

Background Information on Military Service Leave of Absence Provisions for Teacher Retirement Plans

The retirement plans covering teachers are required by federal law (the Uniformed Services Employment and Reemployment Rights Act (USERRA) and by state law (Minn. Stat. Sec. 192.261) to allow military service veterans on leave from employment with the public employer, or who had a break in service with the public employer due to performance of military duty, to obtain retirement service credit in the plan for the period of military service. These USERRA-compliant provisions are Minnesota Statutes, Section 354.53, for the Teachers Retirement Association (TRA), and Minnesota Statutes, Section 354A.093, for the Duluth Teachers Retirement Fund Association (DTRFA) and the St. Paul Teachers Retirement Fund Association (SPTRFA). Under these provisions, teachers who have a break in service to perform uniformed service for the United States, and who return to the employer upon termination of that service, may receive service credit in the pension plan by paying the employee contributions the individual would have made during the break period. Those contributions are to be based on the average salary the individual would have received during the leave or break period, or, if that cannot be determined, based on the annual salary rate during the 12-month period prior to the leave or break in service. The employer will pay the corresponding employer contributions and 8.5% interest on both the employee and employer contributions. The service credit purchase cannot exceed five years unless a longer purchase period is required under United States Code. The time period to make a purchase begins when the individual returns to employment covered by the plan and has a duration of three times the length of the uniformed service period, but not to be less than one year nor to exceed five years. If the employee makes only a partial payment the service credit is prorated. A service credit purchase is not allowed if the individual separated from uniformed service under less than honorable conditions.

TRA also has another provision, Minnesota Statutes, Section 354.543, permitting individuals who had military service but who are not able to use the USERRA-compliant provision to receive service credit in TRA. The payment terms, however, are much less favorable. The individual must pay the full actuarial value of the service credit purchase. This provision can be used if the individual had a period of military service which occurred before becoming a teacher, or if the teacher provided the military service after becoming a teacher but failed to utilize the USERRA-compliant provision in a timely manner. A service credit purchase is prohibited if the individual has already received service credit for the period from a Minnesota defined benefit pension fund other than a volunteer fire plan, or if the individual separated from military service with a less than honorable discharge.