

## **Background Information on the Elective State Officers Retirement Plan**

The Elective State Officers Retirement Plan, governed by Minnesota Statutes, Chapter 352C, was enacted in 1967. The Elective State Officers Retirement Plan is the successor, in part, to the Attorney General Retirement Plan, established in 1953, and to the State Auditor Retirement Plan, established in 1955. The Attorney General Retirement Plan (Laws 1953, Ch. 455, Sec. 1) was a defined benefit plan, providing an age and service retirement annuity of one-half of the 1949-1950 salary for the office at the normal retirement age of 70 and with more than 25 years of total elective state officer service, including as a member of the Legislature, and with at least 15 continuous years of service as the attorney general. The State Auditor Retirement Plan (Laws 1955, Ch. 648, Sec. 1) was also a defined benefit plan, providing an age and service retirement annuity of the 1955 salary for the office at the normal retirement age of 65 and with at least 25 years of total elective state office and election for seven consecutive terms as State Auditor.

- In 1967 the Legislature created a retirement plan for the various elective state officers, including the elected members of the Public Service Commission. The plan largely duplicated the Legislator's Retirement Plan and undoubtedly was motivated by the establishment of that plan. The Elective State Officers Retirement Plan, originally named the Constitutional Officers Retirement Plan, contained a policy and intent provision which noted that service as a constitutional officer is a unique contribution to the state and is dissimilar to any other public employment. The statement further indicated that constitutional officer service of sufficient length to vest disrupts any opportunity for a constitutional officer to follow a more usual vocational pursuit and gain the accompanying retirement benefits.

The 1967 Elective State Officers Retirement Plan was a defined benefit plan, with a ten-year vesting period and an age 65 normal retirement age for an age and service retirement annuity of one half of salary after ten years of service, plus 1% for each year of subsequent service, to a maximum of 75% of covered salary. The retirement or surviving widow benefit received from the Elective State Officers Retirement Plan was to be reduced by any annuity received from another Minnesota public plan. Benefits from the Elective State Officers Retirement Plan were exempt from state taxes. No optional annuities were provided by the Elective State Officers Retirement Plan.

- In 1969, vesting for the age and service retirement annuity was reduced to eight years. The benefit formula was changed by basing the annuity on average salary since January 1, 1965, rather than upon final salary. The individual would receive 40% of this average salary for the first eight years, and an additional 2% per year for each additional year, and for elected state officers who also had legislative service, service in both plans could be used for vesting and benefit computation purposes.
- In 1971, post-retirement survivor benefits were extended to dependent children similar to that for the Legislators Retirement Plan, with the eldest dependent child to receive 25% of the primary annuity amount, and each additional child to receive 12.5%, up to a family maximum of 100% when the surviving spouse benefit is included.
- In 1978, the two-part retirement annuity benefit accrual rate was eliminated and replaced by a flat 2.5% accrual rate for all years of constitutional officer service, computed on the five highest successive years' average salary. The normal retirement age was reduced from age 65 to age 62, with a reduced retirement annuity permitted at age 60. Also in that year, deferred annuities augmentation was added to the plan and the vesting for pre-retirement survivor benefits was made immediate. The required reduction of Elective State Officers Retirement Plan benefits by any other Minnesota public pension plan benefits was eliminated.
- In 1983, the exemption of Elective State Officers Retirement Plan benefits from state taxation was eliminated.
- In 1986, the surviving widow benefits were converted to surviving spouse benefits.
- In 1990, the practice of discontinuing surviving spouse benefits upon remarriage was eliminated and the interest rate on member contribution refunds was increased to 6%.
- In 1992, the interest rate charged on a repayment of previously taken member contribution refunds was increased to 8.5%.
- In 1996, a designated beneficiary death refund was authorized for Elective State Officers Retirement Plan participants who die without a surviving spouse or surviving child.

- In 1997, the annual benefit accrual rate was increased from 2.5% to that annual individually calculated benefit accrual rate that has the same actuarial value as the 1% annual post-retirement adjustment benefit reduction imposed by Laws 1997, Chapter 233, Article 1, Section 5. Also, the plan was closed to new members. For new constitutional officers first serving in office after July 1, 1997, retirement coverage will be by the Unclassified Employees Retirement Program of the Minnesota State Retirement System (MSRS-Unclassified), a defined contribution pension plan. An individual Social Security coverage election referendum was held and all incumbent constitutional officers on July 1, 1998, elected MSRS-Unclassified coverage. Thus the plan no longer had any active members.
- In 2006, Minnesota Statutes, Chapter 352C, Elective State Officers Retirement, was recodified. Since the plan has no active members, many of the plan's administrative provisions dealing with contributions, benefit computation, and other matters, were repealed in the recodification since they were unnecessary. What remains are a few provisions stating that for past members of the plan the provisions of the chapter in effect when the member terminated are the applicable governing law, a statement that the Minnesota State Retirement System (MSRS) is the plan administrator, and a cross-reference to applicable law specifying post-retirement adjustment procedures.