

Background Information on Public Pension Plan Portability, the Service-in-More-Than-One-Retirement-Plan Provision, and the Combined Service Annuity Provision

1. Public Pension Plan Portability, Generally. Pension portability refers to mechanisms that allow a person with two or more different employments ultimately to gain pension coverage for the person's entire working career that reflects the totality of that career and provides an adequate benefit.

Portability can be provided in a number of different ways, which include the use of multiple employer retirement plans, the use of defined contribution retirement plans, the consolidation of one retirement plan with one or more other retirement plans, the authorization of purchases of prior service credit, the transfer of assets representing the value of retirement plan coverage from one defined benefit retirement plan to another defined benefit retirement plan, or the creation of combined service portability mechanisms between plans.

- a. Multiple Employer Retirement Plans. The use of a multiple employer retirement plan, especially a defined benefit plan, will provide full portability. Social Security is a defined benefit plan that covers the bulk of private sector and public sector employees in the United States. The ultimate Social Security benefit is portable no matter how many different employments a person has had during the person's working career. Within Minnesota, the major statewide retirement plans (the General State Employees Retirement Plan of the Minnesota State Retirement System (MSRS-General), the General Employee Retirement Plan of the Public Employees Retirement Association (PERA-General), and the Teachers Retirement Association (TRA)), function similarly within their level of government or employment type.
- b. Defined Contribution Retirement Plans. The use of defined contribution plans will also provide full portability, because the benefit provided by a defined contribution plan is an accumulation of assets and money is fungible. This portability concern is the likely significant factor in the prevalence of the retirement coverage of the Teachers Insurance and Annuity Association – College Retirement Equity Fund (TIAA-CREF) of faculties at private sector and public sector colleges and universities.
- c. Pension Plan Consolidations. Consolidations of pension plans, with prior service credit recognized by one plan becoming allowable service credit in a successor retirement plan, will also provide portability. Consolidations within the public sector sometimes occur within states, but rarely or never occur across state boundaries. Consolidations are not usually prompted by portability concerns, but more usually are part of an initiative attempting to address the adequacy of benefit coverage for a type of employee or to address financial difficulties in one retirement plan by including it in another retirement plan.
- d. Purchases of Prior Service Credit. Purchases of prior service credit can provide pension portability, but if it is the selected mechanism, suffers from the fragmented nature in which it will be implemented and the harm that it can do to the funded status of the applicable retirement fund. Service credit purchases can be implemented by one retirement plan without any consultation with or agreement by other retirement plans and has been the focus of groups seeking greater national portability, such as the National Council on Teacher Retirement. Service credit purchases only arise with defined benefit retirement plans, where the non-fungible item of value, allowable service credit, is translated into a fungible item, an additional payment of money. Virtually every teacher retirement plan which is a member of the National Council on Teacher Retirement permits the purchase of prior service for teaching service rendered in another state.
- e. Asset Transfers. Asset transfers also can provide pension portability and represent a more systematic version of the prior service credit approach. Some jurisdictions (i.e., Louisiana, Missouri, New York, and Rhode Island) have authority to enter into interstate pension reciprocity agreements where assets related to a member's accrued retirement benefit would be transferred from one plan to another plan and translated into retirement benefit coverage in the subsequent retirement plan. The four-state authority has led to the development of model interstate portability transfer legislation by the National Council of Teacher Retirement.

In Minnesota, which boasts a large number of both statewide and local retirement plans, intrastate portability has been developed through the "service-in-more-than-one-retirement-plan" combination vesting provision (see Minnesota Statutes, Sec. 354.60, for an example), dating from the early 1960s, or through the "combined service annuity" portability provision, dating from 1975. The service-in-more-than-one-fund provisions allow portability of service credit for purposes of vesting for an eventual benefit. The combined service annuity provision provides for full portability, with recognition of past service credit for vesting purposes and with the utilization of a common final average salary for all benefit calculations.

2. Service-In-More-Than-One-Retirement-Plan Provisions. Twelve Minnesota public employee retirement plans are or have been covered by a limited portability provision, the service-in-more-than-one-retirement plan provisions.

The service-in-more-than-one-retirement plan provisions are:

Section	Plan(s)	Initially enacted as:
3A.12	Legislators Retirement Plan	Laws 1975, Ch. 368, Sec. 11
352.72	General State Employees Retirement Plan of the Minnesota State Retirement System (MSRS-General), and Correctional Employees Retirement Plan of the Minnesota State Retirement System (MSRS-Correctional)	Ex. Sess. Laws 1961, Ch. 67
352B.30	State Patrol Retirement Plan	Laws 1975, Ch. 368, Sec. 40
352C.051	Elective State Officers Retirement Plan	Laws 1978, Ch. 796, Sec. 19
352D.085	Unclassified State Employees Retirement Program of the Minnesota State Retirement System (MSRS-Unclassified)	Laws 1973, Ch. 624, Sec. 10
353.71	General Employees Retirement Plan of the Public Employees Retirement Association (PERA-General), Public Employees Police and Fire Retirement Plan (PERA-P&F), and PERA Local Government Correctional Employees Retirement Plan	Laws 1963, Ch. 641, Sec. 2
354.60	Teachers Retirement Association (TRA)	Ex. Sess. Laws 1961, Ch. 17, Sec. 15
354A.39	First Class City Teacher Retirement Plans	Laws 1979, Ch. 217, Sec. 24
422A.16, Subd. 8	Minneapolis Employees Retirement Fund (MERF)	Laws 1971, Ch. 552, Sec. 5

The service-in-more-than-one-retirement-plan provisions generally allow members of two or more retirement plans containing the provision to add the service in the applicable plans together to meet the length of service vesting requirement of each plan and to qualify for an eventual deferred retirement annuity, calculated separately by each retirement plan.

3. Combined Service Annuity Provision. The combined service annuity provision, found in Minnesota Statutes, Section 356.30, was enacted in 1975. This law provides portability between the Minnesota defined benefit public pension plans included in the provision. Before 1975, if a person shifted employment between a city, covered by PERA-General, and state employment, covered by MSRS-General or some other MSRS plan, the person would receive separate benefits from each pension plan calculated without reference to the other public employment. The PERA benefit would be that determined under the applicable laws at the time the individual left PERA covered employment. The MSRS-General benefit would be determined under laws in effect when the individual left MSRS-General covered employment. Both are high-five average salary defined benefit pension plans, but the final average salaries used to compute the benefits would be different, even with the same length of service credit, since one reflects recent salary while the other may be based on salary received years or even decades earlier.

The combined service annuity provision covers the following retirement plans:

- General State Employees Retirement Plan of the Minnesota State Retirement System (MSRS-General)
- MSRS Correctional State Employees Retirement Plan (MSRS-Correctional)
- MSRS Unclassified Employees Retirement Program (MSRS-Unclassified)
- State Patrol Retirement Plan
- Legislators Retirement Plan
- Elective State Officers Retirement Plan
- General Employees Retirement Plan of the Public Employees Retirement Association (PERA-General)
- Public Employees Police and Fire Retirement Plan (PERA-P&F)
- Local Government Correctional Service Retirement Plan (PERA-Correctional)
- Teachers Retirement Association (TRA)
- Minneapolis Employees Retirement Fund (MERF) Division of PERA
- Duluth Teachers Retirement Fund Association (DTRFA)
- St. Paul Teachers Retirement Fund Association (SPTRFA)
- Judges Retirement Plan

With the combined service annuity law, the benefit calculations for a person with multiple public pension plan coverage are similar to those for a person who worked the same portion of an entire career for a single public employer, or changed employment between employers covered by the same plan. To provide benefit treatment for the public employee who changed employment to another public employer covered by a different retirement system that is similar to that of a public employee whose coverage is all within the same retirement plan, the combined service annuity law requires that the benefit be computed using a common high-five average salary, with the years used for determining the high-five average salary to include the most recent employment, the prior employment, or a combination of the two, whichever provides the highest average. The common high-five average salary is then used to compute the benefits from all plans to be included in the calculations. The accrual rates and other plan features used to compute the benefits are those in effect for each included plan on the date the individual terminated from the last plan.

Under the combined service annuity provision, the individual is advantaged by receiving benefits from all the plans based on the recent high-five average salary, and the individual receives any benefit improvements or other plan changes that occurred since the individual terminated from the prior plan or plans. If two plans are involved, the benefit is computed by the first plan using the years of service credit the individual had under that plan. The second plan would compute its benefit based on the years of service credit the individual had under the second plan. Thus, an individual with 15 years of service under one plan and five years of service under another would receive two benefit checks, one from each plan, but the total of the two benefit checks should approximate the single retirement check received each month by a comparable individual in comparable employment with 20 years of service credit within a single plan.

When a combined service annuity is used, plans that provided coverage early in a person's career may have a higher liability than the plan's actuarial work had anticipated. In most cases, these actuarial losses are spread across the plans. For instance, in one situation, an individual may have moved from PERA-covered employment to MSRS-covered employment, and the individual's high-five average salary may be due to MSRS-covered service late in an individual's career. PERA's liability may be larger than PERA actuarial work had anticipated. In another case, an individual may have moved from the MSRS position early in her career to a PERA position. In that case, the MSRS liability may be higher than the plan anticipated. With the MSRS Judges Retirement Plan, however, it is rare that an individual might leave that plan and subsequently have employment covered by another combined service annuity plan. Generally, the Judges Retirement Plan would be the one covering the final employment.

Because the combined service annuity can create more liability than a plan administration may anticipate based solely on the plan's record of covered service, efforts have been made to build an additional liability element into the plan's actuarial report to reflect the action of the combined service annuity. For many years this was ignored, being captured as a loss item when these situations occurred. Several years ago, actuaries added a liability load factor to anticipate the action of this portability provision. More recently, more sophisticated adjustments may be used.

- From 1975 (Laws 1975, Ch. 262, Sec. 1) until 1983, to utilize the combined service annuity provision, a Minnesota public pension plan member was required to apply for all retirement annuities at the same time.
- In 1983 (Laws 1983, Ch. 286, Sec. 14), the period during which a public pension plan member can utilize the combined service annuity provision was extended from retirement from all applicable retirement plans at one time to six months.
- In 1994 (Laws 1994, Ch. 528, Art. 2, Sec. 14), the election period was further extended to retirement from all applicable plans within one year. The extension of the time period during which the combined service annuity provision must be elected generally coincided with the allowance for retroactive annuity applications and the extensions in the permissible retroactive time period.
- Initially, the combined service annuity was elected in lieu of any deferred annuity augmentation (i.e., automatic annual percentage increase in a retirement annuity amount during the period from the termination of covered employment until the annuity application date). Augmentation was intended to maintain some or all of the purchasing power of a retirement annuity between the end of the covered working career until the date of annuity receipt, but is not necessary under the combined service annuity where the final average utilized in all annuity calculations is the five-year period producing the highest average and tends to be the most recent period of public employment. In 1992 (Laws 1992, Ch. 432, Art. 2, Sec. 45), deferred annuities augmentation was extended to combined service annuity provision annuities from the date of conclusion of the most recent period of covered employment, making the combined service annuity provision more attractive to

individuals who leave all covered Minnesota public employment considerably in advance of reaching normal retirement ages.

4. Portability Windfalls. The combined service annuity provision can produce controversial results when an individual does not have a typical salary pattern of gradual increases overtime, such as when a large increase in salary occurs late in a person's career.

Some have questioned situations where individuals who served in the Legislature, with coverage under the now closed Legislators Retirement Plan, are later appointed as a judge. The Legislators Retirement Plan provided high accrual rates (percentage of the high-five salary per year of service) in response to the low salaries which Legislators received. The accrual rate is 5.0% per year for the first eight years and 2.5% for subsequent years for service prior to January 1979, and 2.5% thereafter. The Legislators Retirement Plan was a basic plan during most of its existence. The high accrual rate was in part reflecting that Social Security coverage was not created through the employment, and that salary was very low, particularly prior to 1979. Given very low salaries, it was perceived that high accrual rates were needed to create a reasonable retirement benefit in dollar terms. However, for those later appointed as a judge or to some other high-paying position, under the combined service annuity the high-five average salary created due to employment as a judge or other high-paid official is applied to the years of legislative service, creating benefits far higher than initially expected.

5. Development of the Service-in-more-than-one-retirement-plan Portability Provisions

- a. Legislators Retirement Plan

- In 1975 (Laws 1975, Ch. 368, Sec. 1), a service-in-more-than-one-retirement-plan portability mechanism was added to the Legislators Retirement Plan.
- In 1981 (Laws 1981, Ch. 224, Sec. 13), the various service-in-more-than-one-retirement-plan provisions were amended to eliminate the obsolete references to patrolmen and policemen.
- In 2006 (Laws 2006, Ch. 271, Art. 10, Sec. 28), the Legislators Retirement Plan provision was divided into lettered paragraphs and the language style and usage was updated to current legislative conventions without apparent substantive change.

- b. MSRS General State Employees Retirement Plan (MSRS-General)

- In 1961 (Ex. Sess. Laws 1961, Ch. 67, Sec. 22), a service-in-more-than-one-retirement-plan portability mechanism was added to MSRS-General, covering MSRS-General members with service credit in PERA-General or TRA if the combination service is at least equal to the vesting requirement, and also included a defined annuity calculation provision, a prohibition on the payment of an MSRS-General retirement annuity during employment covered by PERA-General or TRA, and allowed refund repayments for former MSRS-General members covered by the portability provision.
- In 1963 (Laws 1963, Ch. 383, Sec. 57), the deferred annuity eligibility portion of the MSRS-General provision was clarified to apply only to persons to whom the portability provision applies.
- In 1965 (Laws 1965, Ch. 230, Sec. 17), the prohibition on an MSRS-General retirement annuity payment while in other employment was clarified by eliminating an incorrect reference.
- In 1967 (Ex. Sess. Laws 1967, Ch. 57, Sec. 28), the MSRS-General provision was amended to accommodate the shift from the State Employees Retirement Plan to the Minnesota State Retirement System.
- In 1969 (Laws 1969, Ch. 188, Sec. 4), the refund portion of the MSRS-General provision was amended to make the prior authority applicable only to refunds received before June 30, 1961, and requiring post-1961 refunds to be repaid according to the current MSRS-General refund repayment law.
- In 1971 (Laws 1971, Ch. 274, Sec. 2, 3), the MSRS-General provision coverage was expanded to include the Public Employees Police and Fire Retirement Plan (PERA-P&F), the State Patrol Retirement Plan, and any other public pension plan with a similar provision other than a local police or fire relief association, and deferred annuity augmentation was added.
- In 1973 (Laws 1973, Ch. 221, Sec. 9, 10), the MSRS-General provision was amended to increase the deferred annuity augmentation rate and eliminated the 1967 restriction on accepting refund repayments for post-1961 refunds for former MSRS-General members utilizing the portability provision.

- In 1975 (Laws 1975, Ch. 368, Sec. 33), the deferred annuity augmentation portion of the MSRS-General provision was amended and the rate was increased from 2.5% to 5%.
 - In 1978 (Laws 1978, Ch. 796, Sec. 10), the MSRS-General provision was amended to reduce the deferred annuity augmentation rate from 5% to 3% for post-1980 deferral periods.
 - In 1981 (Laws 1981, Ch. 224, Sec. 54, 55), obsolete statutory cross-references in the MSRS-General provision were corrected.
 - In 1987 (Laws 1987, Ch. 229, Art. 6, Sec. 1), the language style and usage of the MSRS-General provision was updated without apparent substantive change and the vesting requirement under the provision was reduced from ten years to five years.
 - In 1989 (Laws 1989, Ch. 319, Art. 13, Sec. 16-18), the MSRS-General provision was amended to reduce the vesting requirement from five years to three years, the deferred annuity augmentation rate was increased for post-age-54 deferral periods from 3% to 5%, and a normal retirement age reference was clarified.
 - In 1990 (Laws 1990, Ch. 426, Art. 1, Sec. 42), the MSRS-General provision was amended to correct a reference to the Public Employees Police and Fire Retirement Plan.
 - In 1997 (Laws 1997, Ch. 233, Art. 1, Sec. 20), the MSRS-General provision was amended with the addition of a re-computation of annuities and benefits for pre-1997 service based on the change in the post-retirement interest rate assumption.
 - In 2002 (Laws 2002, Ch. 392, Art. 11, Sec. 52), service-in-more-than-one-retirement-plan provisions were amended to correct statutory cross-references resulting in a recodification of Minnesota Statutes, Chapter 356.
 - In 2006 (Laws 2006, Ch. 277, Art. 2, Sec. 2), the MSRS-General provision was amended to reduce the deferred annuity augmentation rate for plan members newly hired after June 30, 2006.
 - In 2010 (Laws 2010, Ch. 359, Art. 1, Sec. 7, 8), the MSRS-General provision was amended to increase the vesting requirement for portability for post-July 1, 2010, hires to at least five years of service credit and reduced the deferred annuity augmentation rate for all plan members for all post-2011 deferral periods to 2%.
- c. MSRS Correctional State Employees Retirement Plan (MSRS-Correctional). In 1981 (Laws 1981, Ch. 224, Sec. 60), the MSRS-General provisions, including the service-in-more-than-one-retirement-plan portability provision, unless otherwise provided, were made applicable to the MSRS-Correctional Retirement Plan.
- d. MSRS Military Affairs Personnel Retirement Plan (MSRS-Military). In 1993 (Laws 1993, Ch. 307, Art. 1, Sec. 23), the MSRS-General provisions, including the service-in-more-than-one-retirement-plan portability provision, unless otherwise provided, were made applicable to the MSRS-Military Retirement Plan.
- e. MSRS Transportation Department Pilots Retirement Plan (MSRS-Transportation). In 1993 (Laws 1993, Ch. 307, Art. 1, Sec. 23), the MSRS-General provisions, including the service-in-more-than-one-retirement-plan portability provision, unless otherwise provided, were made applicable to the MSRS-Transportation Retirement Plan.
- f. MSRS State Fire Marshal Employee Retirement Plan (MSRS-Fire Marshal). In 2007 (Laws 2007, Ch. 134, Art. 2, Sec. 8), the MSRS-General provisions, including the service-in-more-than-one-retirement-plan portability provision, unless otherwise provided, were made applicable to the MSRS-Fire Marshal Retirement Plan.
- g. State Patrol Retirement Plan
- In 1975 (Laws 1975, Ch. 368, Sec. 40), a service-in-more-than-one-retirement-plan portability mechanism was added to the State Patrol Retirement Plan.
 - In 1978 (Laws 1978, Ch. 796, Sec. 11), the State Patrol Retirement Plan provision was amended to reduce the deferred annuity augmentation rate from 5% to 3% for post-1980 deferral periods.
 - In 1981 (Laws 1981, Ch. 224, Sec. 274, Cl. 3), the term “highway patrolmen’s retirement association” was replaced by the term “highway patrol retirement association.”
 - In 1983 (Laws 1983, Ch. 128, Sec. 31), the State Patrol Retirement Plan provision was amended with various language style and usage changes without apparent substantive modifications.

- In 1987 (Laws 1987, Ch. 229, Art. 7, Sec. 1), the language style and usage of the State Patrol Retirement Plan provision was updated in a general rewrite of the statutory chapter with apparent substantive modification. Also in 1987 (Laws 1987, Ch. 372, Art. 9, Sec. 9), the State Patrol Retirement Plan provision was amended by reducing the vesting requirement from ten years of service credit to five years of service credit.
- In 1989 (Laws 1989, Ch. 319, Art. 13, Sec. 28), the State Patrol Retirement Plan provision was amended to reduce the vesting requirement from five years of service credit to three years of service credit.
- In 1990 (Laws 1990, Ch. 426, Art. 1, Sec. 43), the State Patrol Retirement Plan provision was amended to revise the name of the Public Employees Police and Fire Retirement Plan.
- In 1997 (Laws 1997, Ch. 233, Art. 1, Sec. 34), the State Patrol Retirement Plan provision was amended by the addition of a requirement for the re-computation of annuities and benefits for pre-1997 service credit based on the change in the general post-retirement interest rate assumption.
- In 2006 (Laws 2006, Ch. 277, Art. 2, Sec. 3), the State Patrol Retirement Plan provision was amended to reduce the deferred annuity augmentation rate for plan members newly hired after June 30, 2006, to 2.5%.
- In 2010 (Laws 2010, Ch. 359, Art. 1, Sec. 20, 21), the State Patrol Retirement Plan provision was amended to increase the vesting requirement for portability for post-July 1, 2010, hires to the longest period of years of service credit of the plan with the longest vesting period and reduced the deferred annuity augmentation rate for all plan members for all post-2011 deferral periods to 2%.

h. Elective State Officers Retirement Plan

- In 1978 (Laws 1978, Ch. 769, Sec. 19), a service-in-more-than-one-retirement-plan portability mechanism was added to the Elective State Officers Retirement Plan.
- In 1992 (Laws 1992, Ch. 598, Art. 1, Sec. 8), the Elective State Officers Retirement Plan provision was amended by increasing the refund repayment rate to 8.5%.
- In 1993 (Laws 1993, Ch. 307, Art. 1, Sec. 32), the Elective State Officers Retirement Plan provision was amended to eliminate obsolete references to public service commissioners and to reduce the vesting requirement from ten years to eight years.
- In 2006 (Laws 2006, Ch. 271, Art. 10, Sec. 33), the bulk of the Elective State Officers Retirement Plan active member benefit provisions were repealed, reflecting the closure to new members in 1997.

i. MSRS Unclassified Employees Retirement Program (MSRS-Unclassified)

- In 1973 (Laws 1973, Ch. 624, Sec. 10), the MSRs Unclassified Employees Retirement Program (MSRS-Unclassified) was first covered by a limited portability provision indicating that MSRS-Unclassified service can be used for the limited purpose of qualifying for MSRS-General benefits other than a disability benefit if the disability occurred under MSRS-Unclassified coverage.
- In 1986 (Laws 1986, Ch. 458, Sec. 10), the MSRS-Unclassified limited portability provision was extended to qualification for PERA-General or TRA annuities or benefits.
- In 2005 (1st SS Laws 2005, Ch. 8, Art. 10, Sec. 35), the MSRS-Unclassified portability provision was amended by adding an exception for portability under any of the combined service annuity or benefit provisions.

j. PERA General Employees Retirement Plan (PERA-General)

- In 1963 (Laws 1963, Ch. 641, Sec. 2), a service-in-more-than-one-retirement-plan portability mechanism was added to PERA-General.
- In 1969 (Laws 1969, Ch. 940, Sec. 16), the PERA-General provision was amended to revise the name of the State Employees Retirement Association to the Minnesota State Retirement System.
- In 1971 (Laws 1971, Ch. 412, Sec. 4-7), the PERA-General provision was expanded to include any other retirement plan with a similar provision other than a local police or paid fire relief association, augmentation was added at the applicable interest rate assumption rate, the prohibition on the payment of an annuity under the portability provision was extended to employment in a

position covered by any retirement plan with a service-in-more-than-one-retirement-plan portability provision, and the portability refund authorization was similarly extended.

- In 1973 (Laws 1973, Ch. 35, Sec. 58), as part of the Revisor’s corrections bill, various statutory cross-references were corrected. Also in 1973 (Laws 1973, Ch. 753, Sec. 80-83), the PERA-General provision was amended by eliminating volunteer firefighter relief associations from the 1971 expansion on the eligibility of the provision, the deferred annuity augmentation rate was reset at 3.5% per year, a qualification that augmentation may not reduce the annuity amount otherwise payable was added, augmentation was extended to 1971 for former PERA-General members applying for a retirement annuity after July 1, 1973, the 1971 extension of the limitation on annuity payments while employed in a position covered by a retirement plan with a similar portability provision was restated without apparent substantive change, and portability refund repayment authority was established broadly.
 - In 1974 (Laws 1974, Ch. 229, Sec. 21), the PERA-General provision was amended by increasing the deferred annuity augmentation rate from 3.5% to 5%.
 - In 1975 (Laws 1975, Ch. 102, Sec. 23), the PERA-General provision was amended by adding a pre-age-65 early retirement application measure.
 - In 1978 (Laws 1978, Ch. 796, Sec. 40), the PERA-General provision was amended by limiting the 5% deferred annuity augmentation until 1981 and the deferred annuity augmentation rate was set at 3% after 1980.
 - In 1979 (Laws 1979, Ch. 216, Sec. 20), the early retirement portion of the PERA-General provision had a statutory cross-reference refined.
 - In 1981 (Laws 1981, Ch. 224, Sec. 97), the language style and usage of the eligibility portion of the PERA-General provision was revised without apparent substantive modification. Also in 1981 (1st SS Laws 1981, Ch. 4, Art. 1, Sec. 165), as part of a Revisor’s correction bill, an erroneous statutory cross-reference in the PERA-General provision was corrected.
 - In 1987 (Laws 1987, Ch. 372, Art. 9, Sec. 23), the vesting requirement under the PERA-General provision was reduced from ten years to five years.
 - In 1989 (Laws 1989, Ch. 319, Art. 13, Sec. 46-48), the PERA-General provision was amended by reducing the vesting provision from five years of service credit to three years of service credit, the deferred annuity augmentation rate for deferral periods after age 55 was increased to 5% after age 55, and the retirement-prior-to-age-65 portion was revised to apply before the normal retirement age.
 - In 1997 (Laws 1997, Ch. 233, Art. 1, Sec. 43), the PERA-General provision was amended by the addition of a requirement for the re-computation of annuities and benefits for pre-1997 service credit based on the change in the general post-retirement interest rate assumption.
 - In 2000 (Laws 2000, Ch. 461, Art. 3, Sec. 25), the PERA-General provision was amended by revising the deferred annuity computation and augmentation portion to conform with updated language style and usage conventions and by expanding the 1997 benefit re-computation provision to include PERA-General Basic Program or Public Employees Police and Fire Retirement Plan survivor benefits for pre-1997 disabilitants.
 - In 2006 (Laws 2006, Ch. 359, Art. 1, Sec. 41, 42), the PERA-General provision was amended by resetting the vesting requirement from three years to the number of years of service credit required for a normal retirement annuity and the deferred annuity augmentation rate was reduced for all plan members for all post-2012 deferral periods to 2%.
- k. Public Employees Police and Fire Retirement Plan (PERA-P&F) and Local Government Correctional Service Retirement Plan (PERA-Correctional). The PERA-General service-in-more-than-one-retirement-plan portability provision also applies to the Public Employees Police and Fire Retirement Plan (Laws 1959, Ch. 650, Sec. 369) and to the Local Government Correctional Service Retirement Plan (Laws 1999, Ch. 222, Art. 2, Sec. 14).
- l. Teachers Retirement Association (TRA)
- In 1961 (Ex. Sess. Laws 1961, Ch. 17, Sec. 15), a service-in-more-than-one-retirement-plan portability provision was added, covering TRA members with MSRS-General or PERA-General service credit in addition totaling at least ten years of service credit, and providing a retirement annuity based on the TRA service credit.

- In 1971 (Laws 1971, Ch. 87, Sec. 1, 2), the TRA provision was extended to cover former TRA members with service credit in the Public Employees Police and Fire Retirement Plan (PERA-P&F), the State Patrol Retirement Plan, or similarly situated other Minnesota retirement plans other than local police and fire relief associations and a deferred annuity augmentation provision, set at the applicable interest rate actuarial assumption rate, was added.
- In 1973 (Laws 1973, Ch. 35, Sec. 59), the TRA provision was amended in the Revisor’s correction bill by substitution the Minnesota State Retirement System for the State Employees Retirement Association.
- In 1974 (Laws 1974, Ch. 289, Sec. 48), the deferred annuity augmentation rate in the TRA provision was increased to 5% on post-July 1, 1971, deferral periods.
- In 1975 (Laws 1975, Ch. 306, Sec. 25), the TRA provision was amended to require deferral periods of at least three months for deferred annuity augmentation and including pre-age-65 retirement requirements for deferred annuities.
- In 1978 (Laws 1978, Ch. 796, Sec. 43), the TRA provision was amended by reducing to 3% the deferred annuity augmentation rate after January 1, 1981.
- In 1981 (Laws 1981, Ch. 224, Sec. 124, 127), the TRA provision was amended by updating the language usage and style.
- In 1985 (1st SS Laws 1985, Ch. 7, Sec. 23), the TRA provision was amended to clarify that no augmentation of a deferred annuity applies for a period before July 1, 1971, or to any approved leave of absence period.
- In 1986 (Laws 1986, Ch. 458, Sec. 18), the TRA provision was amended to provide that a separate average salary was to be used for each annuity deferral period of the deferred annuitant had more than one period of uninterrupted service.
- In 1987 (Laws 1987, Ch. 259, Sec. 40; Ch. 284, Art. 6, Sec. 10; Ch. 372, Art. 9, Sec. 28), the TRA provision was amended by clarifying the mortality and interest rate assumptions to be used on computing a deferred retirement annuity for augmentation, by making various language style and usage improvements without apparent substantive modification, by specifying that service covered by a repaid refund is continuous service with the next period of the person’s service credit period and that deferred annuity augmentation applies to active member survivor coverage, and by reducing the vesting period for the provision from ten years of service to five years of service.
- In 1989 (Laws 1989, Ch. 319, Art. 13, Sec. 69, 70), the TRA provision was modified by providing that deferred annuity augmentation is to be compounded annually, by increasing the deferred annuity augmentation rate for the year after attaining age 55 from 3% to 5%, by clarifying the pre-age-65 retirement application as pre-normal retirement age application, and by reducing the vesting period for the provision from five years of service credit to three years of service credit.
- In 1990 (Laws 1990, Ch. 570, Art. 12, Sec. 41), the TRA provision was amended to eliminate references to the recently repealed variable annuity program.
- In 1997 (Laws 1997, Ch. 233, Art. 1, Sec. 54), the TRA provision was divided into lettered paragraphs, was amended to improve its language style and usage, and a provision was added for the re-computation of annuities and benefits for pre-1997 service credit based on the change in the general post-retirement interest rate assumption.
- In 2007 (Laws 2007, Ch. 277, Art. 2, Sec. 7), the TRA provision was amended to reduce the deferred annuity augmentation rate for plan members newly hired after June 30, 2006, to 2.5%.
- In 2009 (Laws 2009, Ch. 169, Art. 4, Sec. 32), the TRA provision was amended to modify the language usage and style to conform with current conventions without apparent substantive modifications.
- In 2010 (Laws 2010, Ch. 359, Art. 1, Sec. 56), the TRA provision was amended to reduce the deferred annuity augmentation rate for all plan members for all post-2012 deferral periods to 2%.

m. First Class City Teacher Retirement Fund Associations

- In 1977 (Laws 1977, Ch. 429, Sec. 60), the St. Paul Teachers Retirement Fund Association (SPTRFA) and the Minneapolis Teachers Retirement Fund Association (MTRFA) were

included in a service-in-more-than-one-retirement-plan portability provision replicating the TRA provision by statutory cross-reference.

- In 1979 (Laws 1979, Ch. 217, Sec. 24), the first class city teacher provision was codified rather than implemented by statutory cross-reference.
- In 1981 (Laws 1981, Ch. 269, Sec. 7), the Duluth Teachers Retirement Fund Association (DTRFA) was added to the coverage by the first class city teacher retirement fund association portability provision.
- In 1987 (Laws 1987, Ch. 372, Art. 9, Sec. 34), the first class city teacher retirement fund association provision was amended to reduce the vesting requirement from ten years of service credit to five years of service credit.
- In 1989 (Laws 1989, Ch. 319, Art. 13, Sec. 89), the first class city teacher retirement fund association provision was amended by reducing the vesting requirement from five years of service credit to three years of service credit.
- In 2006 (Laws 2006, Ch. 277, Art. 3, Sec. 28), the first class city teacher retirement fund association provision was amended by eliminating the reference to the Minneapolis Teachers Retirement Fund Association (MTRFA).
- In 2010 (Laws 2010, Ch. 359, Art. 12, Sec. 21), the first class city teacher retirement fund association provision was amended by eliminating the reference to the Minneapolis Employees Retirement Fund (MERF).

6. Development of the Combined Service Annuity Provision

- In 1975 (Laws 1975, Ch. 232, Sec. 1), the combined service annuity provision was enacted, which provided that a person with multiple retirement plan coverage, with total allowable service of at least ten years, with at least six months of allowable credit with the last covered plan, and with final termination after May 1, 1975, may elect in lieu of the deferred annuities augmentation of each plan's formula but calculated as though the service were continuous, with a single highest five successive years' average salary applicable, and with the formula percentage to be used for any single year of service not to exceed 2.5%, and with periods of dual coverage to be prorated and used only once. The retirement plans covered by the measure included:
 - a. state employees retirement fund;
 - b. correctional employees retirement program;
 - c. unclassified employees retirement plan;
 - d. highway patrolmen's retirement fund;
 - e. legislators' retirement plan;
 - f. elective state officers' retirement plan;
 - g. public employees retirement association;
 - h. public employees police and fire fund;
 - i. teachers retirement fund;
 - j. Minneapolis municipal employees retirement fund;
 - k. Minneapolis teachers retirement fund association;
 - l. St. Paul teachers retirement fund association; and
 - m. Duluth teachers retirement fund association.
- In 1981 (Laws 1981, Ch. 37, Sec. 2), the name of the State Patrol Retirement Plan was updated from the Highway Patrolmen's Retirement Fund.
- In 1983 (Laws 1983, Ch. 286, Sec. 14), the main portion of the provision was divided into paragraphs and clauses, extended the period during which retirements from all retirement plans must occur from simultaneous to within six months, and clarified the proration procedure for duplicated service credit periods.
- In 1986 (Laws 1986, Ch. 444), gender-specific references were replaced with gender-unspecific references.
- In 1987 (Laws 1987, Ch. 372, Art. 1, Sec. 20), the newly created public employees Local Government Correctional Service Retirement Plan (PERA-Correctional) was added to the enumeration of retirement plans covered by the provision. Also in 1987 (Laws 1987, Ch. 372, Art. 9, Sec. 35), the vesting requirement for the combined service annuity was reduced from ten years of covered service to five years of covered service.
- In 1989 (Laws 1989, Ch. 319, Art. 2, Sec. 23; Art. 5, Sec. 4; Art. 13, Sec. 92), the refund repayment authority under the provision was clarified and a limit was placed on refunds, set at the earlier of six

months after employment termination or before the date of retirement from the fund to which the refund is repaid, the Judges Retirement Plan was added to the enumeration of retirement plans covered by the provision, and the vesting requirement for the combined service annuity was set at the service credit length required to receive a retirement annuity from the covered retirement plan to accompany the move to three-year vesting broadly.

- In 1991 (Laws 1991, Ch. 340, Sec. 31), a requirement was added to the provision that if a service credit purchase involved eligibility for a combined service annuity, the purchase payment amount was required at the full actuarial value of the benefit increase payable for each applicable retirement plan.
- In 1992 (Laws 1992, Ch. 432, Art. 2, Sec. 45), the specification that the combined service annuity was in lieu of any deferred annuities augmentation was eliminated and augmentation under the law of the applicable covered retirement plan was made creditable from the date on which the person terminated all public service.
- In 1994 (Laws 1994, Ch. 528, Art. 2, Sec. 14), the restriction that retirement from all applicable retirement plans was extended from six months to one year and the limit on the maximum benefit accrual rate of 2.5% per year was increased to 2.65% per year of service credit for members of the Public Employees Police and Fire Retirement Plan (PERA-P&F).
- In 1995 (Laws 1995, Ch. 141, Art. 3, Sec. 20), the references to retirement fund in the provision was changed to retirement plan. Also in 1995 (Laws 1995, Ch. 262, Art. 1, Sec. 13), the maximum benefit accrual rate for Teachers Retirement Association Basic Program members was increased to 2.63% per year of service credit.
- In 1997 (Laws 1997, Ch. 233, Art. 1, Sec. 61, 62), the benefit accrual rate maximum in the provision was modified by removing the TRA-Basic Program exception, by resetting the maximums for the creation of aggregated benefit accrual rate specifications in Minnesota Statutes, Section 356.19, and by retaining a 2.5% per year of service credit maximum for members of the Legislators' Retirement Plan and the Elective State Officers' Retirement Plan other than members with benefit accrual rates revised to account for the reduction of the Minnesota Post Retirement Investment Fund cost-of-living post-retirement adjustment component rate. The public employees local government correctional service retirement plan, authorized but never made operational, was eliminated from the provision.
- In 1999 (Laws 1999, Ch. 222, Art. 2, Sec. 17), the public employees Local Government Correctional Service Retirement Plan (PERA-Correctional) was added to the coverage of the provision.
- In 2000 (Laws 2000, Ch. 461, Art. 3, Sec. 44), the language style and usage of the provision, without apparent substantive change, was updated and improved. Also in 2000 (Laws 2000, Ch. 461, Art. 18, Sec. 3), an exception from the maximum benefit accrual rate was made for the Judges Retirement Plan at 3.2% per year of service credit.
- In 2002 (Laws 2002, Ch. 392, Art. 11, Sec. 19), as part of a general recodification of Minnesota Statutes, Chapter 356, the language style and usage was further improved and revised without apparent substantive modification.
- In 2006 (Laws 2006, Ch. 271, Art. 11, Sec. 48), references to the Judges Retirement Plan were revised from a set of statutory section references to Minnesota Statutes, Chapter 490, at large. Also in 2006 (Laws 2006, Ch. 277, Art. 2, Sec. 10), as part of a general modification of deferred annuity augmentation rates, the deferred annuity augmentation rate used for a combined service annuity provision would be based on the person's initial date of public employment entry. Additionally in 2006 (Laws 2006, Ch. 277, Art. 3, Sec. 35), a reference to the consolidating Minneapolis Teachers Retirement Fund Association (MTRFA) as a covered retirement plan was removed.
- In 2008 (Laws 2008, Ch. 277, Art. 1, Sec. 79), in a portion of the Revisor's corrections bill, a cross-reference to an obsolete provision of the Elective State Officers' Retirement Plan was eliminated.
- In 2010 (Laws 2010, Ch. 359, Art. 1, Sec. 70; Art. 12, Sec. 25), the reference to vesting requirements was modified to be the period at least as long as the vesting provision of the retirement plan with the longest duration period and the statutory reference to the administratively consolidated Minneapolis Employees Retirement Fund (MERF) was revised as the MERF Division of the Public Employees Retirement Association.