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State of Minnesota
HOUSE OF REPRESENTATIVES

**EIGHTY-FIFTH
SESSION**

HOUSE FILE No. 2803

February 12, 2008

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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; Teachers Retirement Association; permitting certain
1.3 Minnesota State Colleges and Universities system faculty members to elect
1.4 prospective and retroactive defined benefit coverage for Minnesota State
1.5 Colleges and Universities employment.

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

1.7 Section 1. **TEACHERS RETIREMENT ASSOCIATION COVERAGE**
1.8 **ELECTION FOR CERTAIN MNSCU FACULTY MEMBERS.**

1.9 (a) Notwithstanding any provision to the contrary of Minnesota Statutes, chapter
1.10 354B, an eligible person described in paragraph (b) may elect prospective and retroactive
1.11 retirement coverage under paragraph (c).

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

1.13 (1) was born on December 9, 1954;

1.14 (2) was initially employed by the Minnesota State Colleges and Universities system
1.15 on a part-time basis at Metropolitan State University on January 12, 2004;

1.16 (3) was later employed in excess of 25 percent of full-time employment by the
1.17 Minnesota State Colleges and Universities system in 2004;

1.18 (4) was covered by the higher education individual retirement account plan because
1.19 of a failure of the Minnesota State Colleges and Universities system to advise about the
1.20 default retirement coverage provision of Minnesota Statutes, section 354B.21, subdivision
1.21 3; and

1.22 (5) became a full-time employee of the Minnesota State Colleges and Universities
1.23 system as a full-time faculty member at Metropolitan State University on July 17, 2007.

1.24 (c) An eligible person may elect retirement coverage by the Teachers Retirement
1.25 Association rather than the higher education individual retirement account plan for faculty

2.1 employment rendered after the date of the retirement coverage election under this section
2.2 and for past Minnesota State Colleges and Universities system faculty employment from
2.3 January 12, 2004, until the date of the retirement coverage election. The election must
2.4 be made in writing, must be filed with the executive director of the Teachers Retirement
2.5 Association, and must be accompanied with any relevant documentation required by the
2.6 executive director of the Teachers Retirement Association.

2.7 (d) If an eligible person makes the retirement coverage election under paragraph (c),
2.8 the eligible person's member contributions to the higher education individual retirement
2.9 account plan must be transferred to the Teachers Retirement Association, with any earned
2.10 investment returns on those contributions. If the transferred member contributions and
2.11 investment earnings are less than the calculated amount of the member contribution that
2.12 the eligible person would have made to the Teachers Retirement Association on the
2.13 eligible person's compensation from the Minnesota State Colleges and Universities system
2.14 for the period from January 12, 2004, to the date of the retirement coverage election, if
2.15 the person had been covered by the Teachers Retirement Association during the period,
2.16 plus annual compound interest at the rate of 8.5 percent, the eligible person shall pay the
2.17 balance of that calculated member contribution obligation within 30 days of the retirement
2.18 coverage election. Any payment may be made through an institution-to-institution
2.19 transfer from the eligible person's account in the Minnesota state deferred compensation
2.20 program or the eligible person's tax-sheltered savings account under the federal Internal
2.21 Revenue Code, section 403(b).

2.22 (e) Upon the transfer of the equivalent member contribution amount and any
2.23 additional payments under paragraph (d), the balance of the eligible person's higher
2.24 education individual retirement account plan account must be transferred to the Teachers
2.25 Retirement Association. If the amounts under paragraph (d) and the individual retirement
2.26 account plan account balance under this paragraph are less than the prior service credit
2.27 purchase payment amount calculated under Minnesota Statutes, section 356.551, the
2.28 Minnesota State Colleges and Universities system shall pay that difference within 60 days
2.29 of the retirement coverage election date.

2.30 (f) Upon the transfers and payments under paragraphs (d) and (e), the eligible
2.31 person must be credited by the Teachers Retirement Association with allowable and
2.32 formula service for Minnesota State Colleges and Universities system employment since
2.33 January 12, 2004.

2.34 (g) The authority to make a retirement coverage election under this section expires
2.35 on January 1, 2009.

2.36 **EFFECTIVE DATE.** This section is effective the day following final enactment.