

1.1 moves to amend S. F. No. 3540, the second engrossment, as amended, as
1.2 follows:
1.3 Page 61, after line 3, insert:

1.4 "ARTICLE 8
1.5 SERVICE CREDIT PURCHASE FOR TEACHING SERVICE IN OTHER STATES

1.6 Section 1. [354.544] SERVICE CREDIT PURCHASE FOR TEACHING SERVICE
1.7 IN OTHER STATES.

1.8 Subdivision 1. Service credit purchase authorized. (a) A teacher who has at least three
1.9 years of allowable service credit with the Teachers Retirement Association is entitled to
1.10 purchase up to five years of allowable and formula service credit for periods of service as
1.11 an elementary or secondary public or charter school teacher in another state by making
1.12 payment of the purchase payment amount under subdivision 4.

1.13 (b) Periods of service that may be purchased are:

1.14 (1) periods of service as a teacher in another state before becoming a member of the
1.15 association; and

1.16 (2) periods of service as a teacher in another state during any period of employment
1.17 after terminating teaching service as a member of the association and before returning to
1.18 teaching service as a member of the association.

1.19 (c) A teacher is not permitted to purchase a period of service if the purchase would result
1.20 in an entitlement to service credit for the same period of service in more than one pension
1.21 or retirement plan.

2.1 Subd. 2. Application and documentation. A teacher who desires to purchase service
2.2 credit under subdivision 1 must apply with the executive director to make the purchase. The
2.3 application must include:

2.4 (1) documentation showing the teacher's period of employment as a teacher in another
2.5 state;

2.6 (2) the period of employment for which service credit is being purchased;

2.7 (3) permission to allow the executive director to request and receive verification of such
2.8 employment;

2.9 (4) documentation showing that the teacher has forfeited all rights to benefits for the
2.10 period of employment as a teacher in another state; and

2.11 (5) any other relevant information requested by the executive director.

2.12 Subd. 3. Grant of service credit. The Teachers Retirement Association must grant
2.13 allowable service credit to the teacher making the purchase for the period being purchased
2.14 upon receipt of the purchase payment amount. Payment must be made by the earlier of the
2.15 teacher's termination of teaching service or one year after the executive director's approval
2.16 of the teacher's application to purchase service credit. Purchasing allowable service credit
2.17 under this section does not change the date the teacher first became a member of the
2.18 association for the purpose of computing an annuity under section 354.44, subdivision 6.

2.19 Subd. 4. Purchase payment amount. The purchase payment amount is the amount
2.20 determined under section 356.551 for the period or periods of service requested, except
2.21 that, for purposes of calculating the purchase payment amount to purchase allowable service
2.22 credit for service as a teacher in another state that occurred before becoming a member of
2.23 the association or between periods of teaching service as a member of the association,
2.24 section 356.551, subdivision 2, paragraph (c), shall not apply.

2.25 EFFECTIVE DATE. This section is effective January 1, 2023.

2.26

Sec. 2. [354A.0961] SERVICE CREDIT PURCHASE FOR TEACHING SERVICE
IN OTHER STATES.

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Subdivision 1. Service credit purchase authorized. (a) A teacher who has at least three years of allowable service credit with the St. Paul Teachers Retirement Fund Association is entitled to purchase up to five years of allowable and formula service credit for periods of service as an elementary or secondary public or charter school teacher in another state by making payment of the purchase payment amount under subdivision 4.

(b) Periods of service that may be purchased are:

(1) periods of service as a teacher in another state before becoming a member of the association; and

(2) periods of service as a teacher in another state during any period of employment after terminating teaching service as a member of the association and before returning to teaching service as a member of the association.

(c) A teacher is not permitted to purchase a period of service if the purchase would result in an entitlement to service credit for the same period of service in more than one pension or retirement plan.

Subd. 2. Application and documentation. A teacher who desires to purchase service credit under subdivision 1 must apply with the executive director to make the purchase. The application must include:

(1) documentation showing the teacher's period of employment as a teacher in another state;

(2) the period of employment for which service credit is being purchased;

(3) permission to allow the executive director to request and receive verification of such employment;

(4) documentation showing that the teacher has forfeited all rights to benefits for the period of employment as a teacher in another state; and

(5) any other relevant information requested by the executive director.

Subd. 3. Grant of service credit. The St. Paul Teachers Retirement Fund Association must grant allowable service credit to the teacher making the purchase for the period being purchased upon receipt of the purchase payment amount. Payment must be made by the earlier of the teacher's termination of teaching service or one year after the executive director's approval of the teacher's application to purchase service credit. Purchasing allowable service credit under this section does not change the date the teacher first became a member of the association for the purpose of computing an annuity under section 354A.31, subdivision 6.

Subd. 4. Purchase payment amount. The purchase payment amount is the amount determined under section 356.551 for the period or periods of service requested, except that, for purposes of calculating the purchase payment amount to purchase allowable service credit for service as a teacher in another state that occurred before becoming a member of the association or between periods of teaching service as a member of the association, section 356.551, subdivision 2, paragraph (c), shall not apply.

EFFECTIVE DATE. This section is effective January 1, 2023.

Sec. 3. Minnesota Statutes 2020, section 356.551, subdivision 2, is amended to read:

Subd. 2. **Determination.** (a) Unless the minimum purchase amount set forth in paragraph (c) applies, the prior service credit purchase amount is an amount equal to the actuarial present value, on the date of payment, as calculated by the chief administrative officer of the pension plan and reviewed by the actuary retained under section 356.214, of the amount of the additional retirement annuity obtained by the acquisition of the additional service credit in this section.

(b) Calculation of this amount must be made using the investment return assumption

4.12 applicable to the public pension plan specified in section 356.215, subdivision 8, and the
4.13 mortality table adopted for the public pension plan.

4.14 (1) Unless clause (2) applies, the calculation must assume continuous future service in
4.15 the public pension plan until, and retirement at, the age at which the minimum requirements
4.16 of the fund for normal retirement or retirement with an annuity unreduced for retirement at
4.17 an early age, including section 356.30, are met with the additional service credit purchased.
4.18 The calculation must also assume a full-time equivalent salary, or actual salary, whichever
4.19 is greater, and a future salary history that includes annual salary increases at the applicable
4.20 salary increase rate for the plan specified in section 356.215, subdivision 8.

4.21 (2) This clause applies when the calculation is being done for purposes of section
4.22 353.0141, subdivision 3; 354.544; or 354A.0961. The calculation must include continuous
4.23 future service in the public pension plan until, and retirement at, any age at or after which
4.24 the minimum requirements of the fund for early retirement or retirement with an annuity
4.25 unreduced for retirement at an early age, including section 356.30, are met with the additional
4.26 service credit purchased. The calculation must be determined using the retirement age that
4.27 provides the most valuable benefit to the member. The calculation must also assume a
4.28 full-time equivalent salary, or actual salary, whichever is greater, and a future salary history
4.29 that includes annual salary increases at the applicable salary increase rate for the plan
4.30 specified in section 356.215, subdivision 8.

4.31 (c) The prior service credit purchase amount may not be less than the amount determined
4.32 by applying, for each year or fraction of a year being purchased, the sum of the employee
4.33 contribution rate, the employer contribution rate, and the additional employer contribution
5.1 rate, if any, applicable during that period, to the person's annual salary during that period,
5.2 or fractional portion of a year's salary, if applicable, plus interest at the applicable annual
5.3 rate or rates specified in section 356.59, subdivision 2, 3, 4, or 5, whichever applies,
5.4 compounded annually, from the end of the year in which contributions would otherwise
5.5 have been made to the date on which the payment is received.

5.6 (d) Unless otherwise provided by statutes governing a specific plan, payment must be
5.7 made in one lump sum within one year of the prior service credit authorization or prior to
5.8 the member's effective date of retirement, whichever is earlier. Payment of the amount
5.9 calculated under this section must be made by the applicable eligible person.

5.10 (e) However, the current employer or the prior employer may, at its discretion, pay all
5.11 or any portion of the payment amount that exceeds an amount equal to the employee
5.12 contribution rates in effect during the period or periods of prior service applied to the actual
5.13 salary rates in effect during the period or periods of prior service, plus interest at the
5.14 applicable annual rate or rates specified in section 356.59, subdivision 2, 3, 4, or 5, whichever
5.15 applies, compounded annually, from the date on which the contributions would otherwise
5.16 have been made to the date on which the payment is made. If the employer agrees to
5.17 payments under this subdivision, the purchaser must make the employee payments required
5.18 under this subdivision within 90 days of the prior service credit authorization. If that
5.19 employee payment is made, the employer payment under this subdivision must be remitted
5.20 to the chief administrative officer of the public pension plan within 60 days of receipt by
5.21 the chief administrative officer of the employee payments specified under this subdivision.
5.22 **EFFECTIVE DATE.** This section is effective January 1, 2023."

5.23 Renumber the articles in sequence and correct the internal references

5.24 Amend the title accordingly