



Revisor No. 26-07426 (O'Driscoll) Teachers Retirement Association; Requiring the employer of a reemployed annuitant to make employer contributions

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Introduction

- Affected Plan:** Teachers Retirement Association (TRA)
- Laws Amended:** Minnesota Statutes, sections [354.44](#) and [354.444](#)
- Brief Description:** The bill requires employers of reemployed annuitants to make employer contributions as specified in section 354.42, subdivision 3, to TRA during the period of reemployment.

Background

Returning to teaching service and reemployed annuitants

Under current law, when a retiree returns to service covered by TRA, neither the retiree (also referred to as a reemployed annuitant in this scenario) nor the employer make contributions, and the reemployed annuitant does not earn additional service credit.

At TRA's November 19, 2025, Board of Trustees meeting, information on the earnings of reemployed annuitants was provided. See red page 21 of the [November 19, 2025, Board meeting materials](#). The Board materials provide the following breakdown of salary for the 4,961 reemployed annuitants who worked in PreK–12 schools in fiscal year 2024:

- 4,330 reemployed annuitants earned less than \$20,000
- 388 reemployed annuitants earned between \$20,000 and \$45,999
- 111 reemployed annuitants earned between \$46,000 and \$61,999
- 104 reemployed annuitants earned between \$62,000 and \$99,999
- 28 reemployed annuitants earned more than \$100,000

Contributions to TRA

For members of TRA, the employee contribution rate is 8%. See [section 354.42, subdivision 2](#). The employer contribution rate is 9.81% for members not employed by Special School District No. 1, and 13.45% for members employed by Special School District No. 1 (Minneapolis schools). See [section 354.42, subdivision 3](#).

Section- by- Section Summary

Section 1 amends section 354.44, subdivision 5, by adding a paragraph that states, “[d]uring the period of reemployment, the employer of a reemployed annuitant must make employer contributions as specified in section 354.42, subdivision 3.”

Section 2 amends section 354.444, subdivision 5, by adding a clause that states, “the employer of an eligible person under this section must make employer contributions as specified in section 354.42, subdivision 3, during the period of employment to which this section applies.” Section 2 also makes technical and conforming changes to section 354.444, subdivision 5.

Sections 1 and 2 are effective the day following final enactment.

Considerations

Cost to school districts

An employer will be required to contribute 9.81% (13.45% for Minneapolis schools) for each reemployed annuitant it employs. These contributions will be an additional cost to employers.

LCPR staff does not know how many reemployed annuitants are employed by each school district or the exact salaries of those reemployed annuitants. Therefore, the cost to each employer is unknown at this time. However, using the number of reemployed annuitants and the average of each salary range provided in TRA’s Board meeting materials along with the 9.81% employer contribution rate, staff estimates that TRA would receive an additional \$11.4 million in employer contributions per year.

Employing retirees vs. non- retirees

The bill modifies the resumption of teaching service after retirement and return to work provisions by adding the requirement that employer contributions are required with respect to the reemployed annuitant. Under the bill, TRA would receive additional employer contributions without incurring any corresponding additional liabilities. Employer contributions will be paid into the fund, but the reemployed annuitant will receive no benefit from those contributions because the reemployed annuitant does not earn any additional service or salary credit for the period of reemployment.

From the employer’s perspective, under current law, there is an incentive to hire retirees rather than non-retirees, because in the case of a retiree, the employer does not have to pay employer contributions. The proposed change eliminates that incentive. As a result, it may be more challenging for retirees to find TRA-covered employment and for school districts to hire retirees.