In 1977 (Laws 1977, Ch. 429, Sec. 32), obsolete date references to 1959 were removed and a provision was added allowing a proportionate annuity for employees required to terminate employment under a uniform mandatory retirement policy or law even if employment as a substitute employee with compensation of less than \$3,000 per calendar year.
- In 1980 (Laws 1980, Ch. 342, Sec. 7), the reemployed annuitant earnings limitation triggering amount was increased from \$3,000 per year, by indexing the amount to the applicable Social Security earnings test amount, and the language style and usage of the provision were upgraded.
- In 1981 (Laws 1981, Ch. 224, Sec. 91- 92), the Social Security indexed reemployed annuitant earnings limitation was adapted for pre-age-62 retirements and obsolete references to the federal official administering Social Security.
- In 1988 (Laws 1988, Ch. 709, Art. 5, Sec. 21), the language style and usage of the provision was updated.
- In 1992 (Laws 1992, Ch. 440, Sec. 1), the reemployed annuitant earnings limitation provision was substantially revised, clarifying that annuities once the limitation is reached are reduced rather than suspended, the reemployment position triggering the limitation is governmental subdivision employment covered by the General Employees Retirement Plan of the Public Employees Retirement Association (PERA-General) or the Public Employees Police and Fire Retirement Plan (PERA-P&F), the provision was divided into three paragraphs, and the amount of the reduction set at \$1 for \$2 in excess of the maximum if the annuitant was under the normal retirement age and was set at \$1 for every \$3 in excess of the maximum if the annuitant was over the normal retirement age and under age 70, with no reduction imposed after age 70, retroactive to January 1, 1992.
- In 1993 (Laws 1993, Ch. 307, Art. 4, Sec. 30), the reemployed annuitant earnings limitation provision was divided into paragraphs, clarified that the annuity suspension occurs on the first of the month after the month in which the salary maximum was met rather than in the following calendar year, clarified that no limit applies to an annuitant elected to a public

office, and clarified that the annuity resumed at the start of the next calendar year or the first of the month next following the termination of the reemployment, whichever is earlier.

- In 1994 (Laws 1994, Ch. 528, Art. 2, Sec. 9-11), the reemployed annuitant earnings provision was extended to person who return to work in a labor organization covered by PERA-General and was clarified to trigger an annuity resumption when the employment that caused the suspension termination.
 - In 2000 (Laws 2000, Ch. 461, Art. 2, Sec. 5), the forfeiture aspect of the reemployed annuitant earnings limitation was eliminated, with benefit reductions placed in a special deferral account with compound interest at 6% annually, payable at age 65 or on the first of the month next following the termination of the reemployment, whichever is later.
 - In 2004 (Laws 2004, Ch. 267, Art. 7, Sec. 2-3), a definition of the term “retirement age” was added, indexed to the Social Security full benefit age, and the prior reduction provision was revised based on the inapplicability of reductions after age 65.
 - In 2010 (Laws 2010, Ch. 359, Art. 2, Sec. 12, and Art. 11, Sec. 10-14), provision is made for the payment of insurance premium amounts when a reemployment suspension or reduction occurs for retirees paying insurance premiums by way of an annuity deduction and the inapplicability of the reemployed annuitant earnings limitation for the MERF Division of PERA following that plan’s administration consolidation into PERA was specified, with corresponding cross-references.
- e. Public Employees Police and Fire Retirement Plan (PERA-P&F). The general applicability of the law governing the General Employees Retirement Plan of the Public Employees Retirement Association to PERA-P&F provision was enacted in 1959.
- In 1959 (Laws 1959, Ch. 650, Sec. 36), the provision specifying that the general provisions of Minnesota Statutes, Chapter 353, apply to PERA-P&F members except where otherwise specifically provided in Minnesota Statutes, Sections 353.63 to 353.68, with four transitional provisions governing the computation of disability benefits, deferred annuities, and survivor benefits in Subdivisions 2 to 5.
 - In 1961 (Laws 1961, Ch. 743, Sec. 3), a cross-reference in the 1959 survivor benefit transitional provision was corrected.
 - In 1963 (Laws 1963, Ch. 639, Sec. 2, Ch. 641, Sec. 35-37, and Ch. 659, Sec. 1), a fifth transitional subdivision was added to the provision, allowing a person who became a PERA member before June 30, 1957, and who had at least ten years of allowable service to take an alternative method for calculating an annuity or survivor benefit, a sixth subdivision limiting disability benefits to the period prior to age 58 was added to the provision, a seventh subdivision was added to the provision specifying that a PERA-P&F benefit is not to be diminished or impaired by any public pension earned in subsequent service, and the 1959 survivor benefit transitional subdivision was modified to clarify the age 62 benefit commencement age.
 - In 1965 (Laws 1965, Ch. 814, Sec. 2) the 1963 fifth transitional subdivision was amended by eliminating the vesting period on the alternative annuity or survivor benefit entitlement and by clarifying the benefit accrual formula rates used in the annuity or benefit computation.
 - In 1967 (Ex. Sess. Laws 1967, Ch. 37, Sec. 4), the 1963 sixth added subdivision setting an age 58 limit on disability coverage was modified with a restriction on survivor benefits after age 58.
 - In 1969 (Laws 1969, Ch. 940, Sec. 15), the 1959 transitional provision relating to disability benefit computation was amended to specify that the disability benefit was equal to the normal retirement age annuity plus a phasing-out supplementary benefit.
 - In 1971 (Laws 1971, Ch. 412, Sec. 3) the 1959 transitional provision relating to deferred annuities was amended to reference deferred annuity augmentation.
 - In 1973 (Laws 1973, Ch. 753, Sec. 78 and 8), the 1959 provision relating to deferred annuities was amended to reflect changes to the PERA-P&F benefit plan made in the same act and the other 1959 transitional provisions and the 1963 and 1967 additional provisions were repealed.
 - In 1992 (Laws 1992, Ch. 432, Sec. 24), the 1959 deferred annuities provision was further modified to eliminate any age specification and to update the language usage and style of the provision.
- f. Teachers Retirement Association (TRA).
- In 1953 (Laws 1953, Ch. 750, Sec. 5), the TRA defined contribution provision was amended with the addition of a reemployed annuitant earnings limitation, with the discontinuation of the person’s retirement annuity and forfeiture for the balance of the year if reemployed in teaching service and earning from that teaching service more than \$900.
 - In 1957 (Ex. Sess. Laws 1957, Ch. 16, Sec. 19), as part of a general revision of the TRA benefit plan, the reemployed annuitant earnings limitation provision was repealed.

- In 1959 (Ex. Sess. Laws 1959, Ch. 50, Sec. 12), a re-imposed annuitant earnings limitation was reemployed, with a discontinuation of the person's annuity and forfeiture of the amount in excess of the limitation amount in the following quarter if reemployed in teaching service and earning from that teaching service more than \$300.
- In 1963 (Laws 1963, Ch. 246, Sec. 1), the reemployed annuitant quarterly earnings limitation amount was increased from \$300 to \$600.
- In 1967 (Laws 1967, Ch. 693, Sec. 2), the reemployed annuitant quarterly earnings limitation amount was increased from \$600 to \$800 if under age 72 and without limit upon reaching age 72.
- In 1974 (Laws 1974, Ch. 289, Sec. 26), the language usage and style of the reemployed annuitant earnings limitation provision were revised.
- In 1980 (Laws 1980, Ch. 342, Sec. 11), the reemployed annuitant earnings quarterly limitation amount was reset from \$800 to the applicable Social Security earnings test limitation amount expressed quarterly if the annuitant is under age 72.
- In 1981 (Laws 1981, Ch. 224, Sec. 108), the reemployed annuitant earnings limitation provision was clarified with respect to the applicable quarterly equivalent Social Security test limitation amount for retirees under age 62, the earliest Social Security old age benefit recipient age.
- In 1983 (Laws 1983, Ch. 148, Sec. 3), the reemployed annuitant earnings limitation was shifted from a quarterly limitation to an annual limitation, with the excess over the limitation amount deducted and forfeited from the following year's annuity if the recipient is under age 70.
- In 1985 (1st Spec. Sess. Laws 1985, Ch. 7, Sec. 17), the reemployed annuitant earnings' limitation was extended to earnings by an annuitant as a consultant or an independent contractor for a TRA-covered employer.
- In 1987 (Laws 1987, Ch. 284, Art. 6, Sec. 6), the salary for implementation of the reemployed annuitant earnings limitation for independent contractors was augmented by imputing the salary based on the rate paid to the employment position with the same number of pupils at the same employment level as the person, if greater than the income received.
- In 1989 (Laws 1989, Ch. 319, Art. 2, Sec. 14), the reemployed annuitant earnings limitation reduction was clarified to apply to post retirement employment with any employing unit covering TRA members, shifted to a calendar year-based limitation, the forfeiture amount was reset at one-half of the amount in excess of the limitation amount in the preceding calendar year, the pre-age 62 limitation as the age 62 Social Security earnings test amount was clarified to apply fractionally if retirement occurs for a partial year, and eliminated any limitation after age 70.
- In 1989 (Laws 1989, Ch. 319, Art. 2, Sec. 15), an exemption from the reemployed annuitant earnings limitation reduction was added for persons reemployed by a school district as an interim superintendent due to the death, disability, termination or resignation of the previous superintendent for a 90-day reemployment period for compensation not to exceed the compensation rate of the previous superintendent if the exemption application is unanimously approved by the school district board and is submitted to TRA prior to re-employment, with only one exemption available for a school district per year and with no more than three exemptions available during the lifetime of an interim superintendent and no more than one exemption for any interim superintendent in any fiscal year.
- In 1994 (Laws 1994, Ch. 528, Art. 3, Sec. 19), the interim superintendent exemption for the reemployed annuitant earnings limitation was modified to clarify that the exemption does not apply to a person who retires from a school district and who returns to the same school district as an interim superintendent within one year after retirement.
- In 1994 (Laws 1994, Ch. 602, Sec. 2), a full-time employee of the State University System or the Community College System who retires from the Teachers Retirement Association (TRA) with at least ten years of service and returns to higher education employment of at least one-third full time and more than two-thirds of full time with a salary not in excess of \$35,000 is exempt from the reemployed annuitant earnings limitation.
- In 1995 (Laws 1995, Ch. 262, Art. 1, Sec. 4), the higher education exemption from the reemployed annuitant earnings limitation was extended to technical college employment and the exemption was clarified that any compensation in excess of \$35,000 is subject to a reduction.
- In 1998 (Laws 1998, Ch. 390, Art. 2, Sec. 9), the provision was clarified that the authority to approve a higher education exemption from the reemployed annuitant earnings limitation is with the president of the institution, that the reemployed annuitant could not be required to waive collective bargaining rights as part of the exemption approval, and that the reemployed annuitant is covered by the applicable collective bargaining contract.
- In 1999 (Laws 1999, Ch. 222, Art. 19, Sec. 4), the higher education system references in the higher education exemption to the reemployed annuitant earnings limitation were replaced with references to the Minnesota State Colleges and Universities System (MnSCU) and the

restriction on earning additional deferred benefit plan service credit during reemployment was broadened to also include defined contribution retirement plan coverage.

- In 2000 (Laws 2000, Ch. 461, Art. 2, Sec. 6), the forfeiture aspect of the reemployed annuitant earnings limitation was eliminated, with benefit reductions placed into a special deferral account with compound interest at 6% annually, payable at age 65 or the first of the month next following the termination of the reemployment, whichever is later.
- Also in 2000 (Laws 2000, Ch. 461, Art. 2, Sec. 7), the exemption amount in the higher education exemption to the reemployed annuitant earnings limitation was increased from \$35,000 to \$46,000.
- In 2004 (Laws 2004, Ch. 267, Art. 7, Sec. 5), the reduction exemption age was changed from age 70 to the Social Security full retirement age.
- In 2008 (Laws 2008, Ch. 349, Art. 3, Sec. 8), the reemployed annuitant limitation was changed from a reduction to a deferral when the reemployment compensation exceeds \$46,000.
- Also in 2008 (Laws 2008, Ch. 349, Art. 3, Sec. 9), pre-retirement agreements for annuitants to return to work for TRA employing units were authorized for teachers who are at least age 62.

g. First Class City Teacher Retirement Plans.

- In 1979 (Laws 1979, Ch. 217, Sec. 16, Subd. 3), as part of the codification of the coordinated programs for the three retirement plans, a limitation was specified upon the resumption of teaching service for the school district covered by the applicable retirement plan, applicable until age 72, set at \$800 per quarter, with a reduction and forfeiture for the amount in excess of the limit imposed against the annuity for the following quarter.
- In 1981 (Laws 1981, Ch. 224, Sec. 139), the limitation amount was increased to the applicable Social Security earnings test limitation amount.
- In 1989 (Laws 1981, Ch. 319, Art. 2, Sec. 22), the reemployed annuitant earnings limitation was reset at an annual amount for each calendar year, the reduction and forfeiture amount was set at \$1 for every \$2 in excess of the limit, the limit was set at the earliest Social Security earnings test amount for retirement ages before the earliest Social Security benefit age, and was imposed in the succeeding calendar year, but not after age 70.
- In 1992 (Laws 1992, Ch. 598, Art. 6, Sec. 15), the reduction and forfeiture amount was reduced from \$1 for every \$2 to \$1 for every \$3 dollars in excess of the limitation.
- In 1994 (Laws 1994, Ch. 542, Sec. 3), the reemployed annuitant earnings limitation was made applicable to basic program annuitants and teaching service income for the limitation was defined as the greater of actual income or the compensation paid to equivalent or substantially similar consultant or employment positions.
- In 1995 (Laws 1995, Ch. 262, Art. 1, Sec. 7), a full time employee of the State University System or the Community College System who retires from a first class city teacher retirement plan with at least ten years of service and returns to higher education employment of at least one-third full time and no more than two-thirds of full time with a salary not in excess of \$35,000 is exempt from the reemployed annuitant earnings limitation.
- In 2000 (Laws 2000, Ch. 461, Art. 2, Sec. 8-9), the reemployed annuitant earnings limitation provision was divided into lettered paragraphs and the forfeiture aspect of the reemployed annuitant earnings limitation was eliminated, with benefit reductions placed into a special deferred account with compound interest at 6% annually, payable at age 65 or the first of the next month following the termination of the reemployment, whichever is later, and the higher education exemption from the reemployment annuitant earnings limitation amount was increased from \$35,000 to \$46,000.
- In 2001 (1st Spec. Sess. Laws 2001, Ch. 10, Art. 3, Sec. 23), a requirement was imposed on each employing unit covered by the teachers retirement fund association to report by February 15 annually to the retirement plan the income paid by the employer to reemployed annuitants during the previous calendar year.
- In 2008 (Laws 2008, Ch. 349, Art. 3, Sec. 10), the reemployed annuitant limitation was changed from a reduction to a deferral when the reemployment compensation exceeds \$46,000.
- In 2013 (Laws 2013, Ch. 111, Art. 13, Sec. 12), amounts in excess of the reemployed annuitant earnings limitation were shifted from a deferral to a forfeiture for the Duluth Teachers Retirement Fund Association (DTRFA) and the St. Paul Teachers Retirement Fund Association (SPTRFA), after June 30, 2013.