

Background Information on Accumulated Contributions

1. Contributory and Noncontributory Minnesota Public Retirement Plans. With the exception of most Minnesota volunteer firefighter relief associations, Minnesota public pension plans are contributory retirement plans, meaning that retirement plan members are required to make member contributions to the retirement plan to offset a portion of the actuarial costs of the plan.

Among defined benefit pension plans, most public sector pension plans are contributory plans and most private sector pension plans are noncontributory plans. Most defined contribution pension plans, public sector or private sector, are contributory plans. For contributory pension plans, the funding burden must be allocated between the employers and the plan members. The member contributions represent mandatory savings and the employer contributions represent a cost of conducting business and operations.

2. Function of Accumulated Contributions in Minnesota Public Retirement Plans. For contributory retirement plans in Minnesota, the amount of accumulated contributions, plus interest at a specified rate or at specified rates, sets the amount of a member contribution refund, either payable due to a pre-retirement termination of active plan membership or payable due to a pre-retirement death of an active member with relatively short service credit.

Additionally, for members of the Teachers Retirement Association (TRA) who were initially employed as a teacher before 1969 and who are covered by the TRA-Improved Money Purchase, accumulated contributions plus interest credit to member accounts was the basis for determining the amount of the eventual retirement annuity in combination with imputed accumulated contribution amounts.

3. Summary of the Current Accumulated Contributions Definition Provisions

MSRS-General	MSRS-Correctional	State Patrol Plan	
The total, exclusive of interest, of sums deducted from the employee's salary, the payments and assessments paid by the employee in lieu of salary deductions, and the payments made under MSRS laws credited to person's individual account. [352.01, Subd. 4]	Same as MSRS-General.	The total sums deducted from member salary and total amount of assessments paid by the member in place of deductions and credited to the member's individual account, without interest. [352B.02, Subd. 6]	
PERA-General	PERA-Correctional	PERA-P&F	
The total of amounts deducted from member's salary, exclusive of interest, and total of amounts paid by the member in lieu of deductions and credited to the member's individual accounts. [353.01, Subd. 4]	Same as PERA-General.	Same as PERA-General.	
TRA	First Class City Teachers Coordinated	Judges Plan	Legislators Plan
The total of the sums deducted from a member's salary and the total amount of assessments paid in lieu of deductions credited to the member's individual fund, less amounts paid in the form of refundments, annuity payments, and other amounts deducted under law. [354.05, Subd. 11]	The total of member contributions made by salary deductions and assessments or payments made in lieu of salary deductions, if authorized, credited by the association to the member's individual account. [354A.011, Subd. 3]	No definition.	No definition.

4. Summary of the Development of the Current Accumulated Contributions Provisions

- a. MSRS-General

- In 1953, the term was defined as the total of the sums deducted from the salary of a member and the total amount of assessments paid by the member in lieu of deductions paid under Laws 1929, Chapter 191, as amended (Minn. Stat. Ch. 352), and credited to the individual account in the retirement fund, without interest.
- In 1963 (Laws 1963, Ch. 383, Sec. 2), the headnote was changed from “accumulated deduction” to “accumulated contributions,” the deduction reference and the assessment reference were made into lettered clauses, and the exclusion of interest provision was moved from the end of the sentence to an adjectival clause modifying “total.”

- In 1987 (Laws 1987, Ch. 229, Art. 6, Sec. 1), the clauses were changed from letters to numbers.
 - In 2005 (1st Spec. Sess. Laws 2005, Ch. 8, Sec. 7), the reference to “Laws 1929, Chapter 191” was replaced by the updated reference “this chapter.”
- b. State Patrol Plan
- In 1943, only the term “highway patrolman” was defined.
 - In 1973 (Laws 1973, Ch. 178, Sec. 1, Subd. 6), a definition of “accumulated deduction” was added and has not been substantively amended since 1973.
- c. PERA-General
- In 1953, the term was defined as the total of the amounts deducted from the salary of a member and the total amount of assessments paid by a member in lieu of deductions and credited to the individual account in the retirement fund, without interest.
 - In 1959 (Laws 1959, Ch. 650, Sec. 39), the definition was expanded by specifically including payments made under Laws 1937, Chapter 466, Section 2; Laws 1947, Chapter 18, Section 2, or any retirement board rules made under those laws.
 - In 1971 (Laws 1971, Ch. 106, Sec. 2), the payment in lieu of deduction expansion added in 1959 was eliminated.
 - In 1973 (Laws 1973, Ch. 753, Sec. 5), the exclusion of interest clause was repositioned to modify the total deductions and a reference to assessments was eliminated.
- d. TRA
- In 1953, the term was not defined.
 - In 1957 (Ex. Sess. Laws 1957, Ch. 16, Sec. 2, Subd. 11), the term was defined as the total of sums deducted from the salary of a member and the total amount of assessments paid by a member in lieu of deductions, credited to the individual’s fund, without interest.
 - In 1961 (Ex. Sess. Laws 1961, Ch. 17, Sec. 1), the interest exclusion was eliminated and a requirement that the total be net of amounts paid to the member or any person on a member’s behalf as a refundment, an annuity, a benefit payment, or other deduction amount under law.
- e. First Class City Teacher Retirement Fund Associations
- In 1979 (Laws 1979, Ch. 217, Sec. 1, Subd. 3), as part of the codification of the first class city teacher retirement fund association coordinated program, the term was defined as the total of member contributions made by salary deductions and assessments or payments made in lieu of salary deductions if authorized, as credited by the association to the member’s individual account.