

## **Background Information on Prior Service Credit Purchase Legislation, Post-1998**

The Legislature in 1999 enacted numerous general law purchase of service credit provisions for purchases of service credit in the Teachers Retirement Association (TRA) and in the first class city teacher plans. Under all of these provisions, the purchase price is determined under Minnesota Statutes, Section 356.55, the revised procedure to estimate full actuarial value that was enacted in 1998. Provisions to expand full actuarial value service credit purchase authority and to add full actuarial value military service credit purchase authority in Minnesota State Retirement System (MSRS) and Public Employees Retirement Association (PERA) plans, and to add full actuarial value family leave provisions to many plans, were enacted in 2000 and 2001.

### 1. 1999 Session Provisions

#### a. General Law TRA Service Credit Purchase Provisions

- (i) Full Actuarial Value Military Service Credit Purchase. A vested member who performed service in the armed forces before becoming a TRA member, or who did not make contributions for service credit while on a TRA military leave of absence, is entitled to purchase service credit for the initial period of enlistment, induction, or call to active duty not including any voluntary extension. To receive the service credit, the member must pay the full actuarial value. The purchase is not permitted if the individual is eligible for a military pension or if the individual has service credit in another plan due to this military service. (Laws 1999, Ch. 222, Art. 16, Sec. 1; coded as Minn. Stat. Sec. 354.533)
- (ii) Out-of-State Teaching Service Credit Purchase. A vested member may purchase up to ten years of service credit in TRA for out-of-state teaching in an educational institution established and operated by another state, a governmental subdivision of another state, or the federal government, providing the individual is not eligible for service credit in another plan. To receive the service credit, the member must pay the full actuarial value. (Laws 1999, Ch. 222, Art. 16, Sec. 2; coded as Minn. Stat. Sec. 354.534)
- (iii) Maternity Leave of Absence or Maternity Break in Service Purchase of Service Credit. A vested member may purchase up to five years of service credit in TRA for maternity leaves for which service credit was not received, or for a maternity break in teaching service, providing the individual is not eligible for service credit in another plan. To receive the service credit, the member must pay the full actuarial value. (Laws 1999, Ch. 222, Art. 16, Sec. 3; coded as Minn. Stat. Sec. 354.535)
- (iv) Parochial or Private School Teaching Purchase of Service Credit. A vested member may purchase up to ten years of service credit in TRA for private or parochial school teaching service, providing the individual is not eligible for service credit in another plan. To receive the service credit, the member must pay the full actuarial value. (Laws 1999, Ch. 222, Art. 16, Sec. 4; coded as Minn. Stat. Sec. 354.536)
- (v) Peace Corps or VISTA (Volunteers in Service to America) Service Credit Purchase. A vested member may purchase up to ten years of service credit in TRA for Peace Corps or VISTA service providing the individual is not eligible for service credit in another plan. To receive the service credit, the member must pay the full actuarial value. (Laws 1999, Ch. 222, Art. 16, Sec. 5; coded as Minn. Stat. Sec. 354.537)
- (vi) Charter School Teaching, Purchase of Service Credit. A vested member may purchase up to ten years of service credit in TRA for charter school teaching service providing the individual is not eligible for service credit in another plan. To receive the service credit, the member must pay the full actuarial value. (Laws 1999, Ch. 222, Art. 16, Sec. 6; coded as Minn. Stat. Sec. 354.538)
- (vii) Repealer. All TRA service credit purchase provisions noted above were set to be repealed May 16, 2002. (Laws 1999, Ch. 222, Art. 16, Sec. 16, 18)

#### b. General Law First Class City Teacher Plan Service Credit Purchase Provisions

- (i) Military Service Credit Purchase. A first class city teacher plan vested member who performed service in the armed forces before becoming a first class city teacher plan member, or who failed to make contributions for service credit while on a first class city teacher plan military leave of absence, is entitled to purchase service credit for the initial period of enlistment, induction, or call to active duty not including any voluntary extension. To receive

the service credit, the member must pay the full actuarial value. The purchase is not permitted if the individual is eligible for a military pension or if the individual has service credit in another plan due to this military service. (Laws 1999, Ch. 222, Art. 16, Sec. 7; coded as Minn. Stat. Sec. 354A.097)

- (ii) Out-of-State Teaching Service Credit Purchase. A vested member may purchase up to ten years of service credit in the applicable first class city teacher plan for out-of-state teaching in an educational institution established and operated by another state, a governmental subdivision of another state, or the federal government, providing the individual is not eligible for service credit in another plan. To receive the service credit, the member must pay the full actuarial value. (Laws 1999, Ch. 222, Art. 16, Sec. 8; coded as Minn. Stat. Sec. 354A.098)
- (iii) Maternity Leave of Absence or Maternity Break in Service Purchase of Service Credit. A vested member may purchase up to five years of service credit in the applicable first class city teacher plan for maternity leaves for which service credit was not received, or for a maternity break in teaching service, providing the individual is not eligible for service credit in another plan. To receive the service credit, the member must pay the full actuarial value. (Laws 1999, Ch. 222, Art. 16, Sec. 9; coded as Minn. Stat. Sec. 354A.099)
- (iv) Parochial or Private School Teaching Purchase of service Credit. A vested member may purchase up to ten years of service credit in the applicable first class city teacher plan for private or parochial school teaching service, providing the individual is not eligible for service credit in another plan. To receive the service credit, the member must pay the full actuarial value. (Laws 1999, Ch. 222, Art. 16, Sec. 10; coded as Minn. Stat. Sec. 354A.101)
- (v) Peace Corps or VISTA (Volunteers in Service to America) Service Credit Purchase. A vested member may purchase up to ten years of service credit in the applicable first class city teacher plan for Peace Corps or VISTA service providing the individual is not eligible for service credit in another plan. To receive the service credit, the member must pay the full actuarial value. (Laws 1999, Ch. 222, Art. 16, Sec. 11; coded as Minn. Stat. Sec. 354A.102)
- (vi) Charter School Teaching, Purchase of Service Credit. A vested member may purchase up to ten years of service credit in the applicable first class city teacher plan for charter school teaching service providing the individual is not eligible for service credit in another plan. To receive the service credit, the member must pay the full actuarial value. (Laws 1999, Ch. 222, Art. 16, Sec. 12; coded as Minn. Stat. Sec. 354A.103)
- (vii) Previously Uncredited Part-Time Teacher Service, Purchase of Service Credit. A vested member with previously uncredited part-time teaching service may purchase service credit in the applicable first class city teacher plan for that teaching service providing the individual was not previously eligible for credit for that service. To receive the service credit, the member must pay the full actuarial value. (Laws 1999, Ch. 222, Art. 16, Sec. 13; coded as Minn. Stat. Sec. 354A.104)
- (viii) Repealer. The first class city teacher plan service credit purchase authorizations noted above were set to be repealed May 16, 2002. (Laws 1999, Ch. 222, Art. 16, Sec. 16, 18)

## 2. 2000 Session Provisions

- a. A full actuarial value military service credit purchase provision, similar to that passed in 1999 for TRA and first class city teacher plan members, was enacted for MSRS, applying to the MSRS-General, MSRS-Correctional, and State Patrol Plans.
  - (i) Military Service Credit Purchase. A vested member of MSRS-General, MSRS-Correctional, or the State Patrol Plan who performed service in the armed forces before becoming an MSRS member or who failed to make contributions to obtain service credit while on a military leave of absence is entitled to purchase service credit for the initial period of enlistment, induction, or call to active duty, not including any voluntary extension. To receive the service credit, the member must pay the full actuarial value. The purchase is not permitted if the individual is eligible for a military pension or if the individual has service credit in another plan due to this military service. (Laws 2000, Ch. 461, Art. 4, Sec. 1-2; coded as Minn. Stat. Sec. 352.275 for MSRS-General and MSRS-Correctional; 352B.01, Subd. 3a, for the State Patrol Plan)

- b. A comparable provision was enacted for PERA and PERA-P&F:
  - (i) Military Service Credit Purchase. Vested members who performed service in the armed forces before becoming a PERA-General or PERA-P&F plan member, or who failed to make contributions to obtain service credit while on a military leave of absence, are entitled to purchase service credit for the initial period of enlistment, induction, or call to active duty, but not including any voluntary extension. To receive the service credit, the member must pay the full actuarial value. The purchase is not permitted if the individual is eligible for a military pension or if the individual has service credit in another plan due to the military service. (Laws 2000, Ch. 461, Art. 4, Sec. 3-4; coded as Minn. Stat. Sec. 353.01, Subd. 16a)
  - (ii) Repealer. The MSRS-General, MSRS-Correctional, State Patrol Plan, PERA-General, and PERA-P&F full actuarial value military service credit provisions enacted in 2000 were set to sunset on May 16, 2003. (Laws 2000, Ch. 461, Art. 4, Sec. 4)
- c. In 2000, the full actuarial value service credit purchase provisions in TRA and first class city teacher plan law permitting service credit purchases for private and parochial school teaching were revised to also include nonprofit community-based corporation teaching service:
  - (i) TRA Service Credit Purchase for Nonprofit Community-Based Corporation Service. The TRA and first class city teacher plan provisions authorizing service credit purchases at full actuarial value for private or parochial school teaching service are revised to also authorize purchases of nonprofit community-based corporation teaching service. (Laws 2000, Ch. 461, Art. 11, Sec. 3, 5)
- d. Provisions were also enacted in 2000 to permit MnSCU teachers who are TRA or first class city teacher plan members to use Higher Education Supplemental Plan assets to make service credit purchases under the various full actuarial value service credit purchase provisions enacted for those plans in 1999 and 2000:
  - (i) MnSCU Teachers; Use of Supplement Plan Account to Purchase TRA or First Class City Teacher Plan Service Credit. Supplemental plan participants may use supplemental plan account assets to purchase service credit in TRA or a first class city teacher plan (whichever is providing the primary coverage) under the full actuarial cost service credit purchase provisions in those plans for previously uncredited military service, out-of-state teaching service, maternity leaves and breaks in service, parochial, private, nonprofit community-based corporation teaching service, Peace Corps service, VISTA service, and charter school teaching service. (Laws 2000, Ch. 461, Art. 12, Sec. 5, 11, 14; these provisions were coded as Minn. Stat. Sec. 354.539, 354A.106, and by revising Sec. 354C.165.
  - (ii) Repealer. The above MnSCU provisions were set to expire on May 16, 2002. (Laws 2000, Ch. 461, Art. 12, Sec. 20)
- e. The above Supplemental Plan use-of-assets provision for MnSCU teachers were set to expire on the same date as the TRA and First class city teacher plan full actuarial value service credit purchase provisions, as enacted in 1999.

### 3. 2001 Session Provisions

- a. In 2001, existing TRA and first class city teacher plan service credit purchase provisions were expanded as follows:
  - (i) Out-of-Country Teaching Service and Tribal Teaching Service Credit Purchase. The TRA and first class city teacher plan out-of-state teaching service credit purchase provisions were expanded to include teaching service provided in another country or teaching service where the employing unit is a federally recognized American Indian tribe. (1<sup>st</sup> Spec. Sess. Laws 2001, Ch. 10, Art. 6, Sec. 5, 11)
  - (ii) Developmental Achievement Center Service Credit Purchase. The TRA and first class city teacher plan service credit purchase provisions permitting service credit purchase for teaching in a nonprofit community-based corporation, private school, or parochial school, were expanded to include teaching at a developmental achievement center. (1<sup>st</sup> Spec. Sess. Laws 2001, Ch. 10, Art. 6, Sec. 6, 12)
- b. Also in 2001, the Legislature enacted a full actuarial value service credit purchase provision in TRA and first class city teacher plan law to enable members who taught at the University of Minnesota but who were not covered by a pension plan for that service to purchase service credit

in TRA or the applicable first class city teacher plan. The TRA and first class city teacher plan provisions are:

- (i) Purchase of Service Credit for Uncovered Prior Teaching at the University of Minnesota. TRA or first class city teacher plan members who are vested and who provided University of Minnesota teaching service but who are not entitled to a current or deferred age and service retirement annuity or disability benefit related to that service may purchase service credit in TRA or a first class city teacher plan, as applicable, at full actuarial value reflecting that university service, not to exceed ten years. (1<sup>st</sup> Spec. Sess. Laws 2001, Ch. 10, Art. 6, Sec. 8, 14; the TRA provision is coded as Minn. Stat. Sec. 354.541, and the first class city teacher plan provision is coded as 354A.109)
- c. Although substantively similar to the various full actuarial value service credit purchase provisions that had been placed in TRA and first class city teacher plan law in 1999 and 2000, due to error these University of Minnesota teaching service provisions did not have a sunset date. This was corrected in 2003, when the Legislature passed a provision adding a May 16, 2004, sunset date.
- d. During 2001, the following provision was enacted for IRAP-covered MnSCU teachers who, due to prior employment, are also vested in TRA or in a first class city teacher plan:
  - (i) Individual Retirement Account Plan (IRAP) Members Vested in TRA or a First Class City Teacher Plan Eligible to Purchase Service Credit. Higher Education IRAP-covered employees who are vested in TRA or in a first class city teacher retirement plan are permitted to purchase service credit under the various TRA or first class city teacher plan temporary full actuarial value service credit purchase provisions. (1<sup>st</sup> Spec. Sess. Laws 2001, Ch. 10, Art. 6, Sec. 9, 15; coded as Minn. Stat. Sec. 354.542; 354A.1095)
  - (ii) Repealer. The authority provided by the above provisions for IRAP members was set to expire on May 16, 2002. (1<sup>st</sup> Spec. Sess. Laws 2001, Ch. 10, Art. 6, Sec. 21)
- e. During the 2001 First Special Session, a full actuarial value parental/family leave provision was enacted. The provision applies to MSRS-General, MSRS-Correctional, PERA-General, PERA-P&F, TRA, the first class city teacher plans, the Minneapolis Employees Retirement Fund (MERF), the Minneapolis Police Relief Association (MPRA), and the Minneapolis Fire Relief Association (MFRA).
  - (i) Parental/Family Leave or Break-in-Service Service Credit Purchase Provision. A member of an applicable plan, as described above, who had or has a family leave of absence, a parental leave, or a break in service from the same employer due to parental or family-related matters (due to birth of a child, adoption, or care of a near relative or in-law), may purchase service credit for the period of the leave or break in service, not to exceed five years, by paying the full actuarial value of the service credit purchase. (1<sup>st</sup> Spec. Sess. Laws 2001, Ch. 10, Art. 6, Sec. 1-4, 10, 12, 16-20; coded as Minn. Stat. Sec. 356.555)
  - (ii) Repealer. The above family leave/break-in-service provision, and all related amendments to plan laws to implement that provision, was set to expire on May 16, 2003.

#### 4. 2002 Session Provisions

- a. The 2002 Legislature passed no new general law service credit purchase provisions, but extended for an additional year all of the earlier TRA and first class city teacher plan provisions that had been set to expire in 2002 and the various provisions enhancing MnSCU faculty's use of those provisions.
  - (i) Expiration Date Extension, Various Service Credit Purchase Provisions Applicable to Teachers. The expiration date on various generalized service credit purchase provisions enacted in 1999 was extended from May 16, 2002, to May 16, 2003. The provisions, applicable to teachers covered by TRA or first class city teacher plans, permit service credit purchases for prior or uncredited military service, prior out-of-state-teaching service, maternity leaves and related breaks in service, private or parochial school teaching service, Peace Corps or VISTA service, uncredited charter school teaching service (and for first class city teacher plans only, previously uncredited part-time teaching service). (Laws 2002, Ch. 392, Art. 7, Sec. 1)

- (ii) Expiration Date Extension, Authority for Higher Education Teachers to Use Pre-Tax Assets to Purchase Service Credit. The expiration date on provisions enacted in 2000 which permit participants in the higher education supplemental retirement plan to use that supplemental account to purchase service credit in TRA or a first class city teacher plan, if applicable, under the various service credit purchase provisions enacted in 1999 and 2000, was extended from May 16, 2002, to May 16, 2003. (Laws 2002, Ch. 392, Art. 7, Sec. 2)
- (iii) Expiration Date Extension, Authority for Higher Education Teachers to Use Pre-Tax Assets to Purchase Service Credit for Family Leaves. Authority for participants in the higher education supplemental retirement plan to use that account to purchase service credit in TRA or a first class city teacher plan for family leave was extended from May 16, 2002, to May 16, 2003. (Laws 2002, Ch. 392, Art. 7, Sec. 3)

## 5. 2003 Session Provisions

- a. Bills were introduced during the 2003 Session to remove all sunset dates on the general law full actuarial value service credit provisions enacted over the prior few years, which would make the provisions permanent. Lacking sufficient time to adequately study the impact that the various general law service credit provisions were having on the pension plans, the Commission recommended that the expiration dates be extended another year, to permit the impact of these provision to be studied over the interim. (1<sup>st</sup> Spec. Sess. Laws 2003, Ch. 12, Art. 6, Sec. 1-5, 7)
  - (i) Extension, Full Actuarial Value Service Credit Purchase Methodology. The revised full actuarial value methodology, found in Section 356.55, was extended to July 1, 2004.
  - (ii) Extension, Various Full Actuarial Value Purchase Provisions. TRA and first class city teacher fund law full actuarial value service credit purchase provisions covering military service, prior out-of-state teaching service, maternity leaves and maternity-related breaks in service, private, parochial, and quasi-public teaching periods, Peace Corps and VISTA service, charter school teaching periods, uncredited part-time teaching section of law (found only in first class city teacher plan law), and authority to use college supplemental fund assets to purchase service credit under all of these provisions were extended to May 16, 2004, rather than expiring on May 16, 2003.
  - (iii) Extension, Full Actuarial Value Military Service Provisions. The full actuarial value military service purchase provisions enacted in 2000 for various MSRS and PERA plans were extended to May 16, 2004, rather than expiring on May 16, 2003.
  - (iv) Extension, Parental and Family Leave Provision. The parental and family leave full actuarial value service credit purchase provision (Section 356.55) was extended to May 16, 2004, rather than expiring on May 16, 2003. The pension plans covered by this provision are MSRS-General, MSRS-Correctional, PERA-General, PERA-P&F, TRA, the first class city teacher plans, MERF, the Minneapolis Police Relief Association (MPRA), and the Minneapolis Fire Relief Association (MFRA).
  - (v) Expiration Date Extension, Authority for Higher Education Teachers to Use Pre-Tax Assets to Purchase Service Credit. The expiration date on provisions enacted in 2000 which permit participants in the higher education supplemental retirement plan to use that supplemental account to purchase service credit in TRA or a first class city teacher plan, if applicable, under the various service credit purchase provisions enacted in 1999 was extended from May 16, 2003, to May 16, 2004.
  - (vi) Expiration Date Extension, Authority for Higher Education Teachers to Use Pre-Tax Assets to Purchase Service Credit for Family Leaves. Authority for participants in the higher education supplemental retirement plan to use that account to purchase service credit in TRA or a first class city teacher plan for family leave was extended from May 16, 2003, to May 16, 2004.
- b. As mentioned earlier, an expiration date was omitted from the University of Minnesota teaching service full actuarial value service credit provisions when enacted in 2001. A repealer was added, so these provisions will be handled like similar provisions:
  - (i) Repealer: University of Minnesota Teacher Service Credit Purchase Provisions. Sections 354.541 and 354A.109, which permit teachers to purchase service credit in TRA or a first class city teacher plan, whichever provides the current coverage, at full actuarial value if the teacher had prior service teaching at the University of Minnesota without any retirement plan coverage, is repealed on May 16, 2004. (1<sup>st</sup> Spec. Sess. Laws 2003, Ch. 12, Art. 6, Sec. 7)

## 6. 2004 Session Provisions

- a. Military Leave Provisions Revised to Conform to the Uniformed Services Employment and Reemployment Rights Act. The contributions-plus-interest military leave provisions in many plans, applicable when a covered employee of the plan left to provide military service and returned to the public employer upon returning, were revised to conform to the federal Uniformed Services Employment and Reemployment Rights Act (USERRA). As revised, individuals who go on leave or have a break in service with the public employer to perform military service are authorized to purchase service credit in the public pension plan for a period not to exceed five years. To receive the service credit the employee, upon return to covered employment, must pay employee contributions for the break period, based on the salary the person would have received if the break had not occurred. Following the return to Minnesota public employment with the employer, payment is permitted if made after returning during a period with duration of three times the length of the military service period, but not to exceed five years. Payment is not authorized if the person separated from military service under less than honorable conditions. The applicable employer must pay the employer contributions plus interest on the employee and employer contributions. These USERRA-compliant revisions applied to most MSRS, PERA, TRA, and first class city teacher plans. (Laws 2004, Ch. 267, Art. 3)
- b. Military Service Full-Actuarial Value Service Credit Purchase Provisions Revised and Extended. The full-actuarial value military service credit purchase provisions in MSRS, PERA, TRA and first class city teacher plans (applicable if the military service occurred before the person commenced Minnesota public employment, or if the service was provided during a break in service with the public employer but the person failed to purchase service credit for the military period in a timely manner) is revised by eliminating the prohibition against purchasing service credit if the person is entitled to a current or deferred military pension, and by extending the provisions from May 16, 2004 to May 16, 2006. (Laws 2004, Ch. 267, Art. 17)

## 7. 2005 Session Provisions

- a. Service Credit Purchase for Strike Periods. A provision was enacted applicable to any plan included under the combined service annuity provision (MSRS plans, PERA Plans, TRA, and first class city teacher plans) authorizing service credit purchase for strike periods. Public employees on strike without pay are authorized to purchase service credit in the applicable plans for the strike period if payment is received within five years of the end of the strike. Payment during the first year requires payment of employee and employer contributions plus interest. Payment in years two through five requires payment of full actuarial value and the employer is not permitted to cover any portion of the full actuarial value payment. Payment cannot be made after five years. (1<sup>st</sup> Spec. Sess. Laws 2005, Ch. 8, Art. 2, Sec. 1, 5-8)
- b. Military Service Full-Actuarial Value Service Credit Purchase Provisions Extended. The full-actuarial value military service credit purchase provisions in MSRS, PERA, TRA and first class city teacher plans which were revised in 2004, in part by extending the expiration date to May 16, 2006, were revised by extending the expiration date to May 16, 2007. (1<sup>st</sup> Spec. Sess. Laws 2005, Ch. 8, Art. 2, Sec. 3-4)
- c. Full Actuarial Value Procedure Clarified. The procedure for computing all full actuarial value purchases of service credit was revised by clarifying that the computation must take into account all liability impacts on other funds due to the combined service annuity provisions, by requiring refunds to be repaid before the full actuarial value computation is applied, and by setting the minimum purchase price equal to employee and employer contributions plus interest. (1<sup>st</sup> Spec. Sess. Laws 2005, Ch. 8, Art. 10, Sec. 65)

## 8. 2006 Session Provisions

- a. Service Credit Purchase for Strike Periods. A provision was enacted applicable to any plan included under the combined service annuity provision (MSRS plans, PERA Plans, TRA, and first class city teacher plans) authorizing service credit purchase for strike periods. Public employees on strike without pay are authorized to purchase service credit in the applicable plans for the strike period if payment is received within five years of the end of the strike. Payment during the first year requires payment of employee and employer contributions plus interest. Payment in years two through five requires payment of full actuarial value and the employer is not permitted to cover any portion of the full actuarial value payment. (1<sup>st</sup> Spec. Sess. Laws 2005, Ch. 8, Art. 2, Sec. 1, 5-8)
- b. Military Service Full-Actuarial Value Service Credit Purchase Provisions Extended. The full-actuarial value military service credit purchase provisions in MSRS, PERA, TRA and first class city teacher plans which were revised in 2004, in part by extending the expiration date to May 16, 2006,

were revised by extending the expiration date to May 16, 2007. (1<sup>st</sup> Spec. Sess. Laws 2005, Ch. 8, Art. 2, Sec. 3-4)

- c. Full Actuarial Value Procedure Clarified. The procedure for computing all full actuarial value purchases of service credit was revised by clarifying that the computation must take into account all liability impacts on other funds due to the combined service annuity provisions, by requiring refunds to be repaid before the full actuarial value computation is applied, and by setting the minimum purchase price equal to employee and employer contributions plus interest. (1<sup>st</sup> Spec. Sess. Laws 2005, Ch. 8, Art. 10, Sec. 65)

#### 9. 2007 Session Provisions

- a. TRA: Revision in Leave/Strike Period Purchase Provisions. TRA is removed from covered under strike period service credit purchase provision enacted in 2006. Instead, a provision with similar purchase terms (except that there is no prohibition against a full actuarial value purchase after five years), was enacted in TRA law. The provision will applied to strike periods by teachers, and the payment procedures of the new provision (contributions plus interest if purchased within a year of returning, and full actuarial value thereafter) will also be used as payment requirements for TRA parental leaves, extended leaves, medical leaves, and family leaves. (Laws 2007, Ch. 134, Art. 2, Sec. 31-35, 41-42)
- b. MSRS and PERA Plans: Creation of Separate Leave of Absence Service Credit Purchase Provisions. A new provision is created in MSRS law specifying service credit purchase procedures for use for all MSRS leave forms except for the USERRA-compliant military break in service provision. If payment is made within one year of returning from the leave, service credit may be purchased for employee and employer contributions plus interest. If payment is made after one year, a full actuarial value service credit purchase payment is required. Comparable changes are also made in PERA law. (Laws 2007, Ch. 134, Art. 2, Sec. 4,5,16, 18)

#### 10. 2008 Session Provisions

- a. TRA Leave Payment Provision Revised. The TRA leave/strike period payment provision is revised by waiving interest if contribution payments are paid by June 30 of the fiscal year; by permitting full actuarial value payment to be made any time prior to retirement; and by specifying that this family leaves will use the payment terms of this provision. (Laws 2008, Ch. 349, Art. 5, Sec. 28, 30)
- b. MSRS Leave Payment Provision Revised. The MSRS leave payment provision is revised to permit payment, in cases where an individual terminates from the employer during or at the end of a leave, within 30 days after termination of employment. (Laws 2008, Ch. 349, Art. 5, Sec. 2)
- c. PERA Leave Payment Provision Revised. The PERA leave payment provision is revised by permitting payment, in cases where an individual terminates from the employer during or at the end of a leave, within 30 days after termination of employment; by basing the payment upon salary before the leave rather than upon salary upon returning; and by requiring that any full actuarial value payment be made prior to termination of service. (Laws 2008, Ch. 349, Art. 5, Sec. 18)

#### 11. 2009 Session Provisions

- a. TRA Military Service Full Actuarial Value Service Purchase Provision Added. A full actuarial value service credit purchase provision for military service is added to the plan for individuals who provided military service prior to becoming TRA members, or who failed to made payment in a timely manner under the USERRA-compliant provision. Payment must be made prior to termination of teaching service and cannot be made if the military service was less than honorable. (Laws 2008, Ch. 169, Art. 4, Sec. 31)
- b. Revisions to PERA Military Service Credit Purchase Provisions. The PERA full actuarial value purchase of military service provision is revised by prohibiting purchase if service credit for the period has already been purchased in another plan, by prohibiting purchase if the military service was less than honorable, and by requiring payment before termination of plan membership of public service. The PERA USERRA-compliant provision is revised by clarifying that to be eligible the person must return to the same government subdivision rather than any government subdivision, and by permitting contributions with 30 days, rather than 20 days, of termination of service. (Laws 2009, Ch. 169, Art. 4, Sec. 5, 6)

#### 12. 2010 Session Provisions

- a. MSRS and PERA Plans: Furlough Service and Salary Credit, University of Minnesota Employees. New sections are created in the MSRS and PERA chapters to permit furloughed University of Minnesota employees to receive service and salary credit for a furloughed period. The period is

considered to be a leave of absence for purposes of MSRS and PERA law, and leave of absence payment procedures apply. (Laws 2010, Ch. 359, Art. 15, Sec. 1, 2)

- b. MSRS State Patrol Plan: Service Credit Purchase Procedure. New Section 352B.013 specifies the procedure for purchasing service credit under leaves of absence in the State Patrol Plan. Payments (contributions) made within one year must include 8.5% annual prorated interest. Payments made after one year require a full actuarial value payment. (Laws 2010, Ch. 359, Art. 2, Sec. 9)
- c. PERA Plans: Excluding Overtime Pay from Leave of Absence Service Credit Purchase Provisions. The PERA leave of absence service credit purchase payment provision is revised to exclude overtime pay from the salary base used to compute allowable service credit payment amounts for the various authorized PERA leaves of absence. As a result, the salary credit received will exclude overtime pay. (Laws 2010, Ch. 359, Art. 5, Sec. 5, 6)