

The 2013 Omnibus Pension Legislation was signed by the Governor, May 23, 2013. It will make some important program changes.

YOU ARE REQUESTED TO CHECK WITH SPTRFA TO SEE IF PREVIOUS BENEFIT ESTIMATES COULD BE IMPACTED OR WITH ANY QUESTIONS ABOUT THE NEW LEGISLATION.

What are the IMMEDIATE IMPACTS on SPTRFA of the 2013 Pension Bill?

- A) For ALL Retired Annuitants, Survivors, Beneficiaries** — Retirement Benefits are UNCHANGED
- B) For Retirees, under Normal Retirement Age (age 65 or 66), who may be planning to RETURN TO WORK with the Saint Paul Public Schools District (SPPS), new Legislation requires that:**
- 1) You must wait 90 days from the date of Retirement before Returning to work (in any capacity with SPPS). The prior requirement was 30 days;**
 - 2) If your Return to Work wages total more than \$46,000, your retirement benefit will continue to be reduced by one dollar for every three dollars **in excess of \$46,000**, BUT... your retirement benefit reduction amount, due to the “excess earnings” penalty, will **NO LONGER be credited** back to you when you complete your service with SPPS or attain Social Security normal retirement age. Previously, these “excess earnings” were merely deferred.**
- C) For Active Members**, your retirement contributions, as earlier set, will increase by 0.25% of salary beginning July 1, 2013. The new Legislation did not change the planned increases (1/4% of salary) for 2013 or 2014. However, beginning on July 1, 2015 contributions for active members will increase by ½% (to 7% of salary). These will be bumped another ½% starting July 1, 2016. Contributions will represent 7.5% of salary at that point and reach parity with contribution levels of other MN teachers. **(Note: The, SPPS will experience comparable levels of Retirement Plan contribution increases stretching into 2017. It will also be required, for the first time, to contribute its employer share plus an additional 2.5% on salaries earned by retirees under age 66 engaged in the Return to Work Program. Retirees in the Return to Work Program will NOT pay any employee contribution to the Retirement Plan.)** As a part offset for the rise in contribution rates in the outer years, the formula Multiplier for determining retirement benefits will be increased by .20 starting with credited years of service after 2015. Tier I members’ (hired before 1989) multiplier of 1.2X will increase to 1.4X. Tier II members’ (hired post 1989) multiplier will become 1.9x from 1.7x, again achieving parity with other MN public educators.
- D) For Active Members contemplating “early” retirement (prior to normal retirement age 65 or 66)**, the factors used to determine any benefit reduction have been revised. In general, the benefit reductions are greater than previously to allow for increased longevity. However, the new tables are designed to lessen the impact on teachers with longer tenure and nearer to normal retirement age.