

Background Information on Default Retirement Coverage Where the Position is covered by a Coverage Election

Coverage Elections Are Rare in Minnesota Public Pension Plan Practice

With the exception of a small number of volunteer fire departments, local government employees receiving compensation of less than \$425 per month, or Minnesota State Colleges and Universities System (MnSCU) part-time faculty teaching less than one-quarter of a full-time schedule, Minnesota public employees have retirement coverage on a mandatory basis.

Of the Minnesota public employees with mandatory retirement coverage, most employees have retirement coverage by a specific retirement plan, with only a very small number having a choice between plans. The Minnesota public employees with options in their retirement coverage are the following:

<u>Type of Minnesota Public Employee</u>	<u>Alternative Retirement Coverage Options</u>
1. Employees of the Offices of the Governor, Lieutenant Governor, the Secretary of State, State Auditor, Attorney General	Minnesota State Retirement System General State Employees Retirement Plan (MSRS-General) or MSRS Unclassified Employees Retirement Program (MSRS-Unclassified)
2. The head of a department, division or agency created by statute in the unclassified service, an acting department head subsequently appointed to the position or an employee enumerated in M.S., Sec. 15A.0815, 15A.083, Subd. 4, or 43A.08, Subd. 3	MSRS-General or MSRS-Unclassified
3. The deputy, assistant head or director of a department or agency authorized under statute	MSRS-General or MSRS-Unclassified
4. One confidential secretary in agencies listed in M.S., Sec. 43A.08, Subd. 1, Cl. (3)	MSRS-General or MSRS-Unclassified
5. Employees of the legislature, legislative commissions or agencies (including all permanent, full-time employees; also temporary employees who return to legislative positions and at the time of rehire have shares in the Unclassified Program from former employment)	MSRS-General or MSRS-Unclassified
6. Employees of the State Board of Investment	MSRS-General or MSRS-Unclassified
7. 27 positions designated by the Metropolitan Council	MSRS-General or MSRS-Unclassified
8. Nine positions designated by the Higher Education Services Office	MSRS-General or MSRS-Unclassified
9. The clerk of the appellate courts	MSRS-General or MSRS-Unclassified
10. The state court administrator and the judicial district administrators	MSRS-General or MSRS-Unclassified
11. The Chief executive officers of correctional facilities and hospitals and nursing homes	MSRS-General or MSRS-Unclassified
12. Employees of the state ceremonial house	MSRS-General or MSRS-Unclassified
13. Employees in the managerial plan at the State Lottery	MSRS-General or MSRS-Unclassified
14. Employees of Enterprise Minnesota	MSRS-General or MSRS-Unclassified
15. Employees of the Iron Range Resources and Rehabilitation Board	MSRS-General or MSRS-Unclassified
16. Employees of the Agricultural Utilization Research Institute	MSRS-General or MSRS-Unclassified
17. Certain Minnesota State Colleges and Universities System (MnSCU) administrators with state service previous to July 1, 1995, rather than MnSCU-Individual Retirement Account Plan (IRAP) as a MnSCU employee	MSRS-General or MSRS-Unclassified
18. MnSCU faculty members at Lake Superior College hired before June 30, 1995	MnSCU-IRAP or Duluth Teachers Retirement Fund Association (DTRFA)
19. MnSCU faculty members at the St. Paul College hired before June 30, 1995	MnSCU-IRAP or St. Paul Teachers Retirement Fund Association (SPTRFA)
20. MnSCU faculty members at all other institutions hired before June 30, 1995	MnSCU-IRAP or Teachers Retirement Association (TRA)
21. MnSCU faculty members hired after June 30, 1995	MnSCU-IRAP or TRA
22. Employees of the State Department of Education	MSRS-General or TRA
23. District court administrators with prior Public Employees Retirement Association General Employee Retirement Plan (PERA-General) coverage	PERA-General or MSRS-General
24. Chaplains or nuns	MSRS-General or nonpublic coverage

Type of Minnesota Public Employee	Alternative Retirement Coverage Options
25. Non-faculty MnSCU employees hired before 1995	MSRS-General, PERA-General or Minneapolis Employees Retirement Fund (MERF)
26. State labor organization employees	MSRS-General or nonpublic coverage
27. Local government labor organization employees	PERA-General or nonpublic coverage
28. PERA-General members appointed state department head by the Governor	PERA-General or MSRS-General
29. City managers	PERA-General or nonpublic coverage
30. St. Paul Port Authority employees who were at least age 45 on January 1, 2003	PERA-General or nonpublic coverage
31. Teachers on leave of absence and employed by a labor organization	TRA or nonpublic coverage

Coverage Election Timeframe and Default Provisions

Where a Minnesota governmental employee has a retirement coverage option, the applicable statute generally specifies a default coverage if the eligible person does not make an election or does not make an election in a timely fashion.

- For employees who have the option of retirement coverage by the General State Employees Retirement Plan of the Minnesota State Retirement System (MSRS-General) or by the Unclassified State Employees Retirement Program of the Minnesota State Retirement System (MSRS-Unclassified) (employee types 1 to 17 above), Minnesota Statutes, Section 352D.02, provides that the election must be made within one year following the commencement of applicable employment and if the election is not made in a timely fashion, the default coverage is the MSRS-Unclassified Program.
- For employees who have the option of retirement coverage by the Teachers Retirement Association (TRA) or by the Minnesota State Colleges and Universities System Individual Retirement Account Plan (MnSCU-IRAP) (employee type 21 above), Minnesota Statutes, Section 354B.21, Subdivisions 2 and 3, provide that the election must be made within one year of the commencement of MnSCU-IRAP eligible MnSCU employment and for most employees, if the election is not made in a timely fashion, the default coverage is MnSCU-IRAP, with a second chance election of coverage within one year of attaining tenure or its equivalent for MnSCU faculty members who first attain tenure after June 30, 2009.
- For employees of the State Department of Education (employee type 22 above), Minnesota Statutes, Section 352.01, Subdivision 2b, Clause (2), specifies no election procedure or time limit and sets the default retirement coverage as TRA.
- For employees who are employed as district court administrators (employee type 23 above) under Minnesota Statutes, Section 484.68, Subdivision 8, the election between retirement coverage options must be made within 12 months of appointment to the administrator's position and the default coverage, is MSRS-General coverage is not affirmatively elected in a timely fashion, is coverage by PERA-General.
- For chaplains and nuns (employee type 24 above) under Minnesota Statutes, Section 352.01, Subdivision 2b, Clause (22), the election is governed by federal Social Security and federal Internal Revenue Code provisions.
- For various public labor organization employees (employee types 26, 27, and 31 above), Minnesota Statutes, Sections 352.029, Subdivision 2, 353.017, Subdivision 2, and 354.41, Subdivision 4, provide that coverage by the Minnesota public employee retirement plan must be elected within 90 days of commencing the labor organization employment (MSRS-General and TRA) or within six months of commencing the labor organization employment (PERA-General), with the default being no public pension plan coverage.
- For PERA-General members who appointed state department heads by the Governor (employee type 28 above), Minnesota Statutes, Section 353.01, Subdivision 2d, Paragraph (a), Clause (3), provides that the person is a member of PERA-General if the person elects not to be covered by MSRS-General, consistent with MSRS-General coverage as the default coverage, but without any timeframe for the election.
- For city managers (employee type 29 above), Minnesota Statutes, Section 353.028, Subdivision 2, provides that the election must occur within six months of the commencement of the employment as a city manager and the default coverage is PERA-General.