



TO: Members of the Legislative Commission on Pensions and Retirement

FROM: Ed Burek, Deputy Director *EB*

RE: Section-By-Section Summary of the Report of the Prior Service Credit Purchase Subcommittee On One Person/Small Group Bills

DATE: March 22, 2001

Section	Page and Line	Plan Involved	Source Bills	Summary
1	Page 1; Lines 11-24 Page 2; Lines 1-29	TRA	SF 438 (Foley); HF 537 (Koskinen)	Authorizes an Independent School District No. 11 (Anoka-Hennepin) teacher to purchase 0.34 year of service credit for a 1977-1978 school year sabbatical leave for which full contributions were unpaid due to school district error, with mandatory school district payment.
2	Page 2; Lines 30-36 Page 3; Lines 1-14	TRA	SF 435 (Dille); HF 527 (Ness)	Authorizes a Hutchinson Public Schools teacher to purchase three years of a 1997-2001 extended leave of absence for which contribution equivalent payments were unpaid.
3	Page 3; Lines 15-36 Page 4; Lines 1-25	PERA	SF 1327 (Bachman); HF 1326 (Mares)	Authorizes a former Independent School District No. 624 (White Bear Lake) clerical employee who is now a teacher to receive one year of service credit for the 1973-1974 school year during which contributions were omitted by the school district, with a mandatory school district payment of the entire purchase payment.
4	Page 4; Lines 26-36 Page 5; Lines 1-26	MTRFA	SF 59 (Foley); HF 87 (Koskinen)	Authorizes a Minneapolis teacher who began teaching in the Minneapolis schools in August 1985 to purchase service credit at full actuarial value for the 1985-1986 school year.
5	Page 5; Lines 27-36 Page 6; Lines 1-36	PERA	SF 205 (Berg); HF 316 (Peterson)	Authorizes a Lac qui Parle county employee first employed by the county in March 1989 who did not have PERA contributions deducted until August 1989, to purchase service credit for the omitted period by making employee contributions plus interest, with mandatory county contribution of the remainder.
6	Page 7, Lines 1-36 Page 8; Lines 1-3	PERA	SF 56 (Rest); HF 732 (Thompson)	Authorizes two Minneapolis Park Board employees, one first employed on March 8, 1983, and the other first employed on April 4, 1983, to purchase service credit for uncovered periods of service.
7	Page 8; Lines 4-36 Page 9; Lines 1-7	PERA	SF 1114 (Sabo); HF 726 (Skoglund)	Authorizes the executive director of the Minneapolis Employees Retirement Fund to purchase four years of service in PERA for prior employment as an instructor at the University of Minnesota.
8	Page 9; Lines 8-10	Effective Date	--	Immediate effective date.

1 REPORT FROM THE PRIOR SERVICE CREDIT
 2 PURCHASE SUBCOMMITTEE OF THE
 3 LEGISLATIVE COMMISSION ON PENSIONS AND RETIREMENT
 4 SINGLE PERSON/SMALL GROUP PROVISIONS
 5

6 M moves to amend S.F. No.; H.F. No.
 7, as follows:

8 Page, after line, insert:

9 "ARTICLE

10 ONE PERSON/SMALL GROUP SERVICE CREDIT PURCHASES

11 Section 1. [TEACHERS RETIREMENT ASSOCIATION; SABBATICAL
 12 LEAVE OF ABSENCE SERVICE CREDIT PURCHASE.]

13 (a) An eligible person described in paragraph (b) is
 14 entitled to purchase 0.34 of a year of allowable and formula
 15 service credit from the teachers retirement association.

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

17 (1) was born on August 7, 1942;

18 (2) was employed by independent school district No. 11
 19 (Anoka-Hennepin) on August 28, 1970;

20 (3) was on a sabbatical leave of absence from July 1, 1977,
 21 to June 30, 1978; and

22 (4) due to inadvertent clerical error by independent school
 23 district No. 11, full contributions for the sabbatical leave
 24 were not made in a timely fashion and 0.654 of a year of service

1 credit was credited rather than one year of service for the
2 sabbatical leave.

3 (c) To purchase the service credit under this section, the
4 eligible person must pay to the teachers retirement association
5 the amount of the shortage in member contributions for the
6 sabbatical leave period plus interest from June 30, 1978, to the
7 date on which payment is made at an annual compound rate of 8.5
8 percent. Authority to make this payment expires on July 1,
9 2002, or the date of termination of service, whichever is
10 earlier.

11 (d) If the eligible person makes the payment required in
12 paragraph (c) in a timely manner, independent school district
13 No. 11 may pay the balance of the full prior service credit
14 purchase payment amount calculated under Minnesota Statutes,
15 section 356.55 or 356.551, whichever applies. If independent
16 school district No. 11 does not pay the balance within 30 days
17 of notification by the executive director of the teachers
18 retirement association of the payment of the member contribution
19 payment by the eligible person under paragraph (c), the
20 executive director shall notify the commissioner of finance of
21 that fact and the commissioner shall deduct from any state aid
22 payable to independent school district No. 11 that amount, plus
23 interest on that amount of 1.5 percent per month for each month
24 or portion of a month that have elapsed from the effective date
25 of this section.

26 (e) The eligible person shall provide any relevant
27 documentation related to eligibility to make this service credit
28 purchase that is required by the executive director of the
29 teachers retirement association.

30 Sec. 2. [TEACHERS RETIREMENT ASSOCIATION; PURCHASE OF
31 EXTENDED LEAVE OF ABSENCE SERVICE CREDIT.]

32 (a) An eligible person, as described in paragraph (b), is
33 entitled to purchase allowable and formula service credit in the
34 teachers retirement association for the period specified in
35 paragraph (c) by making the payment specified in Minnesota
36 Statutes, section 356.55.

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

2 (1) was born on May 25, 1948;

3 (2) was employed by the Hutchinson public schools for 26
4 years;

5 (3) was granted an extended leave of absence on May 27,
6 1997; and

7 (4) due to a clerical error within the person's electrical
8 business, omitted payment of contributions under Minnesota
9 Statutes, section 354.094, for the 1997-1998 school year.

10 (c) The prior service credit purchase period is the
11 1997-1998, 1998-1999, and 1999-2000 school years.

12 (d) The service credit purchase authority expires on June
13 29, 2001, or the date of the person's retirement, whichever is
14 earlier.

15 Sec. 3. [PUBLIC EMPLOYEES RETIREMENT ASSOCIATION; PURCHASE
16 OF PREVIOUSLY UNCREDITED WHITE BEAR LAKE PUBLIC SCHOOL CLERICAL
17 SERVICE.]

18 (a) An eligible person described in paragraph (b) is
19 entitled to receive credit for one year of allowable service
20 from the public employees retirement association on June 30,
21 2001.

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

23 (1) was born on July 24, 1939;

24 (2) was initially employed by independent school district
25 No. 624, White Bear Lake, as a casual clerical employee on March
26 15, 1971;

27 (3) was subsequently employed as a full-time clerical
28 employee by independent school district No. 624, White Bear
29 Lake, from the 1973-1974 school year until the 1990-1991 school
30 year;

31 (4) was subsequently employed as a teacher by independent
32 school district No. 624, White Bear Lake, from August 26, 1991;
33 and

34 (5) was not included in coverage by the public employees
35 retirement association for full-time clerical employment during
36 the 1973-1974 school year.

1 (c) The prior service credit purchase payment must be
2 determined under Minnesota Statutes, section 356.55 or 356.551,
3 whichever provision is in effect, and must include the impact of
4 the purchase on the eligible person's prospective retirement
5 annuity from the teachers retirement association.
6 Notwithstanding any provision of Minnesota Statutes, section
7 356.55 or 356.551, to the contrary, independent school district
8 No. 624, White Bear Lake, is obligated to pay the full required
9 service credit payment, including any amount attributable to the
10 teachers retirement association. If the school district does
11 not make payment of the service credit purchase amount by June
12 30, 2001, the executive director of the public employees
13 retirement association and the executive director of the
14 teachers retirement association shall notify the commissioner of
15 finance of the school district's failure. Following
16 notification, the commissioner of finance shall deduct the
17 required amount from any state aid otherwise payable to
18 independent school district No. 624, White Bear Lake, and shall
19 transfer the appropriate amounts to the public employees
20 retirement fund and the teachers retirement fund.

21 (d) The eligible person must provide the executive director
22 of the public employees retirement association with necessary
23 documentation of the applicability of this section and with any
24 other relevant information that the executive director may
25 require.

26 Sec. 4. [MINNEAPOLIS TEACHERS RETIREMENT FUND ASSOCIATION;
27 SERVICE CREDIT PURCHASE AUTHORIZATION.]

28 (a) Notwithstanding any provision of law to the contrary,
29 an eligible person described in paragraph (b) is authorized to
30 purchase allowable service credit under procedures specified in
31 Minnesota Statutes, section 356.55 or 356.551, whichever is in
32 effect, from the Minneapolis teachers retirement fund
33 association for the period described in paragraph (c).

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

35 (1) was born on July 21, 1941;

36 (2) initially was employed as a teacher by independent

1 school district No. 281, Robbinsdale, in December 1962;

2 (3) began employment as a teacher by special school

3 district No. 1, Minneapolis, in August 1985;

4 (4) currently is a special education teacher at the Webster

5 open school; and

6 (5) had no retirement contributions or social security

7 contributions withheld from compensation by special school

8 district No. 1 for the 1985-1986 school year.

9 (c) The allowable service credit purchase period is the

10 1985-1986 school year.

11 (d) The eligible person must provide all relevant

12 documentation of the applicability of the requirements set forth

13 in paragraph (b) and any other applicable information that the

14 executive director of the Minneapolis teachers retirement fund

15 association may request.

16 (e) Allowable service credit for the purchase period must

17 be granted by the Minneapolis teachers retirement fund

18 association to the eligible person upon the receipt of the

19 payment amounts. If the service credit purchase created

20 additional liabilities in the teachers retirement association,

21 the applicable portion of the full payment amounts shall be

22 transferred to that association.

23 (f) The prior service credit purchase authority expires on

24 July 1, 2001, or on the date of the termination of active

25 teaching service with special school district No. 1 by the

26 eligible person, whichever occurs earlier.

27 Sec. 5. [PAYMENT OF OMITTED SALARY DEDUCTIONS.]

28 Subdivision 1. [APPLICATION.] A person who was born on

29 February 1, 1961, who was employed by Lac qui Parle county in

30 March 1989, June 1989, and July 1989, but who first had public

31 employees retirement association member contributions deducted

32 in August 1989, is entitled to purchase service credit from the

33 public employees retirement association for the service in

34 March, June, and July 1989.

35 Subd. 2. [PAYMENT.] (a) The purchase payment amount for

36 the service credit purchase authorized in subdivision 1 is

1 governed by Minnesota Statutes, section 356.55 or 356.551,
2 whichever is applicable.

3 (b) To purchase the allowable service credit, the eligible
4 person must pay an amount equal to the employee contribution
5 rate or rates in effect during the service credit purchase
6 period applied to the actual salary in effect during that
7 period, plus 8.5 percent compound annual interest from the date
8 the contributions should have been made until the date of actual
9 payment.

10 (c) Upon receipt of the payment by the eligible person as
11 specified under paragraph (b), the executive director of the
12 public employees retirement association shall notify the chief
13 administrative officer of Lac qui Parle county of that fact.
14 Within 30 days of that notification, Lac qui Parle county shall
15 pay to the public employees retirement association the balance
16 of the service credit purchase payment amount under Minnesota
17 Statutes, section 356.55 or 356.551, whichever is in effect,
18 that is not paid by the eligible person.

19 (d) If Lac qui Parle county does not make the payments
20 required by paragraph (c) in a timely fashion, the executive
21 director of the public employees retirement association shall
22 notify the commissioner of finance, who then shall deduct the
23 required amounts from any state aid payable to the county, plus
24 interest at the rate of one percent per month or part of a month
25 that has elapsed since the date on which the eligible person
26 made payment under paragraph (b).

27 Subd. 3. [APPLICATION; DOCUMENTATION.] A person described
28 in subdivision 1 must apply to the executive director of the
29 public employees retirement association to make the purchase.
30 The application must be on a form provided by the executive
31 director and must include all necessary documentation of the
32 applicability of this section and any other relevant information
33 that the executive director may require.

34 Subd. 4. [LIMITATION.] Authority under this section
35 expires on July 1, 2002, or upon termination of service,
36 whichever is earlier.

1 Sec. 6. [PAYMENT OF OMITTED SALARY DEDUCTION.]

2 Subdivision 1. [APPLICATION.] (a) An eligible person
3 described in paragraph (b) and an eligible person described in
4 paragraph (c) are authorized to purchase service credit in the
5 public employees retirement association general plan for the
6 period specified in paragraph (d).

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

8 (1) was born on February 11, 1948;

9 (2) is currently a member of the public employees
10 retirement association general plan; and

11 (3) is currently employed by the Minneapolis park board and
12 was first employed by that board on March 8, 1983.

13 (c) An eligible person is a person who:

14 (1) was born on August 12, 1936;

15 (2) is currently a member of the public employees
16 retirement association general plan; and

17 (3) is currently employed by the Minneapolis park board and
18 was first employed by that board on April 4, 1983.

19 (d) The service credit purchase period is any period of
20 previously uncredited service, unless properly excluded under
21 law, during which the eligible person in paragraph (b) or (c),
22 as applicable, was employed by the Minneapolis park board
23 following the date on which, under applicable requirements of
24 public employees retirement association law, the applicable
25 eligible person should have been reported for plan membership."

26 Subd. 2. [PAYMENT.] The purchase payment for the service
27 credit purchases authorized in subdivision 1 is governed by
28 Minnesota Statutes 2000, section 356.55, or 356.551, whichever
29 is applicable.

30 Subd. 3. [DOCUMENTATION.] A person described in
31 subdivision 1 must apply with the executive director of the
32 public employees retirement association to make the purchase.
33 The application must be in writing and must include all
34 necessary documentation of the applicability of this section and
35 any other relevant information required by the executive
36 director.

1 Subd. 4. [APPLICATION DATE.] Authority to purchase service
2 credit under this section terminates on January 1, 2002, or upon
3 termination by the applicable person from service.

4 Sec. 7. [PERA-COORDINATED RETIREMENT PLAN SERVICE CREDIT
5 PURCHASE AUTHORIZED.]

6 (a) Notwithstanding any provision of law to the contrary,
7 an eligible person described in paragraph (b) is authorized to
8 purchase allowable service credit from the coordinated plan of
9 the public employees retirement system for the period described
10 in paragraph (c) by making a prior service credit purchase
11 payment required under Minnesota Statutes, section 356.55, or
12 356.551, whichever is applicable. Notwithstanding the authority
13 in these sections, neither the Minneapolis employees retirement
14 fund nor the city of Minneapolis is authorized to pay any
15 portion of the purchase payment amount.

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

17 (1) is a current employee of the Minneapolis employees
18 retirement fund and is a current member of the coordinated plan
19 of the public employees retirement association and an inactive
20 member of the unclassified retirement plan of the Minnesota
21 state retirement system;

22 (2) was born on April 26, 1949;

23 (3) was employed as a full-time instructor temporary
24 classification on August 15, 1981, by the accounting department,
25 Carlson school of management, University of Minnesota; and

26 (4) was subsequently reappointed annually as a full-time
27 instructor temporary classification for an additional three
28 years and terminated employment on August 14, 1985.

29 (c) The allowable service credit purchase period is the
30 period described in paragraph (b), clause (3) and (4).

31 (d) The eligible person must provide all relevant
32 documentation of the applicability of the requirements in
33 paragraph (b) and any other applicable information that the
34 executive director of the public employees retirement
35 association may request.

36 (e) Allowable service credit for the purchase period must

1 be granted by the coordinated plan of the public employees
2 retirement fund to the eligible person upon receipt of the prior
3 service credit purchase payment amount.

4 (f) The prior service credit purchase authority expires on
5 July 1, 2002, or on the date of termination of active service
6 covered by the public employees retirement association by the
7 eligible person, whichever occurs earlier.

8 Sec. 8. [EFFECTIVE DATE.]

9 Sections 1 to 7 are effective on the day following final
10 enactment."

11 Correct internal cross-references

12 Amend the title accordingly