

New 2023 pension law provides Saint Paul Teachers' Retirement Fund Association (SPTRFA) Members with unreduced retirement benefit at age 62 with 30 years of retirement service credit.

The 2023 Omnibus Pension Finance Bill HF3100/SF3162 was ratified on May 23, 2023. This bill allows SPTRFA members who are age 62 or older and who have at least 30 years of retirement service credit (62 and 30 rule) to retire without any benefit reductions under the Tier II benefit formula. Currently, SPTRFA members receive a reduced Tier II benefit for each year under normal retirement age of 65/66. The Bill was enacted on May 23, 2023, and applies to retirement dates on or after July 1, 2023.

Who does this law impact?

- 1) Active SPTRFA members** (currently employed with Saint Paul Public Schools)
- 2) Active combined service members** (actively contributing to Minnesota public pension plans: TRA, PERA, MSRS, or SPTRFA; with prior service at another Minnesota public pension plan)
- 3) Deferred SPTRFA members** (SPTRFA members no longer working with SPPS).
- 4) Retired SPTRFA members** (SPTRFA members currently receiving a pension benefit)

Read more about each group numbered below:

1) Active SPTRFA Members [Currently employed with Saint Paul Public Schools (SPPS)]

How does this law impact me as an active SPTRFA member?

You may retire without benefit reductions once you reach age 62 and have 30 years of allowable Minnesota public pension retirement service credit. This results in a larger monthly benefit than previously provided.

- **What are the requirements to retire under the 62 and 30 rule?** Any active SPTRFA member as of May 23, 2023, is eligible to retire at age 62 if they have 30 or more years of retirement service credit. The earliest retirement date under this provision is July 1, 2023.
- **If I am eligible for Rule of 90 because I was hired before July 1, 1989, will the 62 and 30 rule apply to me?** Possibly. The 62 and 30 rule impacts SPTRFA benefits calculated under Tier II calculations for which you are also eligible. Your pension will be based on the higher or the Rule of 90 calculation or the Tier II calculation, which includes the 62 and 30 rule.
- **What action do I need to take if I qualify under the 62 and 30 rule?**
If you meet eligibility criteria and wish to retire, email SPTRFA at info@sptrfa.org for SPTRFA benefit estimates and application documents.
- **Will SPTRFA provide updated estimates to reflect the impact of the legislative change?**
Yes, upon request. Please contact us at info@sptrfa.org to request your specific pension date. Due to the high volume of estimate requests, delays may occur for estimate requests in 2024 and later.

- **Will my unreduced benefits match previous SPTRFA Member Annual Statement estimates?**No, previous estimates did not include the elimination of the early retirement reduction at age 62 and 30 years of retirement service credit. Benefits under the 62 and 30 rule will be higher than previously estimated.
- **When can I retire from SPPS if/when I meet the 62 and 30 rule requirements?**
Any active SPTRFA member that meets eligibility requirements can retire under this law on or after July 1, 2023.
- **When should I resign from SPPS if I plan to retire on July 1, 2023?**
Resignation from SPPS must occur at least one day before your retirement date.
- **When will my SPTRFA benefits begin under the 62 and 30 rule?**
Your SPTRFA retirement date may be on or after July 1, 2023. You may choose retirement dates of the 1st or 16th of any month following your resignation date. All pensions are paid on the 1st business day of the month.
- **I have questions about health care and medical coverage, who do I contact?**
Please contact the SPPS benefits department at benefits@spps.org.
- **If I am on an approved SPPS leave of absence, do I need to return to employment with SPPS to receive the unreduced benefits?** You are not required to return to SPPS employment after your leave. When you meet the 62 and 30 rule criteria, you may draw your SPTRFA benefits with no reduction for early retirement.
- **I am close to age 60 with less than 30 years of retirement service credit and I am unsure if I want to continue with the 2023-24 school year. What are my options so when I am 62, I will have the right amount of retirement service to qualify for the 62 and 30 rule?** SPTRFA members may apply for SPPS-approved mobility leave. Approved mobility leave allows up to five years in which a member may purchase SPTRFA retirement service credits based on the last fiscal year's earnings by paying the employee and employer contributions. Please contact SPPS Benefits Department for the application deadline and SPPS application at benefits@spps.org.
- **I plan to leave SPPS and defer my SPTRFA benefits. How will the 62 and 30 rule affect my deferred benefit?** There are three ways the 62 and 30 rule may impact a deferred benefit:
 - 1) If you are age 62 or older and have at least 30 years of retirement service credit, you can begin your benefits effective July 1, 2023, or defer to a later date.
 - 2) If you are younger than age 62 and have at least 30 or more years of retirement service credit, you can defer payments to age 62 and still benefit from the 62 and 30 rule.
 - 3) If you are younger than age 62 and do not have at least 30 years of retirement service credit, you may defer your SPTRFA benefit. To meet the 62 and 30 rule service requirement, additional service time must be credited. This can be done through earning Combined Service Annuity Service (see section 2 below) or purchasing eligible service credit.
- **I work part-time with SPPS, is there a way that I could purchase retirement service credit to get closer to 30 years of service faster?** SPPS has a part-time to full-time assignment program for members with at least three years of retirement service credit that allows the purchase of retirement service credit through SPTRFA. You pay the employee and employer contributions based on the difference between your part-time and full-time earnings. SPTRFA provides participants with an annual service purchase cost statement in April of each year with payment due to SPTRFA by June 30th. You may purchase retirement service credit while working under the SPPS part-time to full-time assignment program for up to 10 years in your career. Please contact SPPS Benefits Department for the details and application at benefits@spps.org.

2) Combined Service Annuity (CSA) Members

CSA is a special form of portability under Minnesota law for individuals having allowable retirement service credit with more than one covered Minnesota public pension fund (see Minn. Stat. § 356.30).

Your allowable retirement service credit and salary with those plans are considered jointly at retirement to determine eligibility and tier level of benefits. At retirement, you will apply for and receive a separate benefit from each plan. The contributions made to multiple Minnesota plans cannot be rolled over or combined. Participating Minnesota public pension funds are Minnesota Teachers Retirement Association (TRA), Public Employees Retirement Association (PERA), and Minnesota State Retirement System (MSRS), and St. Paul Teachers' Retirement Fund Association (SPTRFA).

I'm currently an active SPTRFA member with combined service. How does this law impact me?

Active SPTRFA members will be able to retire without benefit reductions once they reach age 62 with 30 years of allowable Minnesota public pension retirement service credit. This may result in a larger SPTRFA monthly benefit.

- **What are the requirements for the 62 and 30?** Any SPTRFA member at least age 62 with 30 or more years of combined retirement service credit is eligible to receive an unreduced SPTRFA benefit before normal retirement age.
- **Does this benefit enhancement apply to other CSA funds?** No, the 62 and 30 rule only applies to your SPTRFA benefit. Early retirement factors still apply for other CSA funds.
- **Can I retire now from SPTRFA and defer retirement in another CSA fund?**
Your retirement date for other CSA funds must be within one year of retirement from SPTRFA. Failure to do so results in foregoing any increased benefit resulting from use of the combined service annuity law.
- **If I am eligible for Rule of 90 because I was hired before July 1, 1989, will the 62 and 30 rule have a higher benefit amount for me?** Possibly. The 62 and 30 rule for SPTRFA benefits are calculated under Tier II calculations. Tier II calculations have a higher benefit multiplier; however, in some cases a Tier I benefit calculation may be higher overall between CSA funds. SPTRFA pays you the higher benefit.
- **What action do I need to take with SPTRFA if I qualify under the 62 and 30 rule?** You will need to resign with SPPS or your CSA employer no earlier than May 23, 2023, and email SPTRFA at info@sptrfa.org to request SPTRFA benefit estimates and application documents. You must apply for your benefits with all CSA funds within one year of retirement from SPTRFA.
- **I am currently an active member of another CSA fund with prior SPTRFA service. How does this law impact me?** Your SPTRFA retirement eligibility remains unchanged. If you are not an active or retired member of SPTRFA, you are considered a deferred member (see section 3), regardless of CSA status. To qualify for 62 and 30, you must return to employment with SPPS and earn 85 days of SPTRFA retirement service credit before qualifying for the for the improved age 62 and 30 years of service benefit.

3) Deferred with SPTRFA Retirement Service Credit only

Who is considered a SPTRFA deferred member?

A deferred member is not currently employed by SPPS and is not contributing to SPTRFA. A deferred member must have three years of creditable service to be eligible to receive a retirement benefit.

This section is for members who are not contributing to another Minnesota public pension plan under the Combined Service Annuity Plan (see section 2 above).

How does this law impact me as an SPTRFA deferred member?

SPTRFA members who were not employed with SPPS as of May 23, 2023, are considered deferred members. There is no change to benefit eligibility for deferred members. Deferred members receive the benefits in place at the time of their deferral.

- **What are the deferred member requirements to retire under 62 and 30?** Any SPTRFA deferred member who is at least age 62 with 30 or more years of retirement service credit, and:
 - 1) **If you resigned on May 23, 2023, or later:** You are eligible to receive an unreduced SPTRFA benefit prior to normal retirement age under the 62 and 30 rule.
 - 2) **If your resignation date is prior to May 23, 2023:** You must return to employment with SPPS for 85 days of additional SPTRFA retirement service credit to be eligible for the 62 and 30 rule.
- **After I have completed the return to employment with SPPS and meet the 62 and 30 rule eligibility, when can I begin SPTRFA benefit payments?** Your SPTRFA benefit begin date will be the first eligible pension date after your SPPS return to employment resignation date or last day worked.
- **If I am eligible for Rule of 90 because I was hired before July 1, 1989, will my benefit amount under 62 and 30 be higher?** Possibly. The 62 and 30 rule impacts SPTRFA benefits calculated under Tier II calculations for which you are also eligible. Your pension will be based on the higher or the Rule of 90 calculation or the Tier II calculation, which includes the 62 and 30 rule.
- **What action do I need to take with SPTRFA if I qualify under the 62 and 30 rule?**
If you qualify and meet eligibility criteria, you will need to email SPTRFA at info@sptrfa.org for SPTRFA benefit estimates and application documents.
- **When will my SPTRFA benefits begin under the 62 and 30 rule?**
Your retirement date must be no earlier than July 1, 2023. You may choose retirement dates of the 1st or 16th of the month depending on your resignation date or date application is received in our office. All pensions are paid on the first business day of the month.
- **Will SPTRFA provide updated estimates to reflect the impact of the legislative change?**
Yes, upon request. Please contact us at info@sptrfa.org to request your specific pension date.
Due to the high volume of estimate requests, delays may occur for estimate requests in 2024 and later.
- **I have questions about health care and medical coverage, who do I contact?**
Please contact St. Paul Public School's Benefits Department at benefits@spps.org.

4) Retired SPTRFA Members

Does this law impact current SPTRFA retirees in payment status? This will not affect current SPTRFA retirees who resigned prior to the legislation's enactment and are in payment status.

Can a retiree rescind their application and return all their SPTRFA benefit payments and reapply for SPTRFA benefits under the 62 and 30 rule? No, retirees are unable to rescind their retirement while in payment status.

I am a retiree and want to know more about the 2023 pension legislation, where can I learn more?

Visit the webpage: <https://www.commissions.leg.state.mn.us/lcpr/omnibus.htm> for details.