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State of Minnesota  
**HOUSE OF REPRESENTATIVES**

EIGHTY-FIFTH  
SESSION

**HOUSE FILE No. 3415**

February 25, 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 and first class city teacher  
1.3 plans; providing for phased retirement from teaching; amending Minnesota  
1.4 Statutes 2006, sections 354.05, subdivision 37; 354.44, subdivision 5; 354A.31,  
1.5 subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 354.

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

1.7 Section 1. Minnesota Statutes 2006, section 354.05, subdivision 37, is amended to read:

1.8 Subd. 37. **Termination of teaching service.** "Termination of teaching service"  
1.9 means the withdrawal of a member from active teaching service by resignation or the  
1.10 termination of the member's teaching contract by the employer. A member is not  
1.11 considered to have terminated teaching service, if before the age of 62, and before the  
1.12 effective date of the termination or retirement, the member has entered into a written  
1.13 contract to resume teaching service with an employing unit covered by the provisions  
1.14 of this chapter.

1.15 **EFFECTIVE DATE.** This section is effective July 1, 2008.

1.16 Sec. 2. Minnesota Statutes 2006, section 354.44, subdivision 5, is amended to read:

1.17 Subd. 5. **Resumption of teaching service after retirement.** (a) Any person who  
1.18 retired under the provisions of this chapter and has thereafter resumed teaching in any  
1.19 employer unit to which this chapter applies is eligible to continue to receive payments in  
1.20 accordance with the annuity except that all or a portion of the annuity payments must be  
1.21 ~~reduced~~ deferred during the calendar year immediately following any calendar year in  
1.22 which the person's ~~income~~ salary from the teaching service is in an amount greater than ~~the~~  
1.23 ~~annual maximum earnings allowable for that age for the continued receipt of full benefit~~

2.1 ~~amounts monthly under the federal old age, survivors and disability insurance program~~  
 2.2 ~~as set by the secretary of health and human services under United States Code, title 42,~~  
 2.3 ~~section 403 \$46,000. The amount of the reduction must be~~ annuity deferral is one-half of  
 2.4 the salary amount in excess of the applicable reemployment income maximum specified in  
 2.5 this subdivision \$46,000 and must be deducted from the annuity payable for the calendar  
 2.6 year immediately following the calendar year in which the excess amount was earned. If  
 2.7 the person has not yet reached the minimum age for the receipt of Social Security benefits,  
 2.8 the maximum earnings for the person must be equal to the annual maximum earnings  
 2.9 allowable for the minimum age for the receipt of Social Security benefits.

2.10 (b) If the person is retired for only a fractional part of the calendar year during  
 2.11 the initial year of retirement, the maximum reemployment ~~income~~ salary exempt from  
 2.12 triggering a deferral as specified in this subdivision must be prorated for that calendar year.

2.13 (c) After a person has reached the Social Security ~~full~~ normal retirement age, no  
 2.14 ~~reemployment income maximum~~ deferral requirement is applicable regardless of the  
 2.15 amount of ~~income~~ salary.

2.16 (d) The amount of the retirement annuity ~~reduction~~ deferral must be handled or  
 2.17 disposed of as provided in section 356.47.

2.18 (e) For the purpose of this subdivision, ~~income~~ salary from teaching service includes,  
 2.19 but is not limited to:

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

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

2.26 **EFFECTIVE DATE.** This section is effective July 1, 2008.

2.27 Sec. 3. **[354.444] PHASED RETIREMENT PROGRAM.**

2.28 Subdivision 1. Authorization. Notwithstanding any other provisions in this chapter,  
 2.29 an eligible person as specified in subdivision 2 is authorized to commence receipt of a  
 2.30 retirement annuity from the association and enter into an agreement to return to work.  
 2.31 This provision must be administered in accordance with the federal Internal Revenue  
 2.32 Code and applicable rulings.

2.33 Subd. 2. Eligibility. An eligible person is a person who:

2.34 (1) is a teacher as defined by section 354.05, subdivision 2, who is at least age 62;

2.35 (2) enters into a written agreement with the employing unit to return to work; and

3.1 (3) retires under the provisions of section 354.44 and begins to draw an annuity  
 3.2 from the Teacher's Retirement Association.

3.3 Subd. 3. **Work agreement.** Participation, the amount of time worked, and  
 3.4 the duration of participation under this section must be mutually agreed upon by the  
 3.5 employing unit and the employee. The employing unit may require up to a one-year notice  
 3.6 of intent to participate in the program as a condition of participation. The employing unit  
 3.7 shall determine the time of year the employee shall work. Unless otherwise specified in  
 3.8 this section, the employing unit may not require a person to waive any rights under a  
 3.9 collective bargaining agreement as a condition of participation under this section.

3.10 Subd. 4. **Exclusion.** For purposes of this section, "employing unit" does not include  
 3.11 the Minnesota State Colleges and Universities system.

3.12 Subd. 5. **No service credit or contribution.** Notwithstanding any law to the  
 3.13 contrary, an eligible person under this section may not, based on employment to which  
 3.14 this section applies, contribute to or earn further service credit in the Teachers Retirement  
 3.15 Association.

3.16 Subd. 6. **Annuity application procedure.** A participant in the program specified in  
 3.17 this section must apply for a retirement annuity under the application procedure specified  
 3.18 in section 354.44, subdivisions 3 and 4. A copy of the written agreement with the  
 3.19 employing unit must be included with the person's retirement annuity application. This  
 3.20 written agreement must include the termination date and reemployment date. The filing  
 3.21 of the initial executed agreement must occur before reemployment under the agreement  
 3.22 commences. The reemployment date must be after the member's accrual date.

3.23 Subd. 7. **Annuity treatment.** For purposes of the annuity deferral under section  
 3.24 354.44, subdivision 5, an eligible person under this section is a reemployed annuitant.

3.25 **EFFECTIVE DATE.** This section is effective July 1, 2008.

3.26 Sec. 4. Minnesota Statutes 2006, section 354A.31, subdivision 3, is amended to read:

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

3.28 (a) Any person who retired and is receiving a coordinated program retirement annuity  
 3.29 under the provisions of sections 354A.31 to 354A.41 or any person receiving a basic  
 3.30 program retirement annuity under the governing sections in the articles of incorporation  
 3.31 or bylaws and who has resumed teaching service for the school district in which the  
 3.32 teachers retirement fund association exists is entitled to continue to receive retirement  
 3.33 annuity payments, except that all or a portion of the annuity payments must be ~~reduced~~  
 3.34 deferred during the calendar year immediately following the calendar year in which the  
 3.35 person's ~~income~~ salary from the teaching service is in an amount greater than ~~the annual~~

4.1 ~~maximum earnings allowable for that age for the continued receipt of full benefit amounts~~  
4.2 ~~monthly under the federal old age, survivors, and disability insurance program as set by~~  
4.3 ~~the secretary of health and human services under United States Code, title 42, section 403~~  
4.4 ~~\$46,000. The amount of the reduction must be~~ annuity deferral is one-third the salary  
4.5 ~~amount in excess of the applicable reemployment income maximum specified in this~~  
4.6 ~~subdivision~~ \$46,000 and must be deducted from the annuity payable for the calendar year  
4.7 immediately following the calendar year in which the excess amount was earned. ~~If the~~  
4.8 ~~person has not yet reached the minimum age for the receipt of Social Security benefits,~~  
4.9 ~~the maximum earnings for the person must be equal to the annual maximum earnings~~  
4.10 ~~allowable for the minimum age for the receipt of Social Security benefits.~~

4.11 (b) If the person is retired for only a fractional part of the calendar year during  
4.12 the initial year of retirement, the maximum reemployment ~~income~~ salary exempt from  
4.13 triggering a deferral as specified in this subdivision must be prorated for that calendar year.

4.14 (c) After a person has reached the Social Security normal retirement age of 70, no  
4.15 ~~reemployment income maximum~~ deferral requirement is applicable regardless of the  
4.16 amount of any compensation received for teaching service for the school district in which  
4.17 the teachers retirement fund association exists.

4.18 (d) The amount of the retirement annuity ~~reduction~~ deferral must be handled or  
4.19 disposed of as provided in section 356.47.

4.20 (e) For the purpose of this subdivision, ~~income~~ salary from teaching service  
4.21 includes: (i) all income for services performed as a consultant or independent contractor;  
4.22 or income resulting from working with the school district in any capacity; and (ii) the  
4.23 greater of either the income received or an amount based on the rate paid with respect to  
4.24 an administrative position, consultant, or independent contractor in the school district in  
4.25 which the teachers retirement fund association exists and at the same level as the position  
4.26 occupied by the person who resumes teaching service.

4.27 (f) On or before February 15 of each year, each applicable employing unit shall  
4.28 report to the teachers retirement fund association the amount of postretirement ~~income~~  
4.29 salary as defined in this subdivision, earned as a teacher, consultant, or independent  
4.30 contractor during the previous calendar year by each retiree of the teachers retirement  
4.31 fund association for teaching service performed after retirement. The report must be in  
4.32 a format approved by the executive secretary or director.

4.33 **EFFECTIVE DATE.** This section is effective July 1, 2008.

4.34 **Sec. 5. BYLAW REVISION AUTHORIZATION.**

5.1 Consistent with section 4 and Minnesota Statutes, section 354A.12, subdivision 4,  
5.2 the St. Paul Teachers Retirement Fund Association is authorized to revise its bylaws or  
5.3 articles of incorporation to specify that a person receiving a basic program retirement  
5.4 annuity under the governing sections in the articles of incorporation or bylaws who has  
5.5 resumed teaching service for the school district is entitled to continue receiving retirement  
5.6 annuity payments, except that all or a portion of the annuity payments must be deferred  
5.7 during the calendar year immediately following the calendar year in which the person's  
5.8 salary from the reemployment exceeds \$46,000. The amount of the annuity deferral is  
5.9 one-third of the salary amount in excess of \$46,000. After a person has reached age 70,  
5.10 the deferral requirement no longer applies. Any deferral amounts must be treated as  
5.11 specified in Minnesota Statutes, section 356.47.

5.12 **EFFECTIVE DATE.** This section is effective July 1, 2008.