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State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH  
SESSION

HOUSE FILE No. **1602**

March 1, 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; providing additional benefits to certain teachers;  
1.3 appropriating money; proposing coding for new law in Minnesota Statutes,  
1.4 chapter 354.

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

1.6 Section 1. **[354.551] ADDITIONAL BENEFIT FOR CERTAIN TEACHERS.**

1.7 Subdivision 1. **Additional benefit entitlement.** Except as otherwise specified in  
1.8 this section, eligible retired teachers as defined in subdivision 2 are entitled to receive  
1.9 the additional benefit amount determined under subdivision 3 unless the applicable  
1.10 person files a written notification with the executive director of the Teachers Retirement  
1.11 Association that the additional benefit not be paid.

1.12 Subd. 2. **Eligibility.** An eligible person for purposes of this section is a person who:

1.13 (1) was a teacher as defined in section 354.05, subdivision 2; and

1.14 (2) rendered teaching service as defined in section 354.05, subdivision 3, either

1.15 during the 1968-1969 school year, but was not covered by the improved money purchase

1.16 program savings clause in section 354.55, subdivision 17, or before the 1968-1969 school

1.17 year, did not take a refund of member contributions upon the termination of teacher

1.18 service, and was eligible to make an election under Minnesota Statutes 1971, section

1.19 354.55, subdivision 8.

1.20 Subd. 3. **Determination of additional benefit amount.** (a) By July 1, annually, the

1.21 executive director of the Teachers Retirement Association shall determine which retired

1.22 teachers satisfy the eligibility requirements under subdivision 2 and are eligible to receive

1.23 an additional benefit amount under this section, and the executive director shall determine

1.24 each eligible person's additional benefit amount.

2.1 (b) The increase amount is 25 percent of the difference, if a positive number,  
2.2 obtained by subtracting the single life annuity amount initially payable upon retirement  
2.3 under section 354.44, subdivision 6, from a comparable single life annuity amount  
2.4 computed as of the same date under section 354.44, subdivision 2. If the applicable  
2.5 appropriation in subdivision 6, paragraph (c), does not permit the full postretirement  
2.6 adjustment payment amount as determined by the executive director of the Teachers  
2.7 Retirement Association, the increase amount is that portion of the full increase amount that  
2.8 bears the same relationship to the full increase amount that the authorized appropriation  
2.9 bears to the full required appropriation for the full increase amount.

2.10 (c) The annual additional retirement benefit is payable in a lump sum on July 1  
2.11 beginning July 1, 2008, for eligible persons who were receiving a retirement annuity on  
2.12 June 1, 2008, or commencing on July 1 following the initial retirement annuity payment  
2.13 for persons who were active, deferred, or inactive members on June 1, 2008.

2.14 (d) The additional retirement benefit amount specified in this section is payable from  
2.15 the Teacher Retirement Association's participation in the Minnesota combined investment  
2.16 fund under section 11A.14.

2.17 Subd. 4. **Duration of additional benefit.** The additional benefit amount is payable  
2.18 for life or for the duration of the selected optional annuity form, whichever applies. The  
2.19 additional benefit amount shall not be increased or escalated.

2.20 Subd. 5. **No payment to estate; no retroactivity.** (a) Nothing in this section  
2.21 authorizes the payment of an additional benefit amount under this section to an estate or to  
2.22 a survivor or beneficiary other than under an optional annuity form.

2.23 (b) Nothing in this section authorizes the payment of an additional benefit amount  
2.24 for any period before July 1, 2008.

2.25 (c) Nothing in this section authorizes the payment of an additional benefit amount to  
2.26 a person who was or is entitled to have their retirement annuity calculated under section  
2.27 354.44, subdivision 2.

2.28 Subd. 6. **Appropriation.** (a) Before July 1, 2007, the actuary retained under section  
2.29 356.214 shall determine the present value of the liabilities created by this section using an  
2.30 8.5 percent investment earnings assumption and any other relevant actuarial assumptions  
2.31 applicable to the Teachers Retirement Association, including the cost of the actuarial study.

2.32 (b) The actuary specified in paragraph (a) shall determine the level dollar annual  
2.33 appropriation to the Teachers Retirement Association, commencing July 1, 2007,  
2.34 necessary to amortize the liability determined under paragraph (a) by June 30, 2032.

2.35 (c) The amount specified in paragraph (b) is appropriated annually on July 1,  
2.36 from the general fund for the period specified in paragraph (b). This appropriation shall

3.1 be deposited in the Teacher Retirement Association's participation in the Minnesota  
3.2 combined investment fund. The constant annual appropriation under this paragraph must  
3.3 not exceed \$5,000,000. If the necessary appropriation amount computed under paragraph  
3.4 (b) exceeds the permitted appropriation under this paragraph, then the additional benefit  
3.5 amounts determined under subdivision 3, paragraph (b), must be prorated as specified in  
3.6 that paragraph.

3.7 **Sec. 2. EFFECTIVE DATE.**

3.8 Section 1, subdivisions 1 to 5, are effective July 1, 2007. Section 1, subdivision 6, is  
3.9 effective the day following final enactment.