

Background Information on Retirement Benefit Adequacy

1. Commission Principles of Pension Policy Provision. The Principles of Pension Policy of the Legislative Commission on Pensions and Retirement provide that there should be adequate benefits at the time of retirement (Principle II.C.7).

Specifically, the Policy Principles provide:

II.C.7. Adequacy of Benefits at Retirement

- a. Benefit adequacy requires that retirement benefits respond to changes in the economy.
- b. The retirement benefit should be adequate at the time of retirement.
- c. Except for local police or firefighter relief associations, the retirement benefit should be related to an individual's final average salary, determined on the basis of the highest five successive years' average salary unless a different averaging period is designated by the Legislature.
- d. Except for local police or firefighter relief associations, the measure of retirement benefit adequacy should be at a minimum of thirty years service, which would be a reasonable public employment career, and at the generally applicable normal retirement age.
- e. Retirement benefit adequacy must be a function of the Minnesota public pension plan benefit and any Social Security benefit payable on account of Minnesota public employment.

The adequacy of benefits at retirement principle generally suggests that normal retirement benefits should respond to economic changes, should be adequate as of retirement, measured on the basis of the retiree's final salary, with 30 years of service as a reasonable public employment career, at the normal retirement age, and should reflect any Social Security benefit earned during public employment in providing total retirement income.

2. Policy Considerations Respecting Retirement Benefit Adequacy. The 1995-1996 Principles of Pension Policy essentially continued the 1980 Principles that provided that the retirement benefit provided by a Minnesota public pension plan should be adequate during the period of retirement and that benefit adequacy at the time of retirement should be measured for an employee at age 65 with 30 years of service credit. A principal factor, but not the sole factor, in determining an adequate retirement benefit is the benefit accrual rate or rates that apply.

The Commission principles indicate that the Minnesota public pension plans only have an obligation to provide an adequate retirement benefit for career public employees who retire at the normal retirement age and, consequently, do not have an obligation to provide a fully adequate pension benefit to public employees who retire at an earlier age or who retire with less than a full public service career. The Principles indicate that retirement benefit adequacy should be determined on the basis of the person's highest five successive years' average salary and should be measured at the generally applicable normal retirement age with 30 years of service credit. The Principles also indicate that retirement benefit adequacy must be a function of the public pension plan retirement benefit and Social Security benefits earned during public employment.

If pre-retirement income replacement rates are a well-designed measure of benefit adequacy, a replacement ratio target for a 30-years-of-service public employee at the normal retirement age provides a mechanism for determining the appropriate benefit accrual rate or rates.

In 1980-1981, the President's Commission on Pension Policy addressed the question of benefit adequacy, indicating that the replacement of pre-retirement disposable income from all sources is a desirable retirement income goal. That panel indicated that the precise replacement of pre-retirement disposable income was too difficult to quantify, but that a reliable rough sense of the rates for the replacement of gross immediate pre-retirement income can be identified, as follows:

Gross Pre-Retirement Income	Single Person Replacement of Gross Pre-Retirement Income		Married Couple Replacement of Gross Pre-Retirement Income	
	As \$ amount	As %	As \$ amount	As %
\$ 6,500	\$ 5,167	79%	\$ 5,567	86%
10,000	7,272	73	7,786	78
15,000	9,941	66	10,684	71
20,000	12,282	61	13,185	66
30,000	17,391	58	18,062	60
50,000	25,675	51	27,384	55

Derived from Tables 19 and 20 of Coming of Age: Toward a National Retirement Income Policy, Report of the President's Commission on Pension Policy, prepared by Preston C. Bassett, Consulting Actuary (1980).

More recently, addressing the same question of the replacement percentage of pre-retirement earnings, the National Retirement Income Policy Committee of the American Society of Pension Actuaries, in a 1994 study, recommended that income during retirement from a combination of defined benefit plans, defined contribution plans, and Social Security should provide between 70% and 80% of pre-retirement earnings.

As part of research published in 1993 for the American Society of Pension Actuaries, a target pre-retirement income replacement ratio was suggested of combining two parts, one part 85% of the final year's rate of pay up to an amount equal to 300% of the poverty rate and the other part 70% of the final year's rate of pay in excess of an amount equal to 300% of the poverty rate. Translating the 1993 American Society of Pension Actuaries suggested replacement ratio into a comparable table to that of the 1980-1981 President's Commission on Pension Policy provides the following table:

Gross Pre-Retirement Income	Single Person Replacement of Gross Pre-Retirement Income		Married Couple Replacement of Gross Pre-Retirement Income	
	As \$ amount	As %	As \$ amount	As %
	\$ 30,000	\$25,000.00	84.0%	\$ 25,500.00
50,000	39,189.50	78.4	40,620.50	81.2
70,000	53,189.50	76.0	54,620.50	78.0
90,000	67,189.50	74.7	68,620.50	76.2
150,000	109,189.50	72.8	110,620.50	73.7
200,000	144,189.50	72.1	145,620.50	72.8
250,000	179,189.50	71.7	180,620.50	72.2

In 1997, Flora L. Williams and Helen Zhou of Purdue University and Deloitte & Touche LLP, respectively, in "Income and Expenditures in Two Phases of Retirement," surveyed the basis for generalization in the literature about replacement ratio goals and compared three other research reports, as follows:

Pre-Retirement Income	Replacement Rate Percentages		
	<i>Employee Benefit Plan Review Report (1990)</i>	Alexander & Alexander Consulting Group Report (1993)	Bruce A. Palmer, Ph.D. Georgia State University Report (1989)
\$15,000	78%	82%	82%
20,000	71	76	
25,000	65		71
35,000	55		
40,000		71	68
45,000	50		
55,000	46		
60,000		72	66
80,000		76	68

Note: While not specifically disclosed in the paper, the results appear to relate to a single individual rather than to a couple.

In 1998, Glenn Cooper and Peter Scherer, in the Organization for Economic Cooperation and Development article "Can We Afford to Grow Old," compare replacement ratios in total and replacement ratios for Social Security-akin programs across various countries, concluding that the replacement target for couples in the United States ranges between 70% and 90% of the pre-retirement income level.

In 1999, the National Endowment for Financial Education, adapting the work of Kenn Tacchino and Cynthia Saltzman, professors at Widener College, suggesting that retiree expenses decrease as retirees get older and that a blended income replacement rate is appropriate, and where an 80% replacement rate at retirement translates to a 69.3% replacement rate if the retiree lives for 30 years after retirement.

In 2003, Karen Ellers Lahey, Doseong Kim, and Melinda L. Newman, in "Household Income, Asset Allocation, and the Retirement Decision" in the Financial Services Review conclude that the applicable literature on the retirement income replacement target indicates a result between 70% and 90%.

In 2004, the California State Teachers Retirement System (CalSTRS) conducted a study of the necessary replacement ratio for its retirees, concluding that a range of between 81% and 88% of pre-retirement income is necessary if the former employer provides the same health care insurance

funding to retirees as provided to current employees and a higher percentage replacement if the former employer does not provide the same level of health care insurance funding for retirees.

Also in 2004, Aon Consulting and Georgia State University released its sixth update of a study of retirement income needs for a retired couple, with an age 65 wage earner and an age 62 spouse. The following compares the 2004 results with the Aon Consulting/Georgia State University 2001 results:

Pre-Retirement Income Level	2001 Replacement Ratio	2004 Replacement Ratio
\$20,000	83%	89%
30,000	78	84
40,000	76	80
50,000	74	77
60,000	75	75
70,000	75	76
80,000	75	77
90,000	76	78
150,000	85	85
200,000	86	88
250,000	87	88

Source: Replacement Ratio Study: A Measurement Tool for Retirement Planning.

In 2005, John E. Bartel of Bartel Associates LLC, conducted a replacement ratio study presentation for the League of California Cities that summarized the results of a 2001 California Public Employee Retirement System (CalPERS) target replacement ratio study, summarized the 2004 Aon/Georgia State University replacement ratio study and compared the two for both general California employees and public safety California employees. The CalPERS replacement ratio study indicated a range of ratios (with and without Social Security and public safety), as follows:

Pre-Retirement Income Level	Target Replacement Ratio Range	With Social Security Actual Replacement Ratio Range	Without Social Security Actual Replacement Ratio Range
\$ 30,000	73-81%	95-107%	70-81%
40,000	67-75	90-100	68-75
50,000	64-71	86-95	66-71
60,000	61-73	80-89	65-70
70,000	57-65	75-83	64-68
80,000	56-63	70-80	63-67
90,000	55-62	66-78	62-66

The Bartel analysis concludes that for CalPERS plans without Social Security coverage, the actual replacement ratio is a close match to the CalPERS target, but falls below the 2004 Aon/Georgia State University study replacement result for general employees and is a close match for public safety employees, and that for CalPERS plans with Social Security coverage, the actual replacement ratio significantly exceeds the CalPERS target, but is a close match to the 2004 Aon/Georgia State University study replacement result for general employees and greatly exceeds the Aon/Georgia State University study replacement result for public safety employees. The CalPERS study and the Bartel analysis looked only at the Social Security benefit derived from public employment, if any, and the public pension plan coverage, without any benefit derived from personal savings and investments.

Although the replacement ratio approach is simple and is relatively easy to translate into a benefit accrual rate or rates, it is not the only way to measure adequacy at the time of retirement and does not necessarily address the relationship between retirement age benefit adequacy and retirement benefit adequacy needs after retirement.

All of the replacement ratio results summarized above suggest that the target or appropriate ratio differs over the range of compensation, generally with the highest replacement ratio being at the lowest compensation portion of the range, differs based on age, and differs based on marital status. These differences are largely based on features of the Social Security program, which is part of virtually all private sector retirement benefit coverage and which is generally applicable to public sector retirement benefit coverage. Social Security, created in the depths of the Great Depression of the early 1930s, attempted to eliminate old people as the greatest segment of the population in poverty by providing older workers and their spouses with a subsistence income.

While Social Security attempts to provide a subsistence income safety net, the purest rendition of a pre-retirement income replacement ratio represents an attempt to maintain the pre-retirement standard of living. While the Minnesota Legislative Commission on Pensions and Retirement has

not specifically articulated its retirement benefit adequacy goal, in practice, the Commission’s goal has been to provide a reasonable margin above subsistence that, combined with personal savings or other investments, would allow the retired individual or couple to retain a reasonable standard of living in retirement after completing a normal working career.

The President's Commission on Pension Policy also attempted to provide a sense of the relative role of the three sources of retirement income in providing an adequate benefit in the form of the replacement of pre-retirement disposable income. The three sources of retirement income are Social Security, employee pension coverage, and personal savings and investments. That panel's 1981 report included a chart that attempted to provide a general sense of the relative contribution to an adequate retirement benefit that should be made from the three sources, as follows:

Gross Pre-Retirement Income	Social Security	Employee Pension Plan	Personal Savings and Investments
\$15,000	58%	42%	0%
20,000	54	46	0
25,000	54	46	0
30,000	52	44	4
35,000	49	44	7
40,000	46	46	8
45,000	43	47	10
50,000	42	46	12
55,000	40	45	15
60,000	39	41	20

Derived from Chart 7 of Coming of Age: Toward a National Retirement Income Policy, Report of the President's Commission on Pension Policy (1981)

The table reflects the weighting of benefit coverage in favor of the lower compensated employees present in Social Security and reflects a policy decision that personal savings should provide an ever-greater proportion of total retirement income at higher compensation levels. The table also reflects an ever-reducing replacement percentage required as gross income increases.

The pre-retirement replacement ratio model of retirement benefit adequacy also has been challenged by commentators based on a more differentiated or nuanced view of income needs during retirement. The replacement ratio model assumes that the need for retirement income is unchanged during retirement, requiring only that the cost of living be replaced or substantially replaced. Some commentators have applied the life cycle hypothesis of consumption levels. In 1997, in “Income and Expenditures in Two Phases of Retirement,” Flora L. Williams and Helen Zhou reviewed the empirical bases for the “common guideline” of a 70% pre-retirement income replacement ratio, finding that there was little empirical evidence to support that guideline, and reviewed consumption pattern surveys for periods ages 45-75 and over, identifying two retirement phases (phase 1: ages 65-74 and phase 2: ages 75 and over) with decidedly different expenditure levels. In 2005, in “Age Bonding: A Model for Planning Retirement Needs,” Somnath Basu suggests that expenditure patterns need to be analyzed for the 30-year period that a retiree is likely to receive benefits, looking at each of the three decades, and finds that leisure expenses are initially high and decline over the retirement period, that health care expenses initially rival leisure expenditures and grow significantly over the retirement period, that basic living expenses are initially the greatest portion of expenditures and halve over the retirement period, and that taxes are initially the second greatest expenditure item and remain relatively constant over the retirement period. In 2006, in “Change in Retirement Adequacy, 1995-2001: Accounting for Stages of Retirement,” Chen-Chung Chen and Sherman D. Hanna criticize prior retirement adequacy studies as having ignored the complexities of retirement stages and suggest multiple stages, which is any period during retirement when real income is constant.

3. Comparison of Current Benefit Accrual Rates.

	<u>Retirement Annuity</u>	<u>Disability Benefit</u>	<u>Survivor Benefit</u>
MSRS-General	<p><u>Rule of 90 Benefit Tier:</u> 1.2% for the first 10 years; 1.7% thereafter.</p> <p><u>Level Benefit Tier:</u> 1.7% for all years of service. [352.115, Subd. 3, Para. (a), (b); 356.315, Subd. 1-2]</p>	<p><u>Rule of 90 Benefit Tier:</u> 1.2% for the first 10 years; 1.7% thereafter.</p> <p><u>Level Benefit Tier:</u> 1.7% for all years of service. [352.113, Subd. 3]</p>	Second half of 100% joint-and-survivor annuity calculated under retirement annuity provision. [352.12, Subd. 2]
MSRS-Correctional	2.4% for all years of service if employed before July 1, 2010; 2.2% for all years of service if employed after June 30, 2010. [352.93, Subd. 2; 356.315, Subd. 5]	50% for service up to 20 years and retirement annuity accrual rate for service in excess of 20 years for duty disability; same as retirement annuity for regular disability. [352.95, Subd. 1-2]	Second half of 100% joint-and-survivor annuity calculated under retirement annuity provision. [352.931, Subd. 1]
Military Affairs Retirement Plan	<p><u>Rule of 90 Benefit Tier:</u> 1.2% for the first 10 years; 1.7% thereafter.</p> <p><u>Level Benefit Tier:</u> 1.7% for all years of service. [352.85, Subd. 1]</p>	<p><u>Rule of 90 Benefit Tier:</u> 1.2% for the first 10 years; 1.7% thereafter.</p> <p><u>Level Benefit Tier:</u> 1.7% for all years of service. [352.85, Subd. 2]</p>	Second half of 100% joint-and-survivor annuity calculated under retirement annuity provision. [352.12, Subd. 2]
Transportation Dept. Pilots Retirement Plan	<p><u>Rule of 90 Benefit Tier:</u> 1.2% for the first 10 years; 1.7% thereafter.</p> <p><u>Level Benefit Tier:</u> 1.7% for all years of service. [352.86, Subd. 5]</p>	Same as MSRS-General, plus a monthly amount from State Airports Fund necessary to total 75% of salary, payable for five years. [352.86, Subd. 6]	Second half of 100% joint-and-survivor annuity calculated under retirement annuity provision. [352.12, Subd. 2]
State Fire Marshal Div. Employees Retirement Plan	2.00% for all years of service. [352.87, Subd. 3; 356.315, Subd. 2a]	40% for service up to 20 years and retirement annuity accrual rate for service in excess of 20 years for job-related disability; 30% for service up to 15 years and retirement annuity accrual rate for service in excess of 15 years for non-job-related disability. [352.87, Subd. 4-5]	Second half of 100% joint-and-survivor annuity calculated under retirement annuity provision. [352.12, Subd. 2]
State Patrol Retirement Plan	3.00% for all years of service. [352B.08, Subd. 2; 356.315, Subd. 6]	60% for service up to 20 years of service and retirement annuity accrual rate for service in excess of 20 years for duty disability; 45% for service up to 15 years and retirement annuity accrual rate for service in excess of 15 years for regular disability. [352B.10, Subd. 1-2]	50% of average salary if death occurs when vested in active employment before age 55, with options for 100% joint-and-survivor optional annuity when the decedent would have attained age 55 if higher; 50% of average salary or 100% joint-and-survivor optional annuity, whichever is higher, if death occurs when vested in active employment over age 55; or 100% joint-and-survivor optional annuity if death occurs when vested when inactive or deferred. [352B.10, Subd. 2b, 2c]
Legislators Retirement Plan	2.50% for all years of service after January 1, 1979, or years of service in excess of eight years of service rendered before January 1, 1979; 5.00% for the first eight years of service before January 1, 1979. [3A.02, Subd. 1, Para. (b)]	No benefit.	One-half of the retirement benefit paid to or earned by the deceased legislator or former legislator for the surviving spouse; and up to one-half of the retirement benefit paid to or earned by the deceased legislator or former legislator for the surviving children if there is a surviving spouse or up to 100% of the retirement benefit if no surviving spouse. [3A.04, Subd. 1-2]

	<u>Retirement Annuity</u>	<u>Disability Benefit</u>	<u>Survivor Benefit</u>
Judges Retirement Plan	2.70% for all years of service rendered before July 1, 1980, and 3.2% for all years of service rendered after June 30, 1980. [490.124, Subd. 1]	100% of full active member annual salary for one year or until mandatory retirement age, whichever is shorter, then same as retirement annuity or 25% of final average salary compensation, if larger. [490.124, Subd. 4]	60% of the retirement annuity that the deceased active or deferred judge was entitled to receive, but not less than 25% of final average salary, payable to the surviving spouse if there is one or to the surviving children if there is no surviving spouse, unless the surviving spouse elected a 100% joint-and-survivor optional annuity. [490.124, Subd. 9]
PERA-General	<u>Rule of 90 Benefit Tier:</u> 1.2% for the first 10 years; 1.7% thereafter. <u>Level Benefit Tier:</u> 1.7% for all years of service. [353.29, Subd. 3; 356.315, Subd. 1-2]	<u>Rule of 90 Benefit Tier:</u> 1.2% for the first 10 years; 1.7% thereafter. <u>Level Benefit Tier:</u> 1.7% for all years of service. [353.33, Subd. 3]	<u>Basic Members:</u> 50% of final six months' average salary for surviving spouse unless the spouse opts for a 100% joint-and-survivor optional annuity, and 10% of final six months' average salary for each surviving child, but not to exceed 70% of final six months' average salary. <u>Coordinated Members:</u> 100% joint-and-survivor optional annuity. [353.31, Subd. 1, 1a, 1b]
PERA-P&F	3.00% for all years of service. [353.651, Subd. 2; 356.315, Subd. 6]	60% for service up to 20 years of service and retirement annuity accrual rate for service in excess of 20 years for duty disability or total and permanent duty disability; 45% for service up to 15 years of service and retirement annuity accrual rate for service in excess of 15 years for regular disability or total and permanent regular disability. [353.656, Subd. 1, 1a, 3, 3a]	60% of final six months' average salary for surviving spouse of decedent with death in the line of duty unless the spouse elects a 100% joint-and-survivor optional annuity and 10% of final six months' average salary for each surviving child, but not to exceed family maximum of 80% and with a minimum family benefit of 60%; 50% of final six months' average salary for surviving spouse of decedent who died not in the line of duty unless the spouse elects a 100% joint-and-survivor optional annuity and 10% of final six months' average salary for each surviving child, but not to exceed family maximum of 70% and with a minimum family benefit of 50%. [353.657, Subd. 2, 2a, 3, 4]
PERA-Correctional	1.90% for all years of service. [353E.04, Subd. 3; 356.315, Subd. 5a]	47.5% for service up to 25 years of service and retirement annuity accrual rate for service in excess of 25 years for duty disability; same as retirement annuity for regular disability. [353E.06, Subd. 1-2]	Second half of a 100% joint-and-survivor annuity calculated under the retirement annuity provision. [353E.07, Subd. 1-2]
TRA	<u>Rule of 90 Benefit Tier:</u> 1.2% for the first ten years of service rendered before 2006, and 1.7% thereafter; 1.4% for the first ten years of service rendered after 2005, and 1.9% thereafter. <u>Level Benefit Tier:</u> 1.7% for all years of service before 2006 and 1.9% for all years of service after 2005. [354.44, Subd. 6, Para (b), (c), (d), (e); 356.315, Subd. 1, 1a, 2, 2b]	<u>Rule of 90 Benefit Tier:</u> 1.2% for the first ten years of service rendered before 2006, and 1.7% thereafter; 1.4% for the first ten years of service rendered after 2005, and 1.9% thereafter. <u>Level Benefit Tier:</u> 1.7% for all years of service before 2006 and 1.9% for al years of service after 2005. [354.48, Subd. 3]	Second half of a 100% joint-and-survivor annuity calculated under the retirement annuity provision. [354.46, Subd. 2, 2a, 2b]
First Class City Teacher Plans	<u>Rule of 90 Benefit Tier:</u> 1.2% for the first ten years of service, and 1.7% thereafter. <u>Level Benefit Tier:</u> 1.7% for all years of service. [354A.31, Subd. 4, Para. (c), (d); Subd. 4a, Para. (c) & (d); 356.315, Subd. 1-2]	<u>Rule of 90 Benefit Tier:</u> 1.2% for the first ten years of service, and 1.7% thereafter. <u>Level Benefit Tier:</u> 1.7% for all years of service. [354A.36, Subd. 3]	Second half of a 100% joint-and-survivor annuity calculated under the retirement annuity provision. [354A.35, Subd. 2]

4. Development of Retirement Annuity Benefit Accrual Rates.

a. MSRS-General

- In 1929 (Laws 1929, Ch. 191, Sec. 11), when the State Employees Retirement Association (SERA) was established, the retirement annuity was 50% of the person's final five years' average salary (2.5% per year with the 20-year vesting requirement), but not to exceed \$150 per month (\$7.50 per month with the 20-year vesting requirement).
- In 1931 (Laws 1931, Ch. 351, Sec. 10), the SERA Board was given authority to reduce retirement annuities proportionately if the total annuity payments exceed the total contributions for that year.
- In 1939 (Laws 1939, Ch. 432, Sec. 5), the maximum retirement annuity payable was reduced to \$100 per month, the trigger for the proportional reduction was shifted from an annual figure to a monthly figure, and the trigger was adapted for the addition of an employer contribution to the retirement plan.
- In 1949 (Laws 1949, Ch. 644, Sec. 13), the accrual rate was changed to 1.67% per year of service of the highest ten years' average salary plus \$5.00 per month per full year of service, not to exceed two-thirds of average monthly salary and not to exceed \$150 per month, and the prorated reduction authority of prior law was eliminated.
- In 1951 (Laws 1951, Ch. 441, Sec. 20), the salary base for the application of the benefit accrual rate was reduced to the highest five consecutive years' average salary and the monthly retirement annuity maximum was increased to 80% of the average monthly salary and to \$200 per month.
- In 1957 (Laws 1957, Ch. 928, Sec. 9, 33), as part of legislation generally restructuring the SERA benefit plan, the benefit accrual rates for the Basic Program were set at 1.00% per year of service credit for the first ten years of service, 2.00% per year of service credit for the second ten years of service, 2.50% per year of service credit for the third ten years of service, and 3.00% per year of service credit for service in excess of 30 years of service credit, applied to the highest five consecutive years' average salary for years before July 1, 1957, and applied to the career average salary for each year subsequent to June 30, 1957.
- Also in 1957 (Ex. Sess. Laws 1957, Ch. 19, Sec. 3), for the Coordinated Program, the benefit accrual rates were set at 0.625% per year of service for the first ten-year service period, 0.875% per year of service for the second ten-year service period, 1.66% per year of service for the third ten-year service period, and 1.75% per year of service in excess of 30 years of service, applied to the highest five consecutive years' average salary for years before July 1, 1957, and applied to the career average salary for each year subsequent to June 30, 1957.
- In 1963 (Laws 1963, Ch. 383, Sec. 28), the SERA Basic Program was eliminated, the former Basic Program accrual rates were replaced with the Coordinated Program accrual rates unchanged from 1957, and the prior Coordinated Program retirement annuity provisions were repealed.
- Also in 1963 (Laws 1963, Ch. 814, Sec. 1), the first and second decade benefit accrual rates were amended, increasing the accrual rate to 1.00% per year of service.
- In 1969 (Laws 1969, Ch. 893, Sec. 7), the benefit accrual rates were increased for service in excess of ten years rendered before July 1, 1969, and for all service after June 30, 1969, with the rates for pre-July 1, 1969, service in excess of ten years of service set at 1.1% per year of service during the second decade, 1.7% per year of service for service during the third decade, and 2.0% of service for service beyond the third decade and with the rates for post-June 30, 1969, service set at 1.0% per year of service during the first decade, 1.3% per year of service for service during the second decade, 2.0% per year of service for service during the third decade, and 2.5% of service for service beyond the third decade.
- In 1973 (Laws 1973, Ch. 653, Sec. 29), as part of the change to a highest five successive years' average salary base for benefit computation, the benefit accrual rates were simplified, set at 1.0% per year of service during the first decade and 1.5% per year of service after the first decade.
- In 1989 (Laws 1989, Ch. 319, Art. 13, Sec. 9), two different tiers with designated benefit accrual rates were established, with the benefit accrual rates for the Rule of 90 tier set at 1.00% per year of service for the first ten years of service and at 1.50% per year of service thereafter and with the benefit accrual rate for the level benefit tier set at 1.5% per year of service.

- In 1997 (Laws 1997, Ch. 233, Art. 1, Sec. 19, 55), the benefit accrual rate specification for both tiers was moved to a common benefit accrual rate section in Minnesota Statutes, Chapter 356, and the benefit accrual rates were reset for the Rule of 90 benefit tier to 1.20% per year of service for the first ten years and to 1.70% per year of service thereafter and for the level benefit tier to 1.70% per year of service.
 - In 2002 (Laws 2002, Ch. 392, Art. 11, Sec. 22), the common benefit accrual rate specification section was moved to a different spot in Minnesota Statutes, Chapter 356.
- b. MSRS-Correctional
- In 1973 (Laws 1973, Ch. 653, Sec. 42), when the retirement plan was established, the benefit accrual rate for the initial 84 calendar months of payment or until the attainment of age 65, whichever occurs earlier, was set at 2.5% per year of service for the initial 20 years and 2.0% per year of service for each year after 20 years, but not to exceed 75%, applied to the highest five successive years' average salary, and after 84 calendar months of payment or after the attainment of age 65, the benefit accrual rates of MSRS-General apply.
 - In 1989 (Laws 1989, Ch. 319, Art. 17, Sec. 2), the benefit accrual rate was set at 2.5% per year for all correctional service.
 - In 1997 (Laws 1997, Ch. 233, Art. 1, Sec. 23-24, 55), the benefit accrual rate was reset at 2.4% per year, the 84-month duration of that benefit before a reversion to the MSRS-General benefit accrual rates was eliminated, and the benefit accrual rate specification was moved to a common benefit accrual rate section in Minnesota Statutes, Chapter 356.
 - In 2002 (Laws 2002, Ch. 392, Art. 11, Sec. 22), the common benefit accrual rate specification was moved to a different spot in Minnesota Statutes, Chapter 356.
- c. Military Affairs Plan
- In 1980 (Laws 1980, Ch. 607, Art. 15, Sec. 22), as part of the legislation establishing the plan, the benefit accrual rate was set by cross-reference to MSRS-General law.
- d. Transportation Pilots Plan
- In 1982 (Laws 1982, Ch. 575, Sec. 3), as part of the legislation establishing the plan, the benefit accrual rate was set by cross-reference to MSRS-General law.
- e. State Fire Marshal Plan
- In 1999 (Laws 1999, Ch. 222, Art. 15, Sec. 1, Subd. 3; Sec. 2), as part of the enacted legislation for the special retirement plan, the benefit accrual rate was set 2.0% per year of service, applied to the highest five successive years' average salary.
- f. State Patrol Plan
- In 1943 (Laws 1943, Ch. 637, Sec. 7), the legislation establishing the retirement plan, the benefit for retirement with 20 or more years of service as a highway patrol member was set at 60% of the patrol member's average salary for the preceding five years, but not to exceed \$100 per month.
 - In 1949 (Laws 1949, Ch. 627, Sec. 1, Subd. 2), the retirement annuity amount was increased by \$5 per month for each year of service credit in excess of 20 years of service if at least one year of the service credit in excess of 20 years was rendered before age 55, but not to exceed 25 years of service credit, and the maximum monthly retirement annuity amount was increased to \$125.
 - In 1953 (Laws 1953, Ch. 453, Sec. 1-3), the per-year-of-service amount for service in excess of 20 years of service was changed to \$3 per month and the monthly maximum annuity was increased to \$150.
 - In 1957 (Laws 1957, Ch. 869, Sec. 2, 5, 10) the retirement annuity with 20 or more years of service was revised, set at 50% of the salary of the highest paid highway patrol officer, but not to exceed \$200 per month, but with an additional \$3 per month per year in excess of 20 years of service.
 - In 1961 (Laws 1961, Ch. 493, Sec. 1), the retirement annuity with at least 20 years of service credit was reset as a dollar amount, \$200 per month, rather than as a percentage of any salary amount, plus \$4 per month for every year of service in excess of 20 years of service, up to attaining age 60.

- In 1965 (Laws 1965, Ch. 889, Sec. 2), the retirement annuity with at least 20 years of service was set at \$250 per month plus \$5 per month for every year of service in excess of 20 years of service.
- In 1969 (Laws 1969, Ch. 693, Sec. 2), the retirement annuity benefit accrual rate was set at 2.5% for each year of service of the first 20 years of service and 2.0% for each year of service in excess of 20 years of service, applied to the retiree's career average salary as a patrol officer, with salary for the period before June 4, 1969, considered to be \$600 per month.
- In 1973 (Laws 1973, Ch. 178, Sec. 10; Ch. 753, Sec. 2), the \$600 imputed monthly salary was made effective as of July 2, 1969, and the salary base was changed to the highest five years' average salary as a member of the plan.
- In 1981 (Laws 1981, Ch. 224, Sec. 62), the salary base of the highest five years' average salary was revised to be the highest five successive years' average salary.
- In 1982 (Laws 1982, Ch. 397, Sec. 2), the number of years to which the 2.5% per year of service benefit accrual rate would be applicable was increased to 25 years and the period of years of service to which the 2.0% per year of service benefit accrual rate would be applicable was specified as years in excess of 25 years of service credit.
- In 1983 (Laws 1983, Ch. 49, Sec. 1; Ch. 286, Sec. 4), the salary base was returned to the highest five years' average salary and severance pay was excluded from the salary base.
- In 1987 (Laws 1987, Ch. 259, Sec. 21), the salary base was modified by excluding reduced salary during workers compensation benefit payment receipt.
- In 1989 (Laws 1989, Ch. 319, Art. 17, Sec. 6), the 2.5% per year of service benefit accrual rate was made applicable to all years of service credit.
- In 1995, (Laws 1995, Ch. 262, Art. 3, Sec. 2), the benefit accrual rate was reset at 2.65% of the salary base per year of service.
- In 1997 (Laws 1997, Ch. 233, Art. 1, Sec. 31, 55) the benefit accrual rate was again increased to 3.00% of the salary base per year of service and the benefit accrual rate specification was moved to a common benefit accrual rate section in Minnesota Statutes, Chapter 356.
- In 2002 (Laws 2002, Ch. 392, Art. 11, Sec. 22), the common benefit accrual rate specification was moved to a different spot in Minnesota Statutes, Chapter 356.

g. Legislators Retirement Plan

- In 1965 (Laws 1965, Ch. 896, Sec. 2, Subd. 1), as part of the original plan enactment legislation, the retirement allowance was set at \$100 per month with ten years of service credit and \$4 per month per year of service in excess of ten years of service credit, but not to exceed \$200 per month in total.
- In 1969 (Laws 1969, Ch. 1115, Sec. 1), the dollar amount retirement allowance specification was dropped in favor of a benefit accrual rate set at 5% per year of service for the initial eight years of service and 2% per year of service for service credit in excess of eight years of service, applied to the retiring legislator's career average salary after January 1, 1965.
- In 1971 (Laws 1971, Ch. 928, Sec. 1), the benefit accrual rate for service in excess of eight years of service credit was increased 2.5% per year of service credit and the career average salary calculation was revised to cover the period starting on January 1, 1967.
- In 1973 (Laws 1973, Ch. 653, Sec. 1), the salary base was revised to be the average monthly salary calculated based on legislative salary received since January 1, 1973.
- In 1975 (Laws 1975, Ch. 368, Sec. 3), the salary base for the calculation of the retirement allowance was again revised to be the average monthly salary for the retiring legislator's final term in office.
- In 1977 (Laws 1977, Ch. 35, Sec. 12), the salary base was set as the retiring legislator's final monthly salary during the final term in office, the base salary was specified as not including any additional legislative leadership payments, the benefit accrual rate was limited to 2.5% of the base salary for all service credit after the start of the 1979 legislative session, and a retirement allowance maximum was set at 20 years of service credit.

- In 1978 (Laws 1978, Ch. 796, Sec. 1, 3) the salary base for the computation of the retirement allowance was revised as the final monthly salary during the final term in office for a member of the Legislature who terminates service before the beginning of the 1981 legislative session.
- In 1981 (Laws 1981, Ch. 224, Sec. 3-4), the average salary and benefit accrual provisions were reorganized and revised.
- In 1989 (Laws 1989, Ch. 319, Art. 16, Sec. 1-3), a definition of “salary” was added to the plan, the salary definition aspects of the “average monthly salary” definition were excised, and other stylistic modifications were made in the benefit accrual rate provision.
- In 1997 (Laws 1997, Ch. 233, Art. 1, Sec. 3), the benefit accrual rate for active members of the plan, which was closed to new members as of July 1, 1997, was required to be adjusted to account for the post-retirement interest rate actuarial assumption change and the reduction in post-retirement adjustments, done on an individual basis.
- In 2006 (Laws 2006, Ch. 271, Art. 10, Sec. 13), the benefit accrual rate specification was simplified by specifying a 2.5% benefit accrual rate for post-January 1, 1979, legislators and referencing the January 1, 1979, law for members with service credit before January 1, 1979.

h. Judges Retirement Plan

- In 1973 (Laws 1973, Ch. 744, Sec. 4), as part of the initial legislation creating the Uniform Judicial Retirement Plan, the benefit accrual rate for a normal retirement annuity was set at 2.5% per year of service credit applied to the judge’s final average compensation, but not to exceed 60% of the annual salary of the judge for the year preceding retirement.
- In 1980 (Laws 1980, Ch. 607, Art. 15, Sec. 17), the 2.5% per year of service benefit accrual rate was limited to service before July 1, 1980, a 3.0% per year of service benefit accrual rate was added for service rendered after June 30, 1980, and the total permitted normal retirement annuity was set at 65% of the judge’s final average salary.
- In 1997 (Laws 1997, Ch. 233, Art. 1, Sec. 66), the benefit accrual rates were increased to 2.7% per year of service for service before July 1, 1980, and to 3.2% per year of service after June 30, 1980, and with the maximum retirement annuity increased to 70% of the final 12-month salary. The benefit accrual rate specification was moved to a common benefit accrual rate section in Minnesota Statutes, Chapter 356.
- In 2000 (Laws 2000, Ch. 461, Art. 18, Sec. 5, 8) the maximum retirement annuity was reset as a years-of-service limit, which was set at 24 years of service or that number of years, when the applicable benefit accrual rate or rates produces a retirement annuity amount equal to 76.8% of the judge’s final average compensation figure.
- In 2002 (Laws 2002, Ch. 392, Art. 11, Sec. 22), the common benefit accrual rate specification was moved to a different spot in Minnesota Statutes, Chapter 356.
- In 2006 (Laws 2006, Ch. 271, Art. 11), as part of a recodification of Minnesota Statutes, Chapter 490, the provision was updated as to style and language usage and was divided into lettered paragraphs.

i. PERA-General

- In 1931 (Laws 1931, Ch. 307, Sec. 11), as part of the enactment that established the retirement plan, the retirement annuity was specified as 50% of the retiree’s average salary for the last five years of public service (2.5% per year of service credit with the 20-year vesting requirement), but not to exceed \$150 per month.
- In 1933 (Laws 1933, Ch. 374, Sec. 1), the retirement annuity was revised, set at 50% of the retiree’s career average salary, but not to exceed \$1,800 annually.
- In 1951 (Laws 1951, Ch. 22, Sec. 23), the salary base for application of the retirement percentage was shortened to the ten-year period immediately preceding retirement, not to exceed \$1,800 annually.
- In 1953 (Laws 1953, Ch. 78, Sec. 7), the maximum retirement annuity was increased to \$2,400 per year.

- In 1957 (Laws 1957, Ch. 935, Sec. 9), the benefit accrual rates were set at 1.0% per year of service for the first ten years of service, 2.0% per year of service for the second ten years of service, 2.5% per year of service for the third ten years of service, and 3.0% per year of service for service in excess of 30 years, applied to the retiring member's highest five consecutive years' average salary for years before July 1, 1957, and applied to the career average salary thereafter, not to exceed \$4,800 in any year.
- Also in 1957 (Ex. Sess. Laws 1957, Ch. 20, Sec. 3), a coordinated program was created, with the benefit accrual rates set at 0.625% for each year of service for the first ten years, 0.875% for each year of service for the second ten years, 1.66% for each year of service for the third ten years, and 1.75% for each year of service in excess of 30 years of service credit, applied to the highest five consecutive years' average salary before July 1, 1957, and to the career average salary after June 30, 1957, all subject to a \$4,800 annual salary maximum.
- In 1959 (Laws 1959, Ch. 650, Sec. 52), the Coordinated Program benefit accrual rates were revised, set at 0.50% for each year of service for the first ten years, 1.00% for each year of service for the second ten years, 1.25% for each year of service for the third ten years, and 1.50% for each year of service for years in excess of 30 years of service credit.
- In 1965 (Laws 1965, Ch. 714, Sec. 4), the maximum salary for the Basic Program was increased for calendar years after June 30, 1965.
- In 1967 (Laws 1967, Ch. 687, Sec. 3; Ex. Sess. Laws 1967, Ch. 53, Sec. 4), the PERA-Coordinated Program benefit accrual rates were revised, set at 0.625% for each year of service for the first ten years, 1.25% for each year of service for the second ten years, 1.70% for each year of service for the third ten years, and 2.40% for each year in excess of 30 years, applied to the highest five consecutive years' average salary before July 1, 1957, and to the career average salary after June 30, 1957, and increased the maximum covered salary to total salary.
- In 1971 (Laws 1971, Ch. 106, Sec. 20), the maximum salary was set at the salary figure each year upon which contributions were made.
- In 1973 (Laws 1973, Ch. 753, Sec. 40-41), the benefit accrual rates were simplified, set at 2.0% for each of the first ten years of service and at 2.5% for each year of service in excess of ten years of service for the Basic Program and at 1.0% for each of the first ten years of service and at 1.5% for each year of service in excess of ten years of service for the Coordinated Program, and the salary base to which the benefit accrual rates were to be applied was changed to the highest five successive years' average salary.
- In 1989 (Laws 1989, Ch. 319, Art. 13, Sec. 32-33), two different tiers with designated benefit accrual rates were established, with the benefit accrual rates for the Rule of 90 tier set at 1.00% per year of service for the first ten years of service and at 1.50% per year of service thereafter for Coordinated members and set at 2.00% per year of service thereafter for Basic members and with the benefit accrual rate for the level benefit tier set at 1.50% per year of service for Coordinated members and set at 2.50% per year of service for Basic members.
- In 1997 (Laws 1997, Ch. 233, Art. 1, Sec. 40, 55) the benefit accrual rate specification for both tiers was moved to a common benefit accrual rate section in Minnesota Statutes, Chapter 356, and the benefit accrual rates were reset for the Rule of 90 benefit tier to 2.20% per year of service for the first ten years and 2.70% per year of service for each year of service credit thereafter for the Basic Program, to 1.20% per year of service for the first ten years and 1.70% per year of service for each year of service credit thereafter for the Coordinated Program, and for the level benefit tier to 2.70% per year of service for the Basic Program and to 1.70% per year of service for the Coordinated Program, all applied to the salary base amount.
- In 2002 (Laws 2002, Ch. 392, Art. 11, Sec. 22), the common benefit accrual rate specification section was moved to a different spot in Minnesota Statutes, Chapter 356.

j. PERA-P&F

- In 1959 (Laws 1959, Ch. 650, Sec. 34), as part of the legislation creating the retirement plan, the benefit accrual rates for the plan were set at 2.00% per year of service credit for the initial 30 years of service and 1.00% per year of service credit in excess of 30 years service credit,

applied to the retiring member's highest five consecutive years' average salary after June 30, 1957, not to exceed \$4,800 annually in either case in any year.

- In 1961 (Laws 1961, Ch. 743, Sec. 2), the benefit accrual rates were clarified as applicable to allowable service as a police officer or firefighter, with the benefit accrual rates for service other than as a police officer or firefighter governed under the PERA-General Plan.
- In 1965 (Laws 1965, Ch. 714, Sec. 9), the maximum salary for the career average salary base calculations after June 30, 1965, was increased to \$6,000 per calendar year.
- In 1967 (Ex. Sess. Laws 1967, Ch. 53, Sec. 9), the maximum salary for the career average salary base calculation after June 30, 1967, was increased to the plan member's total salary.
- In 1971 (Laws 1971, Ch. 297, Sec. 1-2), the retirement benefits earned before July 1, 1957, and between 1957 and 1969, were converted into a present value figure and added in relationship to the comparative present values to the retirement benefit earned under the 1971 law, with a benefit accrual rate set at 2.50% per year of service credit for the first 20 years of service credit and at 2.00% per year of service credit for service in excess of 20 years of service.
- In 1973 (Laws 1973, Ch. 753, Sec. 71), the retirement annuity provision was recodified, with the salary base for the annuity specified as the highest five successive years' average salary, and included a savings clause in the event that the retirement annuity under the pre-July 1, 1973, law provided a greater amount.
- In 1977 (Laws 1977, Ch. 429, Sec. 34), the pre-July 1, 1973, law retirement annuity amount savings clause was eliminated.
- In 1984 (Laws 1984, Ch. 564, Sec. 28), the periods for the benefit accrual rates application were reset, at 2.50% per year of service credit for the first 25 years of service credit and 2.00% per year of service credit for service in excess of 25 years of service.
- In 1989 (Laws 1989, Ch. 319, Art. 17, Sec. 12), the benefit accrual rate was reset at 2.50% per year of service credit for all years of service credit.
- In 1993 (Laws 1993, Ch. 352, Sec. 4), the benefit accrual rate was again reset, to 2.65% of the salary base amount per year of service credit for all years of service credit.
- In 1997 (Laws 1997, Ch. 233, Art. 1 Sec. 41, 55) the benefit accrual rate specification was moved to a common benefit accrual rate section in Minnesota Statutes, Chapter 356, and the benefit accrual rate was increased to 3.00% of the salary base amount per year of service credit.
- In 2002 (Laws 2002, Ch. 392, Art. 11, Sec. 22), the common benefit accrual rate specification section was moved to a different spot in Minnesota Statutes, Chapter 356.

k. PERA-Correctional

- In 1999 (Laws 1999, Ch. 222, Art. 2, Sec. 10, 15), as part of the legislation establishing the retirement plan, the benefit accrual rate was set at 1.90% of the salary base amount per year of service credit in the common benefit accrual rate specification section in Minnesota Statutes, Chapter 356.
- In 2002 (Laws 2002, Ch. 392, Art. 11, Sec. 22), the common benefit accrual rate specification section was moved to a different spot in Minnesota Statutes, Chapter 356.

l. TRA

- In 1931 (Laws 1931, Ch. 406, Sec. 9), when the retirement plan was created to replace the Teachers Insurance and Retirement Plan, the retirement annuity was a defined contribution (money purchase) retirement plan, so it had no benefit accrual rate.
- In 1969 (Laws 1969, Ch. 485, Sec. 9, 19), when a defined benefit retirement annuity in whole or in part was created as an alternative retirement annuity calculation to the Improved Money Purchase Program, the benefit accrual rates applied to a salary base amount that was a career average salary limited to \$4,800 prior to July 1, 1957, and limited to \$7,200 for the period after June 30, 1957, until June 30, 1967, were set under the full formula program at 1.00%

per year of service credit for the initial ten years of service credit rendered before July 1, 1969, 2.00% per year of service credit for the second ten years of service credit rendered before July 1, 1969, 2.50% per year of service credit for the third ten years of service credit rendered before July 1, 1969, and 3.00% per year of service credit for service in excess of 30 years before July 1, 1969, and 1.20% per year of service credit for the initial ten years of service credit rendered after July 1, 1969, 2.40% per year of service credit for the second ten years of service credit rendered after July 1, 1969, 3.00% per year of service credit for the third ten years of service credit rendered after July 1, 1969, and 3.60% per year of service credit for the years of service credit in excess of 30 years rendered after July 1, 1969, for Basic members and at 0.625% per year of service credit for the initial ten years of service credit rendered before July 1, 1969, 1.25% per year of service credit for the second ten years of service credit rendered before July 1, 1969, 1.70% per year of service credit for the third ten years of service credit rendered before July 1, 1969, and 2.40% per year of service credit for service in excess of 30 years before July 1, 1969, and 0.625% per year of service credit for the initial ten years of service credit rendered after July 1, 1969, 2.40% per year of service credit for the second ten years of service credit rendered after July 1, 1969, 1.90% per year of service credit for the third ten years of service credit rendered after July 1, 1969, and 2.45% per year of service credit for the years of service credit in excess of 30 years rendered after July 1, 1969, for Coordinated members, and were set under the part variable annuity-part formula program at 0.60% per year of service credit for the first ten years of service credit, 1.20% per year of service credit for the second ten years of service credit, 1.50% per year of service credit for the third ten years of service credit, and 1.80% per year of service credit for service in excess of 30 years for Basic members and at 0.36% per year of service credit for the first ten years of service credit, 0.80% per year of service credit for the second ten years of service credit, 1.10% per year of service credit for the third ten years of service credit, and 1.40% per year of service credit in excess of 30 years for Coordinated members.

- In 1973 (Laws 1973, Ch. 728, Sec. 10-11, 18-19), the benefit accrual rates for the full formula program and for the part variable annuity-part formula program were revised, set at 2.00% per year of service credit for the initial ten years of service credit and 2.50% per year of service credit thereafter for the Basic member full formula program and at 1.00% per year of service credit for the initial ten years of service credit and 1.25% per year of service credit thereafter for the Basic member part variable annuity-part formula program, and set at 1.00% per year of service credit for the initial ten years of service credit and 1.5% per year of service credit thereafter for the Coordinated member full formula program and at .050% per year of service credit for the initial ten years of service credit and 0.75% per year of service credit thereafter for the Coordinated member part variable annuity-part formula program, and the salary base amount was changed to the highest five successive years' average salary.
- In 1974 (Laws 1974, Ch. 289, Secs. 27-28), the Basic program and Coordinated program benefit accrual rates were consolidated, unchanged, into one section instead of two separate sections.
- In 1989 (Laws 1989, Ch. 319, Art. 13, Sec. 58-59), two different tiers with designated benefit accrual rates were established, with the benefit accrual rates for the Rule of 90 full formula program tier set at 1.00% per year of service for the first ten years of service and at 1.50% per year of service thereafter for Coordinated members, and set at 2.00% per year of service for the first ten years of service and at 2.50% per year of service thereafter for Basic members, with the benefit accrual rate for the level benefit full formula tier set at 1.50% per year of service for Coordinated members and set at 2.50% per year of service for Basic members, and with the benefit accrual rates for the Rule of 90 part variable annuity-part formula program tier set at 0.50% per year of service for the first ten years of service and 0.75% per year of service thereafter for Coordinated members, and set at 1.00% per year of service for the first ten years of service and 1.25% per year of service thereafter for Basic members, and with the benefit accrual rates for the level benefit part variable annuity-part formula program tier set at 0.75% per year of service for Coordinated members and set at 1.25% per year of service for Basic members in addition to the benefit derived from the variable annuity account.
- In 1994 (Laws 1994, Ch. 524, Sec. 2), the benefit accrual rates were increased, set for the Rule of 90 full formula program tier at 1.13% per year of service credit for the first ten years and at 1.63% per year of service credit thereafter for Coordinated members, and at 2.13% per year of service credit for the first ten years and at 2.63% per year of service credit thereafter for Basic members, and set for the level benefit full formula program tier at 1.63% per year

of service credit for Coordinated members and at 2.63% per year of service credit for Basic members.

- In 1990 (Laws 1990, Ch. 570, Art. 12, Sec. 24, 28-31, 33-43, 64) the variable annuity program was repealed, with full formula program coverage substituted for the part variable annuity-part formula program coverage.
- In 1997 (Laws 1997, Ch. 233, Art. 1, Sec. 51, 55) the benefit accrual rate specification for both benefit tiers was moved to a common benefit accrual rate section in Minnesota Statutes, Chapter 356, the benefit accrual rates were reset for the Rule of 90 benefit tier to 1.2% per year of service credit for the first ten years and 1.70% per year of service credit thereafter for Coordinated members, and to 2.20% per year of service credit for the first ten years and 2.70% per year of service credit thereafter for Basic members, and were reset for the level benefit tier to 1.70% per year of service credit for Basic members.
- In 2002 (Laws 2002, Ch. 392, Art. 11, Sec. 22), the common benefit accrual rate specification section was moved to a different spot in Minnesota Statutes, Chapter 356.
- In 2006 (Laws 2006, Ch. 277, Art. 3, Sec. 8, 38-39), the benefit accrual rate for Coordinated members for the Rule of 90 benefit tier for service after July 1, 2006, was set at 1.4% per year of service for the first ten years and at 1.9% per year of service thereafter, and the level benefit tier for service after July 1, 2006, was set at 1.9% per year of service.

m. First Class City Teacher Retirement Fund Associations

- In 1979 (Laws 1979, Ch. 217, Sec. 16), as part of the initial enactment of the Coordinated programs of these retirement fund associations, the benefit accrual rates were 1.00% per year of service credit for the first ten years and 1.50% per year of service credit thereafter, applied to the retiree's highest five successive years' average salary as the salary base.
- In 1989 (Laws 1989, Ch. 319, Art. 13, Sec. 75), two different tiers with designated benefit accrual rates were established, with the benefit accrual rates for the Rule of 90 tier set at 1.00% per year of service for the first ten years of service and at 1.50% per year of service thereafter, and with the benefit accrual rate for the level benefit tier set at 1.5% per year of service.
- In 1995 (Laws 1995, Ch. 262, Art. 2, Sec. 6-7), a benefit increase for the Duluth Teachers Retirement Fund Association (DTRFA) separate from the Minneapolis Teachers Retirement Fund Association (MTRFA) and the St. Paul Teachers Retirement Fund Association (SPTRFA) was set, with the benefit accrual rates for the Rule of 90 benefit tier of the DTRFA New Law Coordinated Program set at 1.13% per year of service for the first ten years of service and at 1.63% per year of service thereafter, all applied to the salary base amount, and with the benefit accrual rate for the level benefit tier of the DTRFA New Law Coordinated Program set at 1.63% per year of service, applied to the salary base amount.
- In 1997 (Laws 1997, Ch. 233, Art. 3, Sec. 8-9), the benefit accrual rate specification for both tiers for all teacher retirement plans was moved to a common benefit accrual rate section in Minnesota Statutes, Chapter 356, and the benefit accrual rates were reset for the Rule of 90 benefit tier to 1.20% per year of service for the first ten years and to 1.70% per year of service thereafter, and the level benefit tier to 1.70% per year of service.
- In 2002 (Laws 2002, Ch. 392, Art. 11, Sec. 22), the common benefit accrual rate specification section was moved to a different spot in Minnesota Statutes, Chapter 356.
- In 2006 (Laws 2006, Ch. 277, Art. 3, Sec. 26), the MTRFA portion of the retirement annuity computation provision was eliminated with the consolidation of the retirement plan with the Teachers Retirement Association (TRA).