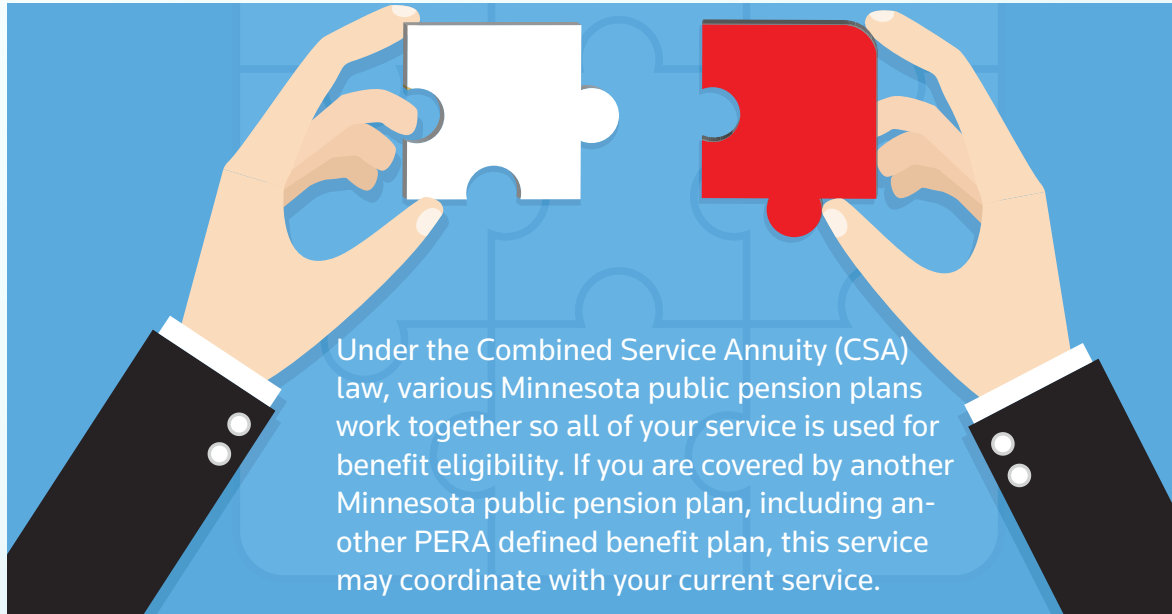


What is a combined service annuity?



Minnesota plans covered under CSA law:

- Public Employees Retirement Association (PERA) 651-296-7460 | 1-800-652-9026
- Teachers Retirement Association (TRA) 651-296-2409 | 1-800-657-3669
- Minnesota State Retirement System (MSRS) 651-296-2761 | 1-800-657-5757
- St. Paul Teachers Retirement Fund Association (SPTRFA) 651-642-2550

You must apply for a retirement benefit from each plan.

How combined service works

When you switch Minnesota public pension plans, your contributions and service credit are NOT transferred into the new plan. The contributions and service will remain in the plan where it was earned. We calculate a combined service benefit by using your service with each of the covered plans. Each plan uses its own formula to calculate your retirement benefit. All plans involved will use the **same** high-five salary to calculate each monthly benefit, and you will receive a benefit payment from each retirement plan.

What if service was earned in multiple plans for the same period of time?

Under a CSA, a member cannot receive more than one service credit for each month of public service. When public service in two or more plans overlap, the service credit is prorated between the plans based on the percentage of total salary earned in each plan for the covered period. However, all of the combined salary earned during the overlapping period may be used in the high-five salary calculation.

CSA law requires that you must terminate all public service before any combined service benefits begin. Also, the effective date of your benefits from all plans must be within one year of each other.

To qualify for a CSA benefit, you must:

- Have at least six months service under each plan and a total number of service credits sufficient to meet each plan's vesting requirements.
- Be at an eligible retirement age based on each plan's provisions.

Note: If hired prior to July 1, 1989:

- You are eligible for a reduced benefit if you have 30 years of combined service before your first eligible early retirement age.
- You are eligible for an unreduced benefit if your combined service plus age total at least 90 (Rule of 90) before your full retirement age.
- Terminate all public service before any combined service benefits begin.
- The effective dates of all your benefits must be within one year of each other.



What if I take a refund?

If you take a refund, you forfeit your right to future benefits with that Minnesota public pension plan. For PERA-administered plans, your refund will include your PERA contributions plus interest compounded annually. The employer contributions are non-refundable. Please refer to our brochure, *A Refund is Just One Option*, for further information.

Can I repay a previous refund to buy back service?

You may be eligible to buy back refunded service from PERA. If you qualify, PERA will provide you with repayment cost and benefit estimates. This will help you determine if it is to your advantage to repay the refunded service. In addition, if you have refunded service with another Minnesota public pension plan, you may also qualify to buy back that plan's service credits. For more information, contact the appropriate pension plan.

Stay connected. Visit www.mnpera.org

IMPORTANT NOTE:

A right to a retirement benefit requires a complete and continuous separation from all public employment for 30 days.

There can be no written or verbal agreement prior to termination to provide services to a public employer.

Independent contractors and employees of an independent contractor may not work for their same employer for 30 days.

Public employment includes service to any governmental employer in Minnesota— e.g. school districts, cities, counties, townships, and state.

How we calculate a combined service benefit...

Each plan uses its own formula to calculate your retirement benefit. Each formula uses the salary you earned during your five highest paid consecutive years of public service. This salary may have been earned under one of the funds or may cover consecutive service under two or more qualifying plans.



Case Study: PERA & MSRS Service

-A PERA member is age 55 and wants to retire. This member has 25 years of service in the Police & Fire Plan, plus five years of previous service with MSRS.

-The PERA member's high-five salary is \$36,000. To calculate your benefit, we use \$3,000 (\$36,000 divided by 12 = \$3,000). MSRS and PERA use the same PERA salary to calculate each plan's retirement benefits.

PERA's Police & Fire benefit:

3% multiplier
 X 25 years of service

 75%
 X \$3,000.00 high-five salary
 \$2,250.00 monthly benefit

There is no early retirement benefit reduction since this is a full retirement benefit under this plan.

MSRS' General Plan benefit:

1.7% multiplier
 X 5 years of service

 8.5%
 X \$3,000.00 high-five salary
 \$255.00 monthly benefit

Applying early retirement reduction

\$255.00 monthly benefit
 X55.61% reduction factor

 \$141.80 amount benefit is reduced

 \$255.00 monthly benefit
 - 141.80 reduction for early retirement

 \$113.20 monthly benefit

IMPORTANT NOTES:

- You must terminate all public service before any combined service benefits can begin.
- To take advantage of combined service, the effective dates of all your benefits must be within one year of each other. For example, in this case, if the Police & Fire pension is drawn before age 54, the member cannot use combined service. Instead each plan would calculate the retirement benefit independently using the high-five salary earned while contributing to each plan. A Police & Fire Plan member may retire as early as age 50. However, if that member has prior MSRS service, that plan does not allow a benefit to begin until a member is age 55, unless a member was hired before July 1, 1989, and has 30 or more years of total service.

Benefit summary:

\$2,250.00 PERA monthly benefit
 \$113.20 MSRS monthly benefit

\$2,363.20 total monthly benefit

Understanding Combined Service



This publication is intended to provide general information; the rights and obligations of PERA members are governed by state and federal laws, rules and regulations. The Minnesota Legislature or the federal government may change the statutes, rules and regulations governing PERA at any time. If there is a discrepancy between the law governing PERA and the information contained in this publication, the statutes and regulations shall govern.

This document is available in alternative formats for individuals with disabilities by calling 1-800-652-9026 or through the Minnesota Relay Service at 1-800-627-3529.

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How does service in more than one Minnesota public pension plan work?



Public Employees Retirement Association of Minnesota