

Section 1. Minnesota Statutes 1957, Section 298.22, Subdivision 6, is amended to read:

Subd. 6. In order to carry out the terms and provisions of subdivisions 4, 5 and 6, the commissioner of iron range resources and rehabilitation and the commissioner of administration may lease any real estate acquired hereunder for a term not to exceed twenty years upon such terms as they may determine. Such lease may provide that in the event the property is ever sold by the state to such lessee, the lessee may obtain a credit on the purchase price covering the rentals paid under his lease or any renewals thereof *and that said real estate can be conveyed by the commissioner of iron range resources and rehabilitation and the commissioner of administration and the said commissioners are hereby authorized to make such conveyances.*

Approved June 19, 1959.

EXTRA SESSION

CHAPTER 50—S. F. No. 79

[Coded in Part]

An act relating to pensions and related benefits, relating to teachers retirement association and relative to social security coverage applicable to persons in positions covered by teachers retirement association pursuant to Section 218 (d) (6) (C) (E) and (F) of the social security act, and appropriating money therefor; amending Minnesota Statutes 1957, Section 135.01, Subdivisions 2, 8, 13 and adding new Subdivisions thereto; 135.03, Subdivision 1; 135.31, 135.32, Subdivision 3; 135.33, Subdivisions 1 and 2; 135.34; 135.37; 135.38; 135.39; 135.41, Subdivisions 1 and 2; 135.42, Subdivision 5; 135.43, Subdivision 1; 135.44, Subdivisions 1 and 2, and adding a new Subdivision thereto; 135.46, Subdivisions 1, 2, and 3; 135.47; 135.48; 135.49, Subdivisions 1 and 3; 135.51, Subdivisions 1 and 2; 135.53; 135.55, Subdivision 2, and adding a new Subdivision; and amending Minnesota Statutes 1957, Chapter 269 by adding new sections thereto and providing for the numbering thereof; amending Section 269.41 by adding a new Subdivision and amending Sections 269.46; 269.47 as amended; 269.49; 269.50; 269.51 and 269.52; repealing Minnesota Statutes 1953, Sections 135.06, Subdivision 1 as amended; 135.06, Subdivision 2 as amended; Minnesota Statutes 1957, Sections 135.13, 135.41, Subdivision 4; 135.44,

Subdivision 3; 135.55, Subdivision 1; Laws 1957, Chapter 752, Section 1; Laws 1957, Chapter 818, Section 3.

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

Section 1. Minnesota Statutes 1957, Section 135.01, Subdivision 2, is amended to read:

Subd. 2. **Teacher.** The word "teacher" includes any person who has rendered, is rendering, or shall hereafter render, service as a teacher, supervisor, principal, superintendent, or librarian in the public schools of the state, located outside of the corporate limits of the cities of the first class, in the state colleges, or in any charitable or state institution including penal and corrective institutions supported, in whole or in part, by public funds, or who has been engaged, is engaged, or shall hereafter be engaged, in educational administration in connection with the state public school system, including the state colleges, but excluding the state university, whether the position be a public office or an employment, not including members of any general governing or managing board or body connected with such system, or the officers of common, independent, special, or associated school districts, or unorganized territory. The term does not mean any person who works for such school or institution as an independent contractor.

Sec. 2. Minnesota Statutes 1957, Section 135.01, Subdivision 13, is amended to read:

Subd. 13. **Allowable service.** "Allowable service" means:

(1) Any service rendered by a teacher 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 salary deductions, payments in lieu of salary deductions, or in any other manner authorized by Minnesota Statutes 1953, Sections 135.01 to 135.13, as amended by Laws 1955, Chapter 361, 549, 550, 611 or

(2) Any service rendered by a teacher for which on or before July 1, 1961, he elected to obtain credit for service by making payments to the fund pursuant to Sections 135.09, 135.51 or

(3) Any service rendered by a teacher 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 where payments in lieu of salary deductions are made, deposited and credited into the fund as provided in sections 135.09, subdivision 4, and 135.38 and 135.53, or

(5) Any service rendered by a teacher for which he elected to obtain credit for service by making payments to the fund pursuant to sections 135.09, subdivisions 1, 2, 3, and 4, 135.50, 135.51, and Minnesota Statutes 1957, Section 135.41, Subdivision 4, or

(6) Both service during years of actual membership in the course of which contributions were currently made and service in years during which the teacher was not a member but for which he later elected to obtain credit by making payments to the fund as permitted by any law then in effect.

Sec. 3. Minnesota Statutes 1957, Section 135.01, Subd. 8, is amended to read:

Subd. 8. **Dependent child.** "Dependent child" means any natural or adopted child of a deceased member under the age of 18, unmarried and actually dependent for more than one-half of his support upon such member and for a period of at least 90 days prior to the members death. It also includes any child of the member conceived during his lifetime and born after his death in any case where a member dies after July 1, 1957.

Sec. 4. Minnesota Statutes 1957, Section 135.01, is amended by adding new subdivisions to read:

[Subd. 14.] **Total and permanent disability.** "Total and permanent disability" means a disability 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, and whose impairment is founded upon conditions which render it reasonably certain that it will continue indefinitely.

[Subd. 15.] **Dependent spouse.** "Dependent spouse" means: (1) the widow of a deceased member who has not remarried and was living with and dependent upon the member at the time of death, or (2) the widower of a deceased member who has attained the age of 65, has not remarried, was living with and dependent upon the member at the time of death for more than one half of his support; or the widower

of a deceased member who has not remarried and is totally and permanently disabled.

[Subd. 16.] **Retirement annuity.** "Retirement annuity" means the payments made by the fund to a former member after retirement which varies in amount depending primarily upon both employee and employer contributions made by and in behalf of the particular member.

[Subd. 17.] **Optional survivors annuity.** "Optional survivors annuity" means the payments made by the fund to a survivor of a former member pursuant to an optional annuity form selected by such member at or before retirement which varies in amount depending primarily upon both employee and employer contributions made by and in behalf of the particular member.

[Subd. 18.] **Spouses annuity.** "Spouses annuity" means the payments made by the fund to a spouse of a deceased member commencing at age 62 or 65 which varies in amount depending primarily upon both employee and employer contributions made by and in behalf of the particular member.

[Subd. 19.] **Annuity.** "Annuity" means a retirement annuity, optional survivors annuity, or spouses annuity.

[Subd. 20.] **Benefit.** "Benefit" means an allowance paid or payable by the fund to a surviving dependent spouse or a dependent child which is a fixed amount and also includes an allowance paid or payable by the fund to a member or former member who is permanently and totally disabled.

[Subd. 21.] **Retirement.** "Retirement" means the withdrawal of a member from active teaching service who is paid a retirement annuity thereafter and commences with the date designated by the retirement board when the retirement annuity shall first accrue to the former member after his withdrawal from active teaching service. This date shall determine any rights specified in sections 135.01 to 135.18 and 135.31 to 135.55 which occur either before or after retirement, as the case may be.

[Subd. 22.] **Designated beneficiary.** "Designated beneficiary" means the person designated by a member to receive the balance of his accumulated deductions after death. If the member had failed to designate such a person or if the person designated predeceased the member, beneficiary in such cases means the estate of the deceased member.

Sec. 5. Minnesota Statutes 1957, Section 135.03, Subdivision 1, is amended to read:

135.03 Subdivision 1. The management of the fund shall be vested in a board of five (trustees to be known as the board of trustees of the Teachers Retirement Fund. It shall be composed of the following persons: the commissioner of education, the state auditor, the commissioner of insurance, and two members of the fund who shall be elected by the members of the fund at the time and place of their annual meeting. At the first election of the members of the fund, one trustee shall be elected to serve for one year and one for two years. Thereafter the terms of the elective members shall begin on the first Monday in January next succeeding their election. In the case of elective members, vacancies shall be filled by appointment by the remainder of the board, the appointee to serve until the members of the fund have elected a trustee to serve for the unexpired term caused by such vacancy. No member shall be appointed by the board, or elected by the members of the fund as a trustee who is not a member of the fund in good standing at the time of such appointment or election. *It shall be the duty of the board of trustees to faithfully administer the law without prejudice and consistent with the expressed intent of the legislature. They shall act as trustees with a fiduciary obligation to the state of Minnesota which created the fund, the taxpayers which aid in financing it and the teachers who are its beneficiaries.*

Sec. 6. Minnesota Statutes 1957, Section 135.31, is amended to read:

135.31 Scope and application of sections 135.31 to 135.39. Sections 135.31 to 135.39 apply to any member of the teachers retirement association included in any agreement or modification made between the state and secretary of health, education and welfare, making the provisions of the federal old age and survivors insurance act applicable to such members. Section 135.31 to 135.39 also apply to *any* school district or institution employing such member. Except as otherwise specifically provided in sections 135.31 to 135.39, the provisions of sections 135.01 to 135.18 and 135.41 to 135.55 shall apply.

Sec. 7. Minnesota Statutes 1957, Section 135.38 is amended to read:

135.38 Military service credit. After any agreement or modification is made pursuant to section 135.39, an employee given a leave of absence to enter military service and who returns to teaching 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 *three percent of his salary not to exceed \$4,800 in any fiscal year*. In such cases the employer contribution and additional contribution *provided in section 195.32* shall be paid by the state in the manner provided in section 195.43.

Sec. 8. Minnesota Statutes 1957, Section 135.43, Subdivision 1 is amended to read:

135.43 Subdivision 1. The board shall from time to time determine the amount of money necessary and presently needed to meet the state's obligation as provided in sections 135.01 to 135.18 and 135.31 to 135.55 and shall certify the amount so determined to the state auditor. In so certifying the board shall certify separately the amount required to meet the state's obligation on account of services rendered for and on behalf of the state at large, and the amount required to meet the state's obligation on account of services rendered for and on behalf of the schools and institutions located outside of the cities of the first class.

Sec. 9. Minnesota Statutes 1957, Section 135.34, is amended to read:

135.34 **Optional retirement annuities.** The retirement board shall establish optional annuities at 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. In establishing these optional forms the board shall obtain the written recommendation of an approved actuary and these recommendations shall be a part of the permanent records of the board.

Sec. 10. Minnesota Statutes 1957, Section 135.44, Subdivision 1, is amended to read:

135.44 Subdivision 1. **Age and service requirements.** Any member or former member who ceases or has ceased to render teaching services either before or after July 1, 1959 in any school or institution covered by Minnesota Statutes, Sections 135.01 to 135.18 and 135.31 to 135.55, and who has

attained the age of at least 55 years *with* not less than ten years allowable service or who *has* received credit for not less than 30 years allowable service *regardless of age*, is entitled upon *written* application to a retirement *annuity*.

Sec. 11. Minnesota Statutes 1957, Section 135.44, Subdivision 2, is amended to read:

Subd. 2. **Computation of annuity.** The amount of the retirement annuity is an amount equal to double the annuity which could be purchased by the member's accumulated deductions plus interest thereon. The annuity shall be determined by the member's age, his sex, double the amount of his accumulated deductions, double the interest earned on the accumulated deductions, and the appropriate mortality tables and interest rates. For the purpose of determining the amount of the annuity, the accumulated deductions prior to July 1, 1957, and the accumulated deductions subsequent to July 1, 1957, shall be considered separately.

(1) For service rendered prior to *July 1, 1957*, the accumulated deductions for any member shall be carried forward at a fixed amount which is shown credited to his account as of that date. That fixed amount shall also include any payments in lieu of salary deductions which are to be made in the future and are actually so made pursuant to an agreement executed between the member and the board as authorized by section 135.50 or any other authorized payments made by the member to the fund. The annuity granted with respect to such period shall be determined by the following:

(a) The fixed amount of the accumulated deductions for such period including the interest credited thereon as earned up to *July 1, 1957*.

(b) Annuity purchase rates based on the mortality tables and interest assumption used by the board prior to *July 1, 1957*, calculated separately as to sex.

(2) For service rendered subsequent to *July 1, 1957*, the accumulated deductions for any member shall consist of the amounts actually credited to his account by reason of salary deductions. The annuity granted with respect to such period shall be determined by the following:

(a) accumulated deductions for such period;

(b) interest credited on these accumulated deductions from *July 1, 1957*, to the date of retirement;

(c) interest credited on accumulated deductions including prior credited interest provided in paragraph: (1) from July 1, 1957, to the date of retirement;

(d) annuity purchase rate based on the 1937 standard annuity table of mortality set back two years and calculated separately as to sex, with an interest assumption of 3 percent.

Sec. 12. Minnesota Statutes 1957, Section 135.44, is amended by adding a new subdivision to read:

Subd. 6. A teacher who has purchased an annuity under any provision of any retirement law applicable to schools and institutions covered by sections 135.01 to 135.18 and 135.31 to 135.55 and has thereafter resumed teaching in any school or institution to which such sections apply shall continue to receive payments in accordance with such annuity except that during any quarter in which his income from such teaching service exceeds the sum of \$300; the amount in excess of \$300 shall be deducted from the annuity payable for the quarter immediately following the quarter in which the excess amount was earned.

Sec. 13. Minnesota Statutes 1957, Section 135.46, Subdivision 1, is amended to read:

135.46 Subdivision 1. Surviving dependent spouse and dependent children. Upon the death of a member before retirement who has had at least 18 months of allowable service, his surviving *dependent* spouse and dependent children under the age of 18 shall receive the monthly benefit provided below. Where a member died on or after July 1, 1955, leaving any dependent child, such dependent child shall receive the benefits provided in this subdivision commencing from and after the effective date of Extra Session Laws 1957, Chapter 16.

- (a) Surviving *dependent* 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 *dependent* 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.

Sec. 14. Minnesota Statutes 1957, Section 135.46, Subdivision 2, is amended to read:

Subd. 2. **Surviving dependent spouse.** Upon the death of a member before retirement who has had at least 20 years of credited allowable service, his surviving *dependent* spouse shall be paid a deferred annuity in an amount equal to 75 percent of the member's annuity computed on the basis provided in section 135.44 not to exceed \$150 per month. This annuity shall be paid when such surviving *dependent* spouse reaches the age of 62 and shall terminate upon remarriage. The surviving *dependent* spouse has the option, if qualified, to receive the benefits provided in subdivision 1 or *the annuity provided in subdivision 2* but not both.

Sec. 15. Minnesota Statutes 1957, Section 135.48, is amended to read:

135.48 **Disability benefits.** Subdivision 1. Where any member became totally and permanently disabled after at least 10 years of allowable service or after age 50 *with five years of allowable service*, whichever is sooner, he shall be entitled to a disability benefit in an amount provided in subdivision 2. If such disabled person's teaching service has terminated at any time, at least five of the required ten years of 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 section shall be reduced by the amount of disability benefits paid under the federal act.

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 benefit has not been filed with the board within 90 days from the commencement of disability, the *disability benefit* shall begin to accrue as of the day 30 days prior to the receipt of such application. If salary is being received for either annual or sick leave during said 30-day period, payments shall accrue from the date salary ceases. The amount of the *disability benefit* is an amount equal to double the annuity which could be purchased by the member's accumulated deductions plus interest thereon *computed as though the teacher were age 65 at the time of disability*. The *benefit granted* shall be determined by the following:

- (a) The amount of the accumulated deductions;
- (b) Interest actually earned on these accumulated deductions to the date of disability;
- (c) Interest for the years from the date of disability to the date such member attains age 65 at the rate which is the average rate credited for the five years prior to disability;
- (d) Annuity purchase rates based on the 1937 standard annuity table of mortality set back two years and calculated separately as to sex with interest assumption of three percent.

In addition a supplementary monthly benefit shall be paid in accordance with the following table:

<i>Age when disabled</i>	<i>Supplementary Benefit</i>
<i>Under age 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>

The amounts paid for disability benefits shall not be deducted from the individual members' accumulated deductions but instead these benefits shall be financed from the turnover gain provided in section 24.

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 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 benefit 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 that an

employee is placed on leave of absence without compensation because of disability shall not bar him from receiving a disability *benefit*.

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 the disability *beneficiary* to undergo a medical examination to be made at the place of residence of *such person*, or at any other place mutually agreed upon, by a 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 *that such person* is no longer incapacitated for service. Any person receiving a disability benefit shall not be required to undergo a medical examination after reaching the age of 65.

Subd. 6. Should the disabled *person* 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, *provided the disability benefit in such case does not exceed the disability benefit originally allowed*.

Subd. 7. Should any such disabled *person* 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 *benefit* shall be revoked by the board.

Subd. 8. Any *person receiving a disability benefit* who is restored to active *teaching* service shall have deductions taken for the retirement fund.

Sec. 16. Minnesota Statutes 1957, Section 135.49, Subdivision 1, is amended to read:

135.49 Subdivision 1. Any person who ceases to *render teaching service in any school or institution to which sec-*

tion 135.01 to 135.18 and 135.31 to 135.55 apply shall be entitled to a refundment provided in subdivision 2, or a deferred retirement annuity as provided in subdivision 3. Application for refundment may be made no sooner than 30 days after termination of teaching service if the applicant has not again become a teacher.

Sec. 17. Minnesota Statutes 1957, Section 135.49, Subdivision 3, is amended to read:

Subd. 3. Any person with *at least* ten years of credited allowable 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. The amount of the annuity shall be determined in the manner provided in section 135.44, subdivision 2, using the mortality table and interest rate provided in paragraph (2) of that subdivision, *or the annuity shall be determined in the manner provided in section 135.33, whichever is applicable. Such person may revoke this option at any time prior to the commencement of annuity payments by filing a written statement with the board and making application for a refund. Such person may be entitled to a refund of his accumulated deductions within 30 days thereafter.*

Sec. 18. Minnesota Statutes 1957, Section 135.51, Subdivision 1, is amended to read:

135.51 Subdivision 1. After July 1, 1961, no member shall be entitled to make payments in lieu of salary deductions to the retirement board to receive credit for any period of service prior to that date for which employee contributions were not deducted from his salary, except as provided in section 135.09, subdivision 4, *135.38, 135.50, 135.53.*

Sec. 19. Minnesota Statutes 1957, Section 135.51, Subdivision 2, is amended to read:

Subd. 2. Before July 1, 1961, any member may make payments to the retirement board to receive credit in any case where the payments were authorized by Minnesota Statutes 1953, sections 135.01 to 135.13 as amended by Laws 1955, Chapters 361, 549, 550, 611, and Laws 1957, Chapter 818, Section 2, *except in any case provided in Minnesota Statutes 1953, section 135.09 as amended by Laws 1955.* 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, Sections 135.01 to 135.13,

as amended by Laws 1955, Chapters 361, 549, 550, 611, and Laws 1957, Chapter 818, Section 2.

Sec. 20. Minnesota Statutes 1957, Section 135.53, is amended to read:

135.53 **Military service credit.** Any employee given a leave of absence to enter military service and who returns to teaching 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 \$4,800 in any fiscal year. In such cases the employer contribution and additional contribution provided in section 135.42 shall be paid by the state in the manner provided in section 135.43.

Sec. 21. Minnesota Statutes 1957, Section 135.55, Subdivision 2, is amended to read:

Subd. 2. Any annuity purchased or benefits accruing from the fund pursuant to Minnesota Statutes 1953, section 135.10, subdivision 2, 4 and 6, Laws 1955, Chapter 611, Section 2, Laws 1957, Chapter 818, Section 3, prior to July 1, 1957, or any annuity purchased or benefit accruing from the fund pursuant to Laws 1957, Chapter 752, and Minnesota Statutes 1957, Section 135.33, Subdivisions 3 and 4, 135.55, Subdivision 1, prior to July 1, 1959, or any annuity payable pursuant to Laws 1915, Chapter 199, shall continue in effect at such amount and subject to such conditions as the law then in effect provided except that refundment shall be paid pursuant to section 135.47 regardless of the date when the teacher retired.

Sec. 22. Minnesota Statutes 1957, Section 135.55, is amended by adding a new subdivision to read:

[Subd. 5.] *Each annuitant who as a member of the fund commencing drawing his annuity under Minnesota Statutes, section 135.10 between August 1, 1931, and June 30, 1953, but not including his beneficiaries, shall be paid the sum of \$25 per month, which payments shall be guaranteed by the state, in addition to the amounts such annuitant is otherwise entitled to receive under the provisions of sections 135.01 to 135.18 and 135.31 to 135.55.*

Sec. 23. Minnesota Statutes 1957, Section 135.33, Subdivision 1, is amended to read :

135.33 Subdivision 1. The amount of the retirement annuity is an amount equal to the annuity which could be purchased by the member's accumulated deductions, the employer's contribution, and interest. The retirement purchase rates shall be based on the 1937 standard annuity table of mortality set back two years, with interest at the rate of three percent and calculated separately as to sex. The accumulated deductions, employer's contribution and interest earned shall be computed as follows :

(a) the members accumulated deductions plus interest to *July 1, 1957*, plus interest to the date of retirement, and

(b) the members accumulated deductions plus the employer's contribution from *July 1, 1957* plus interest to the date of retirement.

Sec. 24. [135.57] **Operations account reflecting interest on deductions of members accepting refundment.** *Subdivision 1. The retirement board is directed to establish an operations account which shall reflect the following as credits in the said account :*

(1) *The interest on the accumulated deductions of all former members who have accepted refundments at the rate established by the board and applied generally to the member's accumulated deductions for the purpose of determining retirement annuities.*

Sec. 25. [135.58] **Supplemental retirement annuity.** *A supplemental retirement annuity shall be paid to any member who retires after July 1, 1959. In establishing this supplemental retirement annuity the board shall ascertain the member's accumulated deduction including interest for the period of allowable service prior to July 1, 1957, and the member shall receive a retirement credit of 25 percent of this amount. The retirement credit so established shall be the basis for purchasing a supplemental retirement annuity using the 1937 standard annuity table of mortality set back two years with interest at the rate of three percent and calculated separately as to sex. If the member retires pursuant to sections 135.44 or 135.45 his supplemental retirement annuity shall be doubled. If the member retires pursuant to sections 135.33, 135.34 or 135.35 his supplemental retirement annuity shall not be doubled.*

Sec. 26. Minnesota Statutes 1957, Section 135.33, Subdivision 2, is amended to read:

Subd. 2. *The provisions of subdivisions 3 and 4 apply to any member covered by social security pursuant to a referendum authorized by Section 269.42 paragraph (e).*

Sec. 27. Minnesota Statutes 1957, Section 135.41, Subdivision 1, is amended to read:

135.41 Subdivision 1. The teachers retirement fund created by Minnesota Statutes, Sections 135.01 to 135.13, is confirmed and continued. Hereafter membership in the fund is referred to as membership in the association. The membership in the association consists only of teachers. 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.

Sec. 28. Minnesota Statutes 1957, Section 135.41, Subdivision 2, is amended to read:

Subd. 2. *Every teacher after June 30, 1957, in the service or entering the service of the state or its governmental subdivision as a teacher, except persons specially excluded, shall become a member of the association by the acceptance of such employment.*

Sec. 29. Minnesota Statutes 1957, Section 135.32, Subdivision 3, is amended to read:

Subd. 3. An additional contribution of *one and one-half percent* shall be made to the fund based on the salary of each member not to exceed \$4800 in any fiscal year for the purpose of amortizing the deficit in the fund. *This subdivision takes effect July 1, 1961.*

Sec. 30. Minnesota Statutes 1957, Section 135.42, Subdivision 5, is amended to read:

Subd. 5. An additional contribution shall be made in the amount of one percent of the salary of each member not to exceed \$4,800 in any fiscal year for the purpose of amortizing the deficit in the fund. This contribution shall be made in the manner provided in section 135.43. *This subdivision shall take effect July 1, 1961.*

Sec. 31. Minnesota Statutes 1957, Section 135.37, is amended to read:

135.37 Disability benefits; computation, added benefits pending social security benefits. *The disability benefit shall*

be computed in the manner provided in section 135.48, and in addition, the member shall be paid \$50 per month until he becomes eligible to receive either the primary benefit or the disability benefit under the Federal Social Security Act. Upon becoming eligible to receive a benefit under the Federal Social Security Act, the \$50 a month payment terminates. The total disability benefit paid including the \$50 monthly, as aforesaid, from the retirement fund shall be limited to 50 percent of the salary upon which it is based. The disability benefit shall be the normal annuity computed as though the member were age 65 at the time of disability. The optional annuities and the provision in section 135.48, subdivision 1, that "benefits computed under subdivision 2 of this act shall be reduced by the amount of disability benefits paid under the federal act" do not apply to this section. Provided, however, that the provisions of this section shall be operative only through June 30, 1961; but members whose total and permanent disability shall have been established prior to July 1, 1961, shall continue to receive the disability benefits provided herein so long as the total and permanent disability continues."

"Sec. 32. Minnesota Statutes 1957, Chapter 269, is amended by adding a new section as follows:

[269.56] **Division of teachers retirement association.** In accordance with section 218 (d) (6) (C) of the social security act, the state agency shall divide into two divisions or parts, the teachers retirement association established by Minnesota Statutes 1957, Sections 135.01 to 135.18 and 135.31 to 135.55. One division or part of such retirement system shall be composed of positions of members of such system who desire coverage under an agreement under Section 218 (d) of the Social Security Act, The other division or part of such retirement system shall be composed of positions of members of such system who do not desire coverage under such an agreement. Each division or part shall be deemed to be a separate retirement system for the purposes of Section 218 (d) of the Social Security Act. There shall be included in such division or part composed of members desiring such coverage the positions of individuals who become members of the teachers retirement association, after such coverage is extended.

"Sec. 33. Minnesota Statutes 1957, Chapter 269, is amended by adding a new section as follows:

[269.57] **Transfer of members.** In accordance with Section 218 (d) (6) (F) of the Social Security Act, and when such a retirement system is so divided into two parts, as here-

inbefore provided, the position of any member of the division or part composed of positions of members who do not desire coverage may be transferred to the separate retirement system composed of members who desire such coverage; and a modification of agreement between the state and the secretary of health, education, and welfare may so provide, but only if prior to such modification or such later modification, as the case may be, the individual occupying such position files with the state agency a written request for such transfer.

“Sec. 34. Minnesota Statutes 1957, Chapter 269, is amended by adding a new section as follows :

[269.58] **Persons in positions covered by retirement system.** *Any individual who is in a position covered by a retirement system referred to in section 32 and who is not a member of such system but is eligible to become a member thereof shall, for the purposes of this act, be regarded as a member of such system and any such individual shall be treated, after the division of the retirement system, the same as individuals in positions referred to in section 33.*

“Sec. 35. Minnesota Statutes 1957, Chapter 269, is amended by adding a new section as follows :

[269.59] **Certification by governor.** *If the governor receives satisfactory evidence that the conditions specified in section 218 (d) (7) of the Social Security Act have been met with respect to the teachers retirement association, he shall so certify to the secretary of health, education, and welfare.*

“Sec. 36. Minnesota Statutes 1957, Chapter 269, is amended by adding a new section as follows :

[269.60] **Agreements with federal agency.** *Upon such certification the state agency, with the approval of the governor, shall be authorized to enter into an agreement with the secretary of health, education, and welfare, or modify any such agreement previously made with respect to employment by educational employees. The agreement or modification shall contain such terms and provisions authorized by the Social Security Act and the enabling act as the state agency finds proper.*

Sec. 37. Minnesota Statutes 1957, Section 269.41, is amended by adding a subdivision to read :

Subd. 7. The term enabling act means Laws 1955, Chapter 665, entitled “An act to provide for the coverage of certain officers and employees of the state and local governments un-

der the old age and survivors insurance provisions of Title II of the federal social security act, as amended, and appropriating moneys therefor."

Sec. 38. Minnesota Statutes 1957, Section 269.51, is amended to read:

269.51 Delinquent payments, collection. Delinquent payments under sections 269.41 to 269.55 *and sections 32 to 36 of this act* with interest at the rate of six percent per annum may be recovered by action in a court of competent jurisdiction against each and every political subdivision liable therefor or may, at the request of the state agency, be deducted from any other moneys payable to such political subdivision by any department or agency of the state.

Sec. 39. Minnesota Statutes 1957, Sec. 269.52, is amended to read:

269.52 Obligations of political subdivision, payment. Each and every political subdivision is hereby authorized and directed to pay its obligations under sections 269.41 to 269.55 *and sections 32 to 36 of this act* for moneys collected from taxes or other revenues. Each and every political subdivision authorized to levy taxes may include in its tax levy the amount necessary to pay such obligations. If the taxes authorized to be levied under this section cause the total amount of taxes levied to exceed any limitation whatsoever upon the power of a political subdivision, as defined in section 269.41, to levy taxes, such political subdivision may levy taxes in excess of the limitation in such amounts as is necessary to meet its obligations under sections 269.41 to 269.55 *and sections 32 to 36 of this act*. The expenditures authorized to be made under sections 269.41 to 269.55 *and sections 32 to 36 of this act* shall not be included in computing the cost of government as defined in any home rule charter of any city affected thereby. The governing body of a municipality, for the purpose of meeting its liabilities under sections 269.41 to 269.55 *and sections 32 to 36 of this act* in the event of a deficit, may issue its obligations payable in not more than two years, in an amount which may cause its indebtedness to exceed any statutory or charter limitations, without an election, and may levy taxes to pay therefor in the manner provided in Minnesota Statutes, Section 475.61.

Sec. 40. Minnesota Statutes 1957, Section 269.46, is amended to read:

269.46 Retroactive effect. *Subdivision 1. Except as provided in this section, effective retroactively with respect to*

employment after December 31, 1955, by state employees, public employees, and educational employees, who are employees on the date the agreement or modification is entered into or thereafter, each department or agency of the state and each political subdivision employing such employees shall pay into the contribution fund contributions with respect to wages paid to each employee in an amount equal to the sum of the taxes which would be imposed by the Federal Insurance Contribution Act for the services covered by such agreement of modification.

Subd. 2. The retroactive employer taxes due with respect to employment after December 31, 1955, by educational employees who have made their selection pursuant to Section 218 (d) (6) (C) of the Social Security Act, shall be paid by the teachers retirement board from its fund from the employer contributions paid to said fund.

Subd. 3. The employer taxes due with respect to employment by educational employees who have made their selection pursuant to Section 218 (d) (6) (C) of the Social Security Act, shall be paid in the following manner:

(a) Contributions required for retroactive coverage shall be made in the manner provided in Subdivision 2.

(b) Contributions required to be made for current service by political subdivisions employing such educational employees and payments required by Section 269.49 shall be paid by the state. The state's obligation for services performed subsequent to the date of the agreement or modification shall be paid from the retirement fund, at such times and in such amounts as may be determined by the state agency to be necessary. The amounts herein required are hereby appropriated from the teachers retirement fund and the trustees are hereby authorized to make the necessary disbursements and transfers therefor.

(c) Contributions required to be made with respect to such educational employees of state departments and institutions and payments required by Section 269.49 shall be paid by such departments and institutions in accordance with the provisions of Sections 269.49 and 269.50.

Subd. 4. On November 1 of each year the State Auditor shall determine the amounts that have been paid from the teachers retirement fund pursuant to Subdivision 3 (b) during the 12 month period immediately preceding such date. The Auditor is hereby directed to include such amounts in each annual tax levy, which amounts are hereby annually levied

upon all the taxable property of the state located outside of the cities of the first class. The proceeds of such levies shall be credited to the teachers retirement fund. No levy shall be certified under this subdivision in 1959 provided the certification required under Minnesota Statutes, Section 135.43, Subdivision 1, has been made by the board on the assumption that the matching state contribution for members has been calculated at six percent except for those teachers who are covered under federal social security pursuant to Minnesota Statutes, Section 269.42, paragraph (e). If the certification under Minnesota Statutes, Section 135.43, Subdivision 1, is not based on such an assumption, the state auditor shall levy in 1959 such additional sums under this subdivision so that the total amount to be raised by mill levy under Minnesota Statutes, Section 135.43 and this subdivision shall equal six percent of the member's salary subject to teachers retirement deductions, except members covered under federal social security pursuant to Minnesota Statutes, Section 269.42, Paragraph (e) where the amount shall be calculated at three percent of the member's salary subject to teachers retirement deductions.

Sec. 41. Minnesota Statutes 1957, Section 269.47 as amended by Laws 1959, Chapter 513, Section 1, Subdivision 1, is amended to read:

269.47 Retroactive effect. Subdivision 1. Effective retroactively with respect to employment after December 31, 1955, by employees who are employed on the date the agreement or modification is entered into or thereafter, each retirement board shall pay out of their respective funds an amount for each member which is equal to the amount of employee tax which would have been imposed by the Federal Insurance Contribution Act, if such service constituted service within the meaning of the act. *This amount shall be deducted from the accumulated deductions of each such member. If the accumulated deductions of any member is not sufficient to pay for his retroactive contribution, such member shall pay the difference to the fund.*

Sec. 42. Minnesota Statutes 1957, Section 269.49, is amended to read:

269.49 Reimbursement of administrative costs of state agency. Each department or agency of state and each political subdivision employing members of the association shall reimburse the state agency for its pro rata share of the cost of administration of said agency in accordance with rules and regulations of the state agency, *except as provided in Minne-*

sota Statutes, Section 269.46. Such reimbursements shall be paid into the state agency's revolving fund.

Sec. 43. *The teachers retirement association shall furnish to the interim commission of the legislature authorized to study public retirements an actuarial survey of the fund no later than July 1, 1960. This survey shall be made in the manner provided in Extra Session Laws 1957, Chapter 11, indicating a level normal cost and shall show separately the two divisions or parts of the retirement system.*

Sec. 44. Minnesota Statutes 1957, Section 269.50, is amended to read:

269.50 State employees, appropriation. With respect to state employees, *each department and agency shall pay the amounts required by sections 269.41 to 269.55 and sections 32 to 36 of this act 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 for the payments into the contribution fund and the state agency revolving fund, as provided herein, are hereby appropriated out of such revenue sources, *including from the general revenue fund and from any other fund now or hereafter existing,* to each department and agency in such sums as are required to make the payments herein directed, and such payments shall be charged as an administrative cost by such units of state government.

If there are insufficient moneys in any such accounts or fund or source of revenue to make the payments to the contribution fund required by sections 269.41 to 269.55 and sections 32 to 36 of this act by such departments or agencies, 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.

For those employees of the state or its instrumentalities who as eligible members in the state employees retirement association are employed by 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, these units of government shall also pay into the contribution fund contributions with respect to wages equal to the sum of taxes which would be imposed by the Federal Insurance Contributions Act if the services covered by such agreement or modification constituted employment within the meaning of that act.

Sec. 45. Minnesota Statutes 1953, Section 135.06, Subdivision 1, as amended by Laws 1955, Chapter 611, Section 1, Laws 1957, Chapter 818, Section 1; Section 135.06, Subdivision 2, as amended by Laws 1955, Chapter 316, Section 4, Laws 1957, Chapter 818, Section 2; Minnesota Statutes 1957, Section 135.13; Section 135.41, Subdivision 4; 135.44, Subdivision 3, 135.55, Subdivision 1; Laws 1957, Chapter 752, Section 1; Laws 1957, Chapter 818, Section 3, are hereby repealed.

Sec. 46. Minnesota Statutes 1957, Section 135.39, is amended to read as follows:

135.39 Effective; application. Sections 135.31 to 135.39 take effect on the date any agreement or modification is made between the state and the secretary of health, education and welfare making such agreement or modification applicable to service performed in positions covered by the teachers retirement association. Sections 135.31 to 135.39 shall apply to any coverage group consisting of members of the teachers retirement association included in any such agreement or modification.

Sec. 47. Minnesota Statutes 1957, Section 135.46, Subdivision 3, is amended to read:

Subd. 3. Death benefit. *If a former member dies after his retirement or after he has qualified for disability benefits, there shall be paid to his surviving spouse an amount equal to the annuity for the entire month in which death occurs if no optional or reversionary annuity was designated by the member.*

Sec. 48. Minnesota Statutes 1957, Section 135.47, is amended to read:

135.47 Refundment after death. Subdivision 1. **Death before retirement.** *If a member dies before retirement and neither an optional annuity, or reversionary annuity is payable, there shall be paid to his designated beneficiary an amount equal to his accumulated deductions plus interest thereon at the rate of two percent per annum compounded*

annually. *If the member had received a disability benefit during his lifetime, no interest shall be paid on his accumulated deduction in the fund at the time of his death. If a former member dies before he received a retirement annuity or allowance, a refundment shall be paid to his designated beneficiary in an amount equal to his accumulated deductions with interest at the rate of two percent per annum compounded annually.*

Subd. 2. **Benefits of \$500 or less.** If a member or a former member dies without having designated a beneficiary, or if the beneficiary should die before making application for the refundment to the credit of such deceased member or former member, and the amount of the benefit 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 payment 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. 3. **Option to receive benefits in installments.** The beneficiary or surviving spouse of any deceased member or former member entitled to receive a refundment shall have the option of having the amount due him paid in monthly installments in such amounts as may be agreed upon with the retirement board.

Sec. 49. *There is hereby appropriated out of the general revenue fund in the State Treasury the sum of \$30,000 to the State agency revolving fund.*

Sec. 50. This act takes effect July 1, 1959.

Approved June 19, 1959.

EXTRA SESSION

CHAPTER 51—S. F. No. 149

An act relating to elections; amending Laws 1959, Chapter 675, Article XII, Section 2.

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