EMPLOYER NEWS

TRA | TEACHERS RETIREMENT ASSOCIATION

SUMMER 2026

2026 legislative highlights

On May 19, 2026, the Minnesota governor signed House File 4074, the 2026 Omnibus Pension and Retirement Bill (omnibus pension bill), into law.

This legislation makes slight adjustments to employer payroll reporting as well as rules for transitioning into retirement and returning to work as a TRA retiree.

EMPLOYER CONTRIBUTIONS

Starting July 1, 2026, all TRA-covered employers must pay the employer contribution rate of 9.81% on salary earned by reemployed annuitants working in TRA-eligible positions. A reemployed annuitant is an individual who is retired, is receiving a TRA annuity, and has returned to work for a TRA-covered employer.

This new contribution requirement only applies to the employer. Reemployed annuitants will not pay any contribution amount to TRA, and therefore will not earn additional service credit or have their benefits recalculated as a result of postretirement work.

When submitting payroll files for reemployed annuitants with pay period **earn dates before July 1, 2026:**

- **Do not submit** payroll remittances for the employer contribution.
- **Do not submit** payroll remittances for the employee contribution.

This includes summer payoffs for fiscal year 2026.

When submitting payroll files for reemployed annuitants with pay period **earn dates on or after July 1, 2026:**

- **Do submit** payroll remittances for the employer contribution.
- **Do not submit** payroll remittances for the employee contribution.

Earn dates are the dates in which the salary is earned.

Pay dates are the dates when the salary is paid.

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90-day break in service requirement takes effect in 2027

Beginning January 1, 2027, retiring TRA members will be required to have a 90-day break in service before returning to work in TRA-covered positions.

The TRA Board of Trustees approved this policy update at its September 2025 meeting. The change brings TRA into better alignment with the other public pension funds as well as federal tax law.

The 90-day break in service does not apply to members who have formal return-to-work agreements signed with their TRA covered employer.

TRA will share more information about this new requirement soon. In the meantime, please watch for emails from TRA (**noreply@minnesotatra.org**), sign in to your myTRA account regularly, and visit **minnesotatra.org** for up-to-date information.

If you have questions, please contact TRA Employer Services.

- Phone: 651-296-6842 or 800-657-3852
- Email: **employerquestions@minnesotatra.org**

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RETURN-TO-WORK AGREEMENTS

A return-to-work agreement is a formal arrangement between a TRA member and their TRA-covered employer that allows the member to retire, begin receiving a TRA annuity, and reenter employment with that employer. The omnibus pension bill lowered the required age a member must be to enter into a return-to-work agreement from age 62 to age 59 ½.

TRA members employed by Minnesota State have a different postretirement employment option. The omnibus pension bill did not impact or change this option.

EARNINGS LIMITATION SUSPENSION EXTENDED

TRA retirees who return to work or transition into retirement under a return-to-work agreement generally are subject to a $46,000 earnings limitation until they reach their Social Security normal retirement age.

In 2022, the Minnesota Legislature initially suspended this limitation for TRA-covered employment in PreK–12 schools for two years and extended it in 2024. In 2025, the TRA Board of Trustees evaluated data and policy options related to retiree reemployment and supported extending the earnings limitation suspension through fiscal year 2030. The omnibus pension bill made this change, and the suspension now applies to salary earned through June 30, 2030.

Retired TRA members employed by Minnesota State under the Annuitant Employment Program remain subject to a $62,000 annual earnings limitation.

ADDITIONAL 2026 LEGISLATIVE CHANGES

CLARIFIED ELIGIBLE SALARY:
Minnesota Paid Leave program payments are not eligible salary for pension purposes.

PHYSICIAN ASSISTANTS:
The list of medical providers who can submit documentation with respect to TRA disability benefits now includes physician assistants.

Visit **minnesotatra.org** to learn more about these updates.

Summer payoffs

For teachers who elect to get paid fiscal year 2026 contract salary during the summer, please make sure the pay period begin date and pay period end date reflect the 2025–2026 teacher's first and last reporting day of the school year. Fiscal Year earned would be 2026.

When submitting a lump-sum summer payoff at the end of June with a payment date of June 30, the pay period begin date and pay period end date should reflect the 2025–2026 teacher's first and last reporting days of the school year.

Earnings and retroactive or contract payoff

When submitting payroll that has regular payroll earnings and retro or contract payoff, please report it as two separate records. Report one record for the regular payroll earned dates and a second record for the retro/contract payoff with earned dates from the start of the school year to the correct end.

General reminders

ANNUAL BASE SALARY SUBMISSION

The annual base salary (ABS) submission is due on June 30, 2026. A late fee of $5 per day will be assessed for organizations that have not submitted their master agreement by the June 30 deadline. If your organization has not submitted its master agreement, please do so as soon as possible. TRA is also in the process of contacting organizations with outstanding master agreements.

YEAR-END PAYROLL

TRA works with employers to ensure all eligible employment is reported to TRA in accordance with state law. Please help ensure employees have accurate records at TRA so their future benefits can be calculated correctly.

» If your organization is selected for review or if your employees are selected for an administrator's salary review, respond thoroughly to the reviewer's questions.

» When submitting adjustment files, update the pay type code to supplemental instead of regular to prevent delinquency.

» When submitting adjustments, do not enter any salary if there is no new salary to report.

TRA ELIGIBILITY

TRA eligibility is not based on either licensure or job title, but rather the role and duties being performed. If you are unsure whether a position is TRA eligible, please message your TRA contact using the secure employer portal to request a review and determination.

Reporting the use of vacation and sick time for employees on Minnesota Paid Leave

Vacation and sick time are considered TRA eligible salary while Minnesota Paid Leave (MPL) program benefit payments are not considered TRA eligible salary.

If an employee is on MPL and using vacation or sick time to supplement their income, the employee and employer contributions must be made as well as the leave reported to TRA.

If an employee is on MPL and not using vacation or sick time, and has no other TRA salary to report, do not submit the employee's record in your TRA payroll file. For example, do not submit a record that is zero salary, zero EE, or zero ER.

TEACHERS RETIREMENT ASSOCIATION

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