

said city, and that they will at all times pay over to said clerk or deputy clerk of said court on demand all moneys to which any person may be entitled which may have come into his hands in virtue or by reason of his office. Such bond shall be filed with the same officer as the bond of the clerk.

Sec. 5. Laws 1921, Chapter 525, Section 1, is amended to read:

Section 1. **Additional municipal judge for St. Paul to be termed conciliation judge.** *One or more judges of the municipal court of the city of Saint Paul shall serve as conciliation judge of such court for such periods and in such order of rotation as the judges may determine. The person who holds the office of conciliation judge of the City of Saint Paul at the time this act takes effect shall hold the office of municipal judge until the expiration of his present term and the election and qualification of his successor.*

Sec. 6. **Repealer.** Special Laws 1889, Chapter 351, Section 50, and Laws 1921, Chapter 525, Sections 2 and 8 are repealed.

Approved April 29, 1957.

CHAPTER 928—H. F. No. 1444

[Coded in Part]

An act relating to the state employee retirement association; and appropriating money therefor, amending Minnesota Statutes 1953, Sections 352.01, 352.04 Subdivision 1, as amended, 352.05, 352.103 Subdivision 2, 352.113 as amended, 352.12 as amended, 352.14; repealing Minnesota Statutes 1953, 352.01, Subdivisions 8, 9 as amended, 352.015 as amended, 352.02 as amended, 352.04 Subdivision 5, as amended, 352.09 as amended, 352.11 as amended, 352.21.

Be it enacted by the Legislature of the State of Minnesota:

Section 1. Minnesota Statutes 1953, Section 352.01, Subdivision 2, is amended to read:

Subd. 2. **State employee.** (1) "State Employee" means any employee or officer in the classified and unclassified services of the state except any employee designated by the civil service board as a labor service employee who is paid on an hourly basis. The term also includes the special classes of persons listed in paragraph 2 of this subdivision but excludes the special classes of persons listed in paragraph 3.

(2) *The following persons are included in the meaning of state employee:*

(a) *employees of the Minnesota Historical Society.*

(b) *employees of the State Horticultural Society.*

(c) *employees of the Disabled American Veterans Department of Minnesota, Veterans of Foreign Wars, Department of Minnesota, the Minnesota Crop Improvement Association,*

(d) *employees of the adjutant general who are paid from federal funds and who are not eligible to benefits from any federal civilian retirement fund,*

(e) *employees of the State Teachers Colleges employed under the College Activities program, and currently contributing members of the association who are temporarily employed by the legislature during a legislative session or any currently contributing member employed for any special service as defined in item (h) of paragraph (3).*

(f) *employees of the armory building commission.*

(g) *employees of Minnesota-Wisconsin-Minneapolis-St. Paul Survival Plan Project.*

(h) *permanent employees of the legislature.*

(3) *The following persons are excluded from the meaning of state employee:*

(a) *Elective state officers;*

(b) *Students employed by the University of Minnesota and the State Teachers colleges unless approved for membership by the Board of Regents or the Teachers College Board, as the case may be;*

(c) *Employees who are eligible to membership in the state teachers retirement fund except employees of the department of education who have elected or may elect to become members of the state employees retirement association instead of the teachers retirement fund;*

(d) *Employees of the University of Minnesota who are excluded from membership by action of the Board of Regents;*

(e) *Officers and enlisted men in the national guard and the naval militia except such as are assigned to permanent peacetime duty;*

(f) *Election officers;*

(g) Persons engaged in public work for the state but employed by contractors when the performance of such contract is authorized by the legislature or other competent authority;

(h) Officers and employees of the senate and house of representatives and persons temporarily employed or designated by the legislature or by a legislative committee or commission or other competent authority to make or conduct a special inquiry, investigation, examination or installation except permanent employees of the legislative research committee who may become members upon notifying the secretary in writing within six months from the date of their respective employment of their election to become a member;

(i) All courts and all employees thereof, referees, receivers, jurors, and notaries public, except employees of the supreme court and referees and adjusters employed by the industrial commission;

(j) Patient and inmate help in state charitable, penal and correctional institutions including the Minnesota Soldiers Home;

(k) Persons employed for professional services where such service is incidental to regular professional duties and whose compensation is paid on a per diem basis;

(l) Employees of the Sibley House Association;

(m) Employees of the grand army of the republic and employees of the ladies of the G.A.R.;

(n) Operators and drivers employed pursuant to Laws 1941, Chapter 478;

(o) Members of the board of tax appeals, the civil service board, and the members of any other state board or commission who serve the state intermittently and are paid on a per diem basis; and the secretary, secretary-treasurer, and treasurer of such boards if their commission is \$500 or less per year;

(p) State highway patrolmen;

(q) Temporary employees of the Minnesota state fair employed during the state fair;

(r) Emergency employees in the classified service whose status shall be noted by symbol on all payroll abstracts;

(s) State game wardens.

Sec. 2. Minnesota Statutes 1953, Section 352.01, Subdivision 5, is amended to read :

Subd. 5. "The retirement fund" includes the aggregate of all accumulated deductions from the salaries of members of the retirement association, all assessments *made* by such members in lieu of such deductions, and all other moneys paid into the state treasury or received by the retirement board pursuant to the provisions of Laws 1929, Chapter 191, or any amendment thereof, together with all income and profits therefrom and interest thereon, including contributions on the part of the federal government, the state and departments thereof.

Sec. 3. Minnesota Statutes 1953, Section 352.01 is amended by adding a new subdivision to read :

[Subd. 11.] "*Allowable service*" means :

(1) *Any service rendered by a state employee for which on or before July 1, 1957, he received credit to his account in the retirement fund by reason of employee contributions in the form of deductions from salary or otherwise as authorized by Minnesota Statutes 1953, Chapter 352, as amended by Laws 1955, Chapter 239, or*

(2) *Any service rendered by a state employee for which on or before July 1, 1957, he elected to obtain credit for service by making payments to the fund pursuant to Minnesota Statutes 1953, Chapter 352, as amended by Laws 1955, Chapter 239, in the manner agreed upon with the retirement board, or*

(3) *Any service rendered by a member after July 1, 1957, for any calendar month when the member receives salary from which deductions are made, deposited and credited in the fund, or*

(4) *Any service rendered by a person after July 1, 1957, for any calendar month when payments in lieu of salary deductions are made, deposited and credited into the fund as provided in section 20.*

Sec. 4. Minnesota Statutes 1953, Section 352.01, is amended by adding a new subdivision to read :

[Subd. 12.] "*Actuarial equivalent*" means *the annual amount determined by calculations based on mortality tables, purchaseable with a given amount at a stated age.*

Sec. 5. Minnesota Statutes 1953, Section 352.01, is amended by adding a new subdivision to read :

[Subd. 13.] "*Salary*" means *any compensation paid to any employee including wages, allowances, and fees.*

Sec. 6. Minnesota Statutes 1953, Section 352.01, is amended by adding a new subdivision to read:

[Subd. 14.] *“Dependent child” means any natural or adopted child of a deceased member under the age of 18, unmarried and actually dependent for his support upon such member.*

Sec. 7. [352.021] **State employees retirement association, eligibility for membership.** *Subdivision 1. There is established a state employee retirement association, the membership of which shall consist only of state employees. Except as provided in this subdivision, any person who was a member of the association on June 30, 1957, shall continue his membership with the association. Any member over 60 years of age on June 30, 1957, with less than six years of membership is ineligible for further membership. The retirement board shall refund to such person his accumulated deductions on deposit with the fund after retaining for payment to the federal government such employee's share of the social security taxes retroactive to January 1956 if any.*

Subd. 2. Except as provided in this subdivision, every new state employee after June 30, 1957, entering the service of the state, except persons specially excluded, shall become a member of the association by the acceptance of state employment. Acceptance of employment is deemed consent to have deductions made from salary for deposit to the credit of the member's account in the fund. Any new state employee over the age of 50 shall not be eligible to become a member unless he has accumulated deductions on deposit with the fund for a number of prior years equal to the number of years his age is greater than 50.

Subd. 3. Any person who is the head of a department appointed by the governor may request exemption from membership if he is not a member of the association at the date of such appointment. To qualify for this exemption he shall make his request within 90 days from the date of entering upon the duties of the position to which appointed. He shall not thereafter be entitled to membership so long as he continues in the position which entitled him to exemption from membership.

Subd. 4. Any state employee made ineligible for membership in the association by the terms of subdivisions 1 and 2, including any labor service employee paid on an hourly basis, shall be eligible for membership after January 1, 1958, if on that date such employee is not covered by the provisions of the federal social security act as a governmental employee.

In that event, membership shall be retroactive to July 1, 1957.

Such state employee shall pay to the fund an amount equal to six percent of his monthly salary as state employee not exceeding \$400 per month for such retroactive coverage. He shall also repay to the fund any refundments paid him pursuant to subdivision 1. In addition to these payments, he shall pay interest based thereon at the rate of four percent per annum compounded annually. The matching employer contribution and additional contribution shall be paid by the department or agency employing such person.

Sec. 8. Minnesota Statutes 1953, Section 352.04, Subdivision 1, as amended by Laws 1955, Chapter 239, Section 7, is amended to read:

352.04 State employees retirement fund, contributions by employee and employer. Subdivision 1. There is created a special fund to be known as the "State Employees Retirement Fund". *In that fund there shall be deposited employees contributions, employers contributions and other amounts authorized by law.*

Subd. 2. The employee contribution to the fund shall be an amount equal to six percent of the salary of every member. This contribution shall be made by deduction from salary in the manner provided in subdivision 4. No deduction shall be made from any salary in excess of \$4,800 in any calendar year. Where any portion of a member's salary is paid from other than state funds, such member's employee contribution shall be based on the entire salary received limited to \$4,800 in any calendar year.

Subd. 3. The employer contribution to the fund shall be an amount equal to the total amount deducted from the salary of each member plus an additional one percent of the salary of each member not exceeding \$4,800 in any calendar year. This contribution shall be made in the manner provided in subdivisions 5 and 6.

Subd. 4. The head of each department shall cause employee contributions to be deducted from the salary of each member of the retirement association on every payroll abstract and shall approve one voucher payable to the state treasurer for the aggregate amount so deducted from the salaries covered by the payroll abstract. Deductions from salaries of employees paid direct by any department, institution, or agency of the state shall be made by the officer or employee authorized by law to pay such salaries. The head of any department or agency having authority to appoint any employee

who receives fees as *his* compensation or who receives *his* compensation on federal payrolls shall collect as the required contribution a sum equal to six percent of the total amount of such fees *not to exceed \$4,800 in any calendar year*. All such deductions from salary and amounts collected shall be remitted by him to the secretary of the association with a statement showing the amount of earnings or fees, and in the case of fees, the number of transactions, and the amount of each of such deductions and collections and the names of the employees on whose account the same have been made.

Subd. 5. The head of each department or agency shall cause employer contributions to be made to the fund on each payroll abstract at the time each member is paid his salary in an amount equal to the total amount deducted from the salary of each member plus one percent of the salary of each member not exceeding \$4,800 in any calendar year. These contributions shall be charged as administrative costs. Each department shall pay these amounts from such accounts and funds from which each department or agency receives its revenue, including appropriations from the general revenue fund and from any other fund, now or hereafter existing, for the payment of salaries and in the same proportion as it pays therefrom the amounts of such salaries. The moneys necessary to provide for the administrative cost as herein provided are hereby appropriated out of such revenue sources to each department and agency in such sums as are required to make the payments herein directed. If there are insufficient moneys in any such accounts or fund or source of revenue to make the payments to the state employees retirement fund required by this act to be made by such department or agency, there is hereby appropriated to such department or agency from any moneys in the state treasury not otherwise appropriated, such moneys as are required to meet such deficiencies. The amount of each appropriation made by these provisions shall be certified by the commissioner of administration to the state auditor at such times as the state auditor shall require.

Subd. 6. For those of their employees who are members of the state employees retirement association, the State Horticultural Society, the Disabled American Veterans, Department of Minnesota, Veterans of Foreign Wars, Department of Minnesota, the Minnesota Crop Improvement Association, the Minnesota Historical Society, the Armory Building Commission, and the Minnesota-Wisconsin-Minneapolis-St. Paul Survival Plan Project, respectively, shall also pay into the retirement fund a sum equal to the total amount deducted from the retirement fund from the salaries paid to their employees including salaries paid from an appropriation from the general

revenue fund, as herein authorized, plus an additional one percent of the salary of each member not exceeding \$4,800 in any calendar year.

Subd. 7. The retirement fund shall be disbursed only for the purposes herein provided. The expenses of the association and the retirement allowances and annuities herein provided upon retirement shall be paid only from such fund, and the amounts necessary therefor are hereby annually appropriated from said fund for said purpose.

Under the direction of the retirement board the head of each department shall furnish such information and keep such records as the board may require for the discharge of its duties.

Subd. 8. (1) Any deductions taken from the salary of an employee for the retirement fund in error shall, upon discovery and verification by the department making the deduction be refunded to the employee.

(2) In the event a salary warrant or check from which a deduction for the retirement fund was taken has been cancelled or the amount of the warrant or check returned to the funds of the department making the payment, a refundment of the sum so deducted, or any portion of it as is required to adjust the deductions, shall be made to the department or institution provided application for it is made on a form furnished by the retirement board, and the department's payments shall likewise be refunded to the department if the amount of the required adjustment is more than \$1.

Sec. 9. [352.115] Retirement benefits. *Subdivision 1. Requirements as to age and service.* After separation from state service any person who has attained the age of at least 65 years and who received credit for not less than ten years allowable service as a member of the association, or any person who has attained the age of at least 58 years and who received credit for not less than 20 years allowable service of which at least ten years are as a member of the association, is entitled upon application to a retirement benefit. Retirement is not compulsory prior to attaining the age of 70.

Subd. 2. Average salary. The retirement annuity hereunder shall be computed in accordance with the applicable provisions of the formula stated in subdivision 3, hereof, on the basis of each member's average salary for the period of his allowable service.

(a) For years prior to July 1, 1957, "average salary" for the purpose of determining a member's retirement annu-

ity means the amount equivalent to the average of his highest salary upon which salary deductions were based for any five consecutive years prior to that date;

(b) *For each year subsequent to June 30, 1957, "average salary" of a member for the purpose of determining his retirement annuity means his salary not exceeding in any one year \$4,800 and for which he had made contribution to the retirement fund by payroll deduction.*

Subd. 3. Retirement formula. *The average salary, as defined in subdivision 2 (a) and (b), of any member multiplied by the applicable percentages indicated below shall determine the amount of the annuity to which the member qualifying therefor is entitled:*

<i>Years of Allowable Service</i>	<i>Percentages at the Rate of:</i>
(a) <i>First ten years</i>	<i>1 percent per year of service</i>
(b) <i>Second ten years or completed months of service less than such period</i>	<i>2 percent per year of service</i>
(c) <i>Third ten years or completed months of service less than such period</i>	<i>2½ percent per year of service</i>
(d) <i>Subsequent years of completed months of service less than such period</i>	<i>3 percent per year of service</i>

Subd. 4. Application for retirement. *Retirement may be made upon application of the member or of some one acting in his behalf, or in the case of an employee in active service, upon the application of the head of the department in which the member is employed.*

Subd. 5. Time and manner of payments. *Each member shall fix in his application for an annuity a date for retirement under this act. This date cannot be less than 30 days nor more than 60 days after filing said application. Such application may be filed in the office of the association not less than 30 days nor more than 60 days prior to the last day for which the member will receive salary. In no event shall an application for an annuity be filed prior to the time the member is eligible to retire by reason of both age and service requirements of this act. Upon proof in the form of a certificate signed by a licensed medical practitioner certifying to the satisfaction of the board that a member is no longer able to*

continue in state service because of physical or mental disability, the retirement board shall waive the 30-day waiting period for fixing the date of retirement. Nothing in this subdivision contained shall alter any requirements relative to the effective date of an election to take an annuity which provides for payments to a surviving spouse. If application for the retirement benefit is received at the office of the association within 30 days from the date salary ceases, the first payment shall be prorated for any fraction of a calendar month elapsing after the date salary ceases, but no retirement allowance shall commence prior to the date through which the member is paid for any accumulated leave, whether payment is made in a lump sum or otherwise. The retirement benefits shall cease with the last payment received by a retired employee during his lifetime unless the retired employee elected a reversionary annuity or an optional annuity provided in section 10, subdivision 3. The reversionary annuity shall cease with the last payment received by the surviving spouse in his or her lifetime.

Sec. 10. [352.116] Annuities dependent on age. Subdivision 1. Retirement before age 65. *Where any member retires prior to age 65, he shall be paid an annuity which is the actuarial equivalent of the annuity provided at age 65 in section 9. The retirement board shall determine the amount of such annuity by submitting the qualifications of such person to an approved actuary and receiving a written recommendation from the actuary. This recommendation and the board's determination shall be a part of the permanent records of the board.*

Subd. 2. Retirement after age 65. *Where any member retires after age 65, he shall be paid an annuity determined in the manner provided in section 9.*

Subd. 3. Optional retirement annuities. *The retirement board shall establish optional annuities of retirement which shall take the form of an annuity payable for a period certain and for life thereafter; or as a joint and survivor annuity. Such optional forms shall be actuarially equivalent to the normal forms provided in sections 9 and 10. In establishing these optional forms the board shall obtain the written recommendation of approved actuary and these recommendations shall be a part of the permanent records of the board.*

Sec. 11. [352.117] Survivors and death benefits. Subdivision 1. Surviving spouse and dependent children. *Upon the death of a member before retirement who has had at least 18 months of credited, allowable service, his surviving*

spouse and dependent children under the age of 18 shall receive the monthly benefit provided below:

- | | | |
|-----|----------------------|----------------|
| (a) | Surviving Spouse | \$65 per month |
| (b) | Each dependent child | \$45 per month |

In addition to the amounts provided in (a) and (b) hereof, \$20 per month shall be paid to be divided equally among the dependent children. Payments for the benefit of any dependent child under the age of 18 years shall be made to the surviving parent, or if there be none, to the legal guardian of such child. The maximum monthly benefit shall not exceed \$200 for any one family. The surviving spouse benefit shall terminate upon his or her remarriage, and the dependent children's benefit shall be reduced pro tanto when any child is no longer dependent.

Subd. 2. Surviving spouse. Upon the death of a member before retirement who has had at least 20 years of credited, allowable service, his surviving spouse shall be paid a deferred annuity in an amount equal to 75 percent of the members annuity computed on the basis provided in sections 9 and 10 not to exceed \$150 per month. This annuity shall be paid when such surviving spouse reaches the age of 62 and shall terminate upon remarriage. The surviving spouse has the option, if qualified, to receive the benefits provided in subdivisions 1 or 2 but not both.

Subd. 3. Death benefit. Where annuitant dies after his retirement or after he has qualified for disability benefits, there shall be paid to his beneficiary or legal representative as the case may be an amount equal to the annuity for the entire month in which death occurs plus a lump sum of \$250 if no optional or reversionary annuity was designated by the member.

Sec. 12 Minnesota Statutes 1953, Section 352.12, as amended by Laws 1955, Chapter 239, Sections 16 to 18, is amended to read:

352.12 Refundment after death. Subdivision 1. **Death before retirement.** Where a member dies before retirement and no survivors benefits are payable or no optional annuity or reversionary annuity is payable as provided herein, a refundment shall be paid to his beneficiary or legal representative as the case may be in an amount equal to his accumulated deductions plus interest thereon to the date of death at the rate of two percent per annum compounded annually. The beneficiary or estate of an employee on leave of absence because of disability or for other reason, shall not be entitled

to the payment of interest if the employee is receiving or has received a disability allowance under this chapter.

Subd. 2. Credit when no refundment made. If a member or former member dies without having designated a beneficiary or if the beneficiary should die before making application for refundment, and if there is no surviving spouse, and if the legal representative of such member or former member does not apply for refundment within five years from the date of death of the member or former member, the accumulated deductions to his credit at the time of death shall be credited to and become a part of the retirement fund.

Subd. 3. Refundment of \$500 or less. If a member or former member dies without having designated a beneficiary, or if the beneficiary should die before making application for refundment of the sum to the credit of such deceased member or former member, and the amount of the refundment is \$500 or less, the retirement board may 90 days after the date of death of the member or former member in the absence of probate proceedings make refundment to the surviving spouse of the deceased member or former members, or, if, none, to the next of kin under the laws of descent of the State of Minnesota and such payment shall be a bar to recovery by any other person or persons. Any retirement allowance or annuity which shall have accrued at the time of death of an annuitant may be paid in like manner.

Subd. 4. Monthly installments. The beneficiary or surviving spouse of any deceased member or former member entitled to receive a refundment as provided in this *act* shall have the option of having the amount due him paid in monthly installments in such amounts as may be agreed upon with the state employees retirement board.

Sec. 13. Minnesota Statutes 1953, Section 352.113, as amended by Laws 1955, Chapter 239, Section 15, is amended to read:

352.113 Disability benefits. Subdivision 1. *Where any member becomes totally and permanently disabled after at least two years of credited, allowable service, or after age 50, whichever is sooner, he shall be entitled to a disability benefit in an amount provided in subdivision 2. If such disabled person's state service has terminated at any time, at least five of the required ten years of credited allowable service must have been rendered after last becoming a member. If a disabled person receives disability benefits under the provisions of the Federal Social Security Act, his benefits computed under subdivision 2 of this act shall be reduced by the*

amount of disability benefits paid under the federal act. A total and permanent disability for the purposes of this act is one which results from some impairment of mind or body that substantially precludes a person from performing with reasonable regularity the substantial and material parts of any gainful work or occupation that he would be competent to perform were it not for that impairment, whose impairment is founded upon conditions which render it reasonably certain that it will continue indefinitely.

Subd. 2. *This benefit shall begin to accrue upon the expiration of 90 days following the commencement of disability unless the member is receiving salary for either annual or sick leave for a period of more than 90 days in which event payment shall accrue from the date salary ceased. If written application for disability benefits has not been filed with the board within 90 days from the commencement of disability, the annuity shall begin to accrue as of the day 90 days prior to the receipt of such application. If salary is being received for either annual or sick leave during said 90-day period, payments shall accrue from the date salary ceases. This disability benefit is an amount equal to the annuity provided in sections 9 and 10 plus a supplementary monthly annuity computed in accordance with the following table:*

<i>Age When Disabled</i>	<i>Supplementary Annuity</i>
<i>Under 56</i>	<i>\$ 50</i>
<i>56</i>	<i>45</i>
<i>57</i>	<i>40</i>
<i>58</i>	<i>35</i>
<i>59</i>	<i>30</i>
<i>60</i>	<i>25</i>
<i>61</i>	<i>20</i>
<i>62</i>	<i>15</i>
<i>63</i>	<i>10</i>
<i>64</i>	<i>5</i>

Subd. 3. A member shall be considered totally and permanently disabled after the board has received written certification by at least two licensed physicians selected by the board, that the member is totally and likely to be permanently disabled for the further performance of the duties of any assigned position in the service of the employer, and upon consideration of the report of such physicians and such other evidence as shall have been presented to it by the member or others interested therein, the board finds the member to be totally and permanently disabled, it shall grant him a disability allowance upon written certification from the employer that the member has been separated from the service of the

employer because of total disability of such nature as to reasonably prevent further service for the employer, and as a consequence is not entitled to compensation from the employer. The fact an employee is placed on leave of absence without compensation because of disability shall not bar him from receiving a disability allowance. *Any person receiving a disability benefit shall not be required to undergo a medical examination after reaching the age of 65.*

Subd. 4. The disability *benefit* shall be *reduced* by any amounts received or receivable by a member from the employer under applicable workmen's laws.

Subd. 5. At least once each year during the first five years following the allowance of a disability *benefit* to any member, and at least once in every three-year period thereafter, the board shall require any disability annuitant to undergo a medical examination to be made at the place of residence of said annuitant, or at any other place mutually agreed upon, by physician or physicians engaged by the board. If any examination indicates that *he* is no longer physically or mentally incapacitated for service, or that he is engaged or is able to engage in a gainful occupation, payments of the disability *benefit* by the fund shall be discontinued as soon as he is reinstated to the payroll following sick leave, but in no case shall payment be made for more than 60 days after physicians engaged by the board find the annuitant is no longer incapacitated for service.

Subd. 6. Should such annuitant resume a gainful occupation and his earnings *are* less than his salary at the date of *disability* or the salary currently paid for similar positions, the board shall continue the disability *benefit* in an amount which when added to *such* earnings *does* not exceed his salary at the date of *disability* or the salary currently paid for similar positions whichever is lower.

Subd. 7. Should any disability annuitant refuse to submit to a medical examination as herein provided, payments by the fund shall be discontinued, *and* all rights of the member in any disability annuity shall be revoked by the board.

Subd. 8. Any disability annuitant who is restored to active service shall have deductions taken for the retirement fund and upon subsequent retirement have his retirement allowance based upon all allowable service including that upon which the disability allowance was based. *No person shall be entitled to receive disability benefits and retirement benefits at the same time.*

Sec. 14. [352.22] Refundments or deferred annuities.

Subdivision 1. Any member who ceases to be a state employee by reason of termination of state service, shall be entitled to a refundment provided in subdivision 2 or a deferred retirement annuity as provided in subdivision 3. Application for a refundment may be made no sooner than 90 days after the termination of state service if the applicant has not again become a state employee.

Subd. 2. Except as provided in subdivision 3, any person who ceased to be a state employee by reason of termination of state service shall receive a refundment in an amount equal to his accumulated deduction without interest.

Subd. 3. Any person with more than ten years of allowable, credited service when such termination occurs may at his option leave his accumulated deductions in the fund and thereby be entitled to a deferred retirement annuity commencing at age 65. This annuity shall be computed in the manner provided in section 9 on the basis of allowable service prior to termination of service. Application for the accumulated deductions left on deposit with the fund may be made at any time after 90 days following the date of his termination of service.

Subd. 4. Former members who hold numbered certificates of deferred annuity and who again become members of the retirement association shall surrender such certificates and shall be entitled to full credit for the service covered by the surrendered certificates. Former members who hold numbered certificates of deferred annuity may surrender them at any time prior to receiving an annuity and receive a refundment of their accumulated deductions upon application. Membership in the retirement association of any person shall terminate upon his ceasing to be a "state employee" whether by resignation, dismissal or termination of temporary or provisional appointment.

Subd. 5. The right of refundment provided in this act is not restricted as to time unless specifically provided and the statute of limitation does not apply thereto.

Sec. 15. [352.23] Termination of rights. *When any member accepts a refundment as provided in section 14, all existing service credits and all rights and benefits to which the member was entitled prior to the acceptance of such refundment shall terminate and shall not again be restored until the former member acquires not less than five years' allowable service credit subsequent to taking his last refundment.*

In that event he may repay all refundments taken plus interest at four percent per annum compounded annually.

Sec. 16. [352.24] Payments to receive credit for prior service. *Subdivision 1. After July 1, 1957, no member shall be entitled to make payments in lieu of salary deductions to the retirement fund to receive credit for any period of service prior to that date for which employee contributions were not deducted from his salary. Prior to that date, credit for such service may be received in the manner provided in this section. After that date credit can only be received for services rendered for which employee contributions are made as a deduction from salary.*

Subd. 2. Before July 1, 1957, any member may make payments to the retirement fund to receive credit in any case where those payments were authorized by Minnesota Statutes 1953, Chapter 352, as amended by Laws 1955, Chapter 239. The retirement board may make any agreement with the member it deems proper, providing for installment payments if the member cannot pay the amount due before the cut-off date. The amount of payment and interest rate charged to the member shall be as provided in Minnesota Statutes 1953, Chapter 352, as amended by Laws 1955, Chapter 239. These installment payments shall be made in full within five years or before termination of service whichever is sooner.

Sec. 17. [352.25] Membership in other retirement funds. *Subdivision 1. Any state employee who is entitled to an annuity or pension from the public employees retirement fund shall be entitled to a retirement allowance or annuity from the state employees retirement fund provided no portion of the allowable service upon which the retirement allowance or annuity is based is also a requisite in establishing eligibility for benefits or pension from the public employees retirement fund. If the combined benefits from both retirement funds exceed the benefit which it would have been possible for the employee to obtain from either fund had all service been either as a state or a public employee, the amount of the benefit from both funds shall be reduced to the highest amount which could have been obtained from either fund. The reduction from each fund shall be in the same proportion as the period of service as a state employee and as a public employee is to the total period of service upon which both benefits are based.*

Subd. 2. When any member of this association becomes a member of the state teachers retirement fund, his membership in the state employees retirement association shall cease. If such member is entitled to service credit in the teach-

ers retirement fund for the same period of service during which he was a member of the state employees retirement association, he shall be entitled to a refundment but not entitled to an annuity from the state employees retirement fund for such duplicated period of service.

Sec. 18. [352.26] **Retirement board, powers.** *The final power to determine the status of any individual in the employ of the state for the purposes of this chapter is vested in the retirement board and its decision is final. Any individual or group of employees who have made contributions to the retirement fund for a period of two years shall not have membership terminated so long as such individual or group continues in the same employment, except as herein specifically provided.*

Sec. 19. Minnesota Statutes 1953, Section 352.14, is amended to read:

352.14 Years of service as a member. *No member of the retirement association shall be entitled to receive an annuity or a retirement allowance until he shall have paid into the retirement fund by deductions from salary for a period of ten years after becoming a member.*

Sec. 20. [352.27] **Credit for military service.** *Any employee given a leave of absence to enter military service and who returns to state service upon discharge from military service as provided in Minnesota Statutes, Section 192.262, shall obtain credit for his period of military service but he shall not receive credit for any voluntary extension of military service at the instance of the member beyond the initial period of enlistment, induction or call to active duty. Such member shall obtain such credit by paying into the fund an employee contribution based upon his salary at the date of return from military service. The amount of this contribution shall be six percent of his salary not to exceed \$4800 in any fiscal year plus interest at four percent per annum compounded annually. In such cases the matching employer contribution and additional contribution provided in section 8 shall be paid by the department employing such member upon his return to state service from funds available to such department at the time and in the manner provided in section 8.*

Sec. 21. [352.28] **Options to certain members.** *Subdivision 1. Any person who on July 1, 1957, has ten or more years of allowable service as a member and whose deductions from salary continues at the rate in effect prior to that date, shall have the option when he retires either to receive the retirement benefits computed under Minnesota Statutes*

1953, Section 352.11, Subdivision 1, paragraphs 3, 4, and 6 or the retirement benefits computed under sections 9 and 10 of this act.

Subd. 2. Any election made by a member prior to July 1, 1957, pursuant to Minnesota Statutes 1953, Chapter 352.11, Subdivision 1 (5), as amended by Laws 1955, Chapter 239, Section 13, shall be continued in effect until the member retires. Provided, however, that upon the death before retirement of any member who had made such election the surviving spouse shall have the option of receiving the reversionary annuity provided under such election or the survivor's benefit provided in section 11 of this act.

Subd. 3. Upon the death of an annuitant who retired prior to July 1, 1957, there shall be paid to his last designated beneficiary or estate, as the case may be, a refundment as is provided in Minnesota Statutes 1953, Section 352.12, Subdivision 3, as amended by Laws 1955, Chapter 239, Section 16, or the refundment provided for by Minnesota Statutes 1953, Chapter 352.11, Subdivision 1 (5) if a reversionary annuity is payable to a surviving spouse.

Subd. 4. Any person who ceased to be a "state employee" prior to July 1, 1957, who has left his accumulated deductions in the retirement fund for the purpose of receiving, when eligible, a retirement annuity or allowance in accordance with the law in effect at the date state service terminated, shall have his annuity or retirement allowance computed in accordance with the law in effect at the date he ceased to be a "state employee."

Sec. 22. [352.29] Allowable service, annual leave, refundments. Any person whose service with the state has terminated and who has been paid for any unused portion of his annual leave allowance, the unused portion of his annual leave for which he was so paid shall be deemed allowable service if no refundment is taken. If application for refundment is made, the last working day is deemed the date state service terminates and credit for such service ceases on that date.

Sec. 23. [352.30] Allowable service, consecutive months. Year of allowable service is deemed any 12 calendar months not necessarily consecutive in which a member received compensation from the state or was eligible to credit for service. It also means 12 months credit each year for employees in the state teachers colleges and state institutions who are paid on a yearly basis and who may or may not receive compensation in every calendar month in the year.

Sec. 24. [352.31] Salary for part of calendar month. *Any salary paid for a fractional part of any calendar month is deemed compensation for the entire calendar month unless state service has terminated.*

Sec. 25. [352.32] Prior payments to obtain service credit. *Payments heretofore made into the retirement fund in order to obtain service credit, by persons who became members of the association prior to July 1, 1951, shall for all purposes of Laws 1951, Chapter 441, Section 10, as amended, or of other provisions of this chapter, be declared to be in full compliance of all the provisions thereof.*

Sec. 26. [352.33] Retirement board, basis for operation. *For all purposes except quarterly and biennial budgets the retirement board may operate on a calendar rather than a fiscal year basis. In changing the limitation of salary deductions from \$4,800 in any fiscal year to \$4,800 in any calendar year, the deductions from salary shall be limited to earnings of \$2,400 for the six months ending December 31, 1954, and to earnings of \$4,800 in any calendar year thereafter. Salaries in excess of \$4,800 in any calendar year for the purposes of this chapter means earnings shown on copies of payroll abstracts received at the office of the association from January 1 through December 31 of any year.*

Sec. 27. [352.34] Unpaid state auditor's warrants cancelled. *Any state auditor's warrant payable from the retirement fund remaining unpaid for a period of six years shall be cancelled into the retirement and not into the general revenue fund.*

Sec. 28. Minnesota Statutes 1953, Section 352.05, is amended to read:

352.05 State treasurer to be treasurer of association. The state treasurer shall be ex-officio treasurer of the retirement funds of the association and his general bond to the state shall cover all liability for his acts as treasurer of these funds. All moneys of the association received by him shall be set aside, in the state treasury to the credit of the proper fund. He shall deliver to the secretary of the retirement board each month copies of all payroll abstracts of the state together with the state auditor's warrants covering the deductions made on these payroll abstracts for the retirement fund; whereupon the secretary shall cause to be made, in triplicate, a list of the auditor's warrants and these warrants shall then be deposited with the state treasurer to be credited to the retirement fund. He shall pay out of this fund only on warrants issued by the state auditor, upon abstracts signed by the

secretary of the retirement board or by the assistant secretary of the board during the disability or the absence of the secretary from the city of St. Paul, Minnesota. Abstracts for investments may be signed by the secretary of the state board of investment.

Sec. 29. [352.35] **Limitation for applying for refundment.** *If a former member of the association does not apply for refundment within five years after the last deduction was taken from his salary for the retirement fund, and the total amount of his accumulated deductions is not over \$25, such accumulated deductions shall be credited to and become a part of the retirement fund. In the event the former member should return to state service the amount so credited to the retirement fund shall be restored to his individual account.*

Sec. 30. Minnesota Statutes 1953, Section 352.103, Subdivision 2, as amended by Laws 1955, Chapter 239, is amended to read:

Subd. 2. Should any former member who has received an annuity or retirement allowance again be entitled to receive salary or wages from the state his annuity or retirement allowance shall cease during the period of employment if employment is for a longer period than authorized ten-day emergency appointments but no payroll deductions for the benefit of the retirement fund shall be made from the earnings of such annuitant. Upon the termination of his employment the annuity or retirement allowance shall be resumed and there shall be no change in the amount of such annuity or retirement allowance because of such employment.

Sec. 31. [352.36] **Payments after death of annuitant.** *Subdivision 1. Any retirement allowance or annuity which is payable after the death of an annuitant shall be paid to the beneficiary whom the annuitant had last designated. If no beneficiary has been so designated, or, if the designated beneficiary should die before making claim for payment of such retirement allowance or annuity, and if there is no surviving spouse, and if the legal representative of such annuitant does not make such claim within five years, the amount of the retirement allowance or annuity payable to him at the time of his death shall be credited to and become a part of the retirement fund.*

Subd. 2. *If a member or former member dies without having designated a beneficiary or if the beneficiary should die without having made application for benefit, and if there is no surviving spouse, and if the legal representative does not apply for benefits within five years from the date of death*

of the member or former member, the accumulated deductions to his credit shall be credited and become a part of the fund.

Sec. 32. [352.37] **Payments to minor.** *If a member or former member dies having named as his beneficiary a person who is a minor at the time of the application for benefit, and the amount of the benefit does not exceed \$500, the retirement board in the absence of guardianship or probate proceedings may make payment to the natural guardian having custody of such minor beneficiary, for the benefit of such child. Any retirement allowance or annuity payable at the time of death of an annuitant, which is payable to a beneficiary who is a minor, may be paid in the same manner and such payment shall be a bar to recovery by any other person or persons.*

Sec. 33. Minnesota Statutes 1953, Sections 352.015; 352.02, as amended by Laws 1955, Chapter 239, Sections 4 to 6; 352.01 Subdivisions 8, 9; 352.04 Subdivision 5, as amended by Laws 1955, Chapter 239, Section 8; 352.09 as amended by Laws 1955, Chapter 239, Sections 9, 10; 352.11 as amended by Laws 1955, Chapter 239, Sections 13, 14; 352.21 are repealed.

Sec. 34. Minnesota Statutes 1953, Section 352.01, is amended by adding a new subdivision to read:

[Subd. 15] *“Approved Actuary” means any actuary who is either a fellow of the society of actuaries or who has at least 15 years of service to major public employee funds, or any firm retaining such an actuary on its staff.*

Sec. 35. This act takes effect July 1, 1957.

Approved April 29, 1957.

CHAPTER 929—H. F. No. 2083

[Not Coded]

An act relating to the administration of state government; appropriating moneys therefor and limiting the use thereof; providing for the transfer of certain moneys in the state treasury; adjusting the salaries of certain state officers and employees; limiting the amount of fees to be collected for deposit in the state treasury; and providing penalties for misusing funds appropriated hereby.

Be it enacted by the Legislature of the State of Minnesota: