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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH
SESSION

HOUSE FILE No. **1001**

February 15, 2007

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The bill was read for the first time and referred to the Committee on Governmental Operations, Reform, Technology and Elections

1.1 A bill for an act
1.2 relating to retirement; teacher retirement plans; increasing the reemployed
1.3 annuitant earnings limitation amount for part-time and substitute teachers;
1.4 amending Minnesota Statutes 2006, sections 354.44, subdivision 5; 354A.31,
1.5 subdivision 3.

1.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.7 Section 1. Minnesota Statutes 2006, section 354.44, subdivision 5, is amended to read:

1.8 Subd. 5. **Resumption of teaching service after retirement.** (a) Except as provided
1.9 in paragraph (b) or in subdivision 5a, any person who retired under the provisions of
1.10 this chapter and has thereafter resumed teaching in any employer unit to which this
1.11 chapter applies is eligible to continue to receive payments in accordance with the annuity
1.12 except that annuity payments must be reduced during the calendar year immediately
1.13 following any calendar year in which the person's income from the teaching service is
1.14 in an amount greater than the annual maximum earnings allowable for that age for the
1.15 continued receipt of full benefit amounts monthly under the federal old age, survivors and
1.16 disability insurance program as set by the secretary of health and human services under
1.17 United States Code, title 42, section 403. The amount of the reduction must be one-half
1.18 of the amount in excess of the applicable reemployment income maximum specified in
1.19 this subdivision and must be deducted from the annuity payable for the calendar year
1.20 immediately following the calendar year in which the excess amount was earned. If the
1.21 person has not yet reached the minimum age for the receipt of Social Security benefits,
1.22 the maximum earnings for the person must be equal to the annual maximum earnings
1.23 allowable for the minimum age for the receipt of Social Security benefits.

1.24 (b) The retirement annuity of a retired member who:

1.25 (1) resumes teaching on a part-time basis or on a substitute basis;

2.1 (2) is under the full retirement age under the federal old age, survivors, and disability
 2.2 insurance program; and

2.3 (3) earns compensation for teaching service in excess of \$23,000 in a calendar year,
 2.4 must be reduced by \$1 for every \$2 by which the teaching service compensation exceeds
 2.5 \$23,000 for the following calendar year.

2.6 (c) If the person is retired for only a fractional part of the calendar year during the
 2.7 initial year of retirement, the maximum reemployment income specified in this subdivision
 2.8 must be prorated for that calendar year.

2.9 ~~(c)~~ (d) After a person has reached the Social Security full retirement age, no
 2.10 reemployment income maximum is applicable regardless of the amount of income.

2.11 ~~(d)~~ (e) The amount of the retirement annuity reduction must be handled or disposed
 2.12 of as provided in section 356.47.

2.13 ~~(e)~~ (f) For the purpose of this subdivision, income from teaching service includes,
 2.14 but is not limited to:

2.15 (1) all income for services performed as a consultant or an independent contractor
 2.16 for an employer unit covered by the provisions of this chapter; and

2.17 (2) the greater of either the income received or an amount based on the rate paid
 2.18 with respect to an administrative position, consultant, or independent contractor in an
 2.19 employer unit with approximately the same number of pupils and at the same level as the
 2.20 position occupied by the person who resumes teaching service.

2.21 Sec. 2. Minnesota Statutes 2006, section 354A.31, subdivision 3, is amended to read:

2.22 Subd. 3. **Resumption of teaching after commencement of a retirement annuity.**

2.23 (a) Except as provided in paragraph (b), any person who retired and is receiving a
 2.24 coordinated program retirement annuity under the provisions of sections 354A.31 to
 2.25 354A.41 or any person receiving a basic program retirement annuity under the governing
 2.26 sections in the articles of incorporation or bylaws and who has resumed teaching service
 2.27 for the school district in which the teachers retirement fund association exists is entitled
 2.28 to continue to receive retirement annuity payments, except that annuity payments must
 2.29 be reduced during the calendar year immediately following the calendar year in which
 2.30 the person's income from the teaching service is in an amount greater than the annual
 2.31 maximum earnings allowable for that age for the continued receipt of full benefit amounts
 2.32 monthly under the federal old age, survivors, and disability insurance program as set by
 2.33 the secretary of health and human services under United States Code, title 42, section 403.
 2.34 The amount of the reduction must be one-third the amount in excess of the applicable
 2.35 reemployment income maximum specified in this subdivision and must be deducted

3.1 from the annuity payable for the calendar year immediately following the calendar year
 3.2 in which the excess amount was earned. If the person has not yet reached the minimum
 3.3 age for the receipt of Social Security benefits, the maximum earnings for the person
 3.4 must be equal to the annual maximum earnings allowable for the minimum age for the
 3.5 receipt of Social Security benefits.

3.6 (b) The retirement annuity of a retired member who:

3.7 (1) resumes teaching on a part-time basis or on a substitute basis;

3.8 (2) is under the full retirement age under the federal old age, survivors, and disability
 3.9 insurance program; and

3.10 (3) earns compensation for teaching service in excess of \$23,000 in a calendar year,
 3.11 must be reduced by \$1 for every \$2 by which the teaching service compensation exceeds
 3.12 \$23,000 for the following calendar year.

3.13 (c) If the person is retired for only a fractional part of the calendar year during the
 3.14 initial year of retirement, the maximum reemployment income specified in this subdivision
 3.15 must be prorated for that calendar year.

3.16 ~~(c)~~ (d) After a person has reached the age of 70, no reemployment income maximum
 3.17 is applicable regardless of the amount of any compensation received for teaching service
 3.18 for the school district in which the teachers retirement fund association exists.

3.19 ~~(d)~~ (e) The amount of the retirement annuity reduction must be handled or disposed
 3.20 of as provided in section 356.47.

3.21 ~~(e)~~ (f) For the purpose of this subdivision, income from teaching service includes:

3.22 (i) all income for services performed as a consultant or independent contractor; or income
 3.23 resulting from working with the school district in any capacity; and (ii) the greater of either
 3.24 the income received or an amount based on the rate paid with respect to an administrative
 3.25 position, consultant, or independent contractor in the school district in which the teachers
 3.26 retirement fund association exists and at the same level as the position occupied by the
 3.27 person who resumes teaching service.

3.28 ~~(f)~~ (g) On or before February 15 of each year, each applicable employing unit
 3.29 shall report to the teachers retirement fund association the amount of postretirement
 3.30 income as defined in this subdivision, earned as a teacher, consultant, or independent
 3.31 contractor during the previous calendar year by each retiree of the teachers retirement fund
 3.32 association for teaching service performed for that employer after retirement. The report
 3.33 must be in a format approved by the executive secretary or director.

3.34 **Sec. 3. EFFECTIVE DATE.**

3.35 Sections 1 and 2 are effective the day following final enactment.