

## CHAPTER 753—H.F.No.1673

[Coded in Part]

An act relating to the public employees retirement association; appointment of assistant attorney general to serve three funds; clarification of language, elimination of unnecessary language; increased contributions, actuarial interest assumption, and benefits on high five years final average salary; providing penalties; amending Minnesota Statutes 1971, Chapter 8, by adding a section; Sections 11.25, by adding a subdivision; 353.01, Subdivisions 2, 4, 6, 7, 10, 11, 12, 15, 16, 20, 23, 27, 29, and 31, and by adding subdivisions; 353.03, Subdivision 1, and by adding a subdivision; 353.06; 353.08; 353.14; 353.15; 353.18; 353.19; 353.27, Subdivisions 1, 2, 3, 4, and 7, and by adding subdivisions; 353.271, Subdivisions 1 and 2; 353.28, Subdivisions 1, and 6; 353.29, Subdivisions 1, 2, and 3, and by adding subdivisions; 353.30, Subdivisions 3 and 4, and by adding subdivisions; 353.31, Subdivisions 1 and 8; 353.32, Subdivisions 1, 2, 4, and 5, and by adding a subdivision; 353.33, Subdivisions 1, 2, 3, and 11; 353.34, Subdivisions 2, 3, and 6; 353.35; 353.36, Subdivision 2, and by adding subdivisions; 353.37, Subdivision 1; 353.40; 353.46, Subdivisions 1, 2, 3, and 4; 353.65, Subdivisions 2 and 3; 353.656, Subdivisions 1, 3 and 6; 353.657, Subdivisions 1, 2, and 3; 353.68, Subdivision 4; 353.69; 353.71, Subdivisions 1, 2, 3, and 4; and Chapter 353, by adding sections; repealing Minnesota Statutes 1971, Sections 353.01, Subdivision 25; 353.015; 353.07; 353.13; 353.26; 353.27, Subdivision 5; 353.28, Subdivisions 2, 3, 4, 7, 9, and 10; 353.31, Subdivisions 2, 3, 4, 5, 6, 7, and 10; 353.33, Subdivision 10; 353.36, Subdivisions 5, 6, 7, 8, 9, and 10; 353.37, Subdivisions 2 and 3; 353.39; 353.44; 353.45; 353.46, Subdivision 5; 353.51; 353.52; 353.53; 353.54; 353.55; 353.56; 353.57; 353.58; 353.59; 353.591; 353.60; 353.61; 353.65, Subdivision 5; 353.654; 353.655; 353.66; 353.68, Subdivisions 2, 3, 5, 6, 7, 8, and 9.

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

Section 1. Minnesota Statutes 1971, Chapter 8, is amended by adding a section to read:

**[8.026] PUBLIC EMPLOYEES RETIREMENT; ASSISTANT, RETIREMENT ASSOCIATIONS.** The attorney general shall appoint an assistant attorney general, in addition to the number now authorized by law, who shall be assigned to the public employees retirement association, the Minnesota state retirement system and the teachers retirement association. Said assistant attorney general shall receive the same salary as other assistant attorneys general. The compensation and all expenses and disbursements of such assistant attorney general shall be paid from moneys of the public employees retirement association, the Minnesota state retirement system and the teachers retirement association.

Changes or additions indicated by underline, deletions by ~~strikeout~~.

Sec. 2. Minnesota Statutes 1971, Section 11.25, is amended by adding a subdivision to read:

Subd. 16. All assets in the annuity stabilization reserve and suspense account shall be credited proportionately to the individual retirement funds' participation in the Minnesota adjustable fixed benefit fund, except that the share attributable to the municipal employees retirement fund of Minneapolis shall be used to increase benefits or may at the discretion of its board of trustees be returned to such fund.

Effective January 1, 1974 each participating fund in the Minnesota adjustable fixed benefit fund, except the municipal employees retirement fund of Minneapolis, shall increase the benefits in effect on June 30, 1973 by an amount that when added to the interest assumption increase granted to such benefits effective July 1, 1973, equals 25 percent. The increase shall apply to the accrual of benefits commencing January 1, 1974 and shall be in lieu of the adjustment provided by section 11.25, subdivisions 12 and 13 scheduled to take effect January 1, 1974.

The actuary for each participating fund, except the municipal employees retirement fund of Minneapolis, shall calculate the reserve required to support the benefits in effect on June 30, 1973 as increased July 1, 1973 and herein. As of December 31, 1973, each participating fund shall transfer to or from the Minnesota Adjustable fixed benefit fund assets so that its participation equals the total of such required reserve and the reserve for benefits authorized on or after July 1, 1973.

The increased benefits accruing as of January 1, 1974 shall be considered the "originally determined benefits" for the purpose of future adjustments.

Notwithstanding section 356.18, increases in payments pursuant to this section will be made automatically unless the intended recipient files written notice with the public employees retirement association requesting that the increase shall not be made.

Sec. 3. Minnesota Statutes 1971, Section 353.01, Subdivision 2, is amended to read:

Subd. 2. **PUBLIC EMPLOYEE.** ~~(4) "Public employee" means any person performing personal services as an elected or appointed officer or employee for a governmental subdivision or for an elected officer thereof, including any municipal judge or special municipal judge, and, whose salary is paid, in whole or in part, from revenue derived from taxation, or by fees, assessments, or from other sources. The term "public employee" also means any person serving as an elected member of the legislature of the state~~

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~~of Minnesota and who was first elected to office prior to December 31, 1960, or any person appointed as a district court reporter in this state and any officer or employee of the public employees retirement association, or any employee of the League of Minnesota Municipalities. The term also includes special classes of persons listed in subdivision 2a, but excludes special classes of persons listed in subdivision 2b.~~

(2) ~~"Public employee" does not mean:~~

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

~~(b) election officers;~~

~~(c) persons who are independent contractors and their employees;~~

~~(d) patient and inmate help in governmental subdivision charitable, penal and correctional institutions;~~

~~(e) any persons by reason of their being members of boards, commissions, bands and others who serve the governmental subdivision intermittently and are paid on a per diem or per meeting basis;~~

~~(f) employees who hold positions of an essentially temporary or seasonal character, provided such employment does not continue for a period in excess of 120 working days in any calendar year, and in the event such employees receive compensation on a monthly salary basis, each calendar month for which they are so paid shall constitute 30 working days; however, immediately following the expiration of such 120 working days if such employees continue in public service and earn in excess of \$75 in any one calendar month, the department heads of the various governmental subdivisions must then report all such employees for membership pursuant to section 353.07 and must cause employee contributions to be made on behalf of such employees in accordance with section 353.27, subdivision 4;~~

~~(g) part time employees who receive monthly compensation not exceeding \$75;~~

~~(h) emergency employees who are employed by a governmental subdivision by reason of emergency work caused by fire, flood, storm or similar disaster;~~

~~(i) public employees who by virtue of their employment are required to contribute to any other pension, relief or retirement fund established for the benefit of officers and employees of a~~

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~~governmental subdivision, except as an act of the legislature has specifically enabled participation by employees of a designated governmental subdivision in a plan supplemental to the public employees retirement association; provided that this paragraph shall not prevent a person who belongs to the public employees retirement association from also belonging to or contributing to a volunteer firemen's relief association that does not determine its benefits or contributions on the basis of the salary or compensation of the fireman;~~

~~(j) police matrons employed in a police department of any city who are transferred to the jurisdiction of a joint city and county detention and corrections authority;~~

~~(k) persons who make application to be exempted from membership in the public employees retirement association, due to membership in any religious organization which has been organized five years or more as of January 1, 1963, and whose customs, rites or religious belief forbids their membership in any public retirement association, providing such persons file an application stating the applicable provisions of their religious organization, and waive all claims for retirement annuities or benefits of any kind pursuant to this chapter;~~

~~(l) students who are occasionally employed part time by a governmental subdivision in any capacity and full time students who are enrolled and are regularly attending classes at an accredited school, college or university; provided that medical interns and resident physicians are excluded only if they are full time graduate degree candidates.~~

Sec. 4. Minnesota Statutes 1971, Section 353.01, is amended by adding subdivisions to read:

Subd. 2a. INCLUDED EMPLOYEES. The following persons are included in the meaning of "public employee":

(a) Elected or appointed officers and employees of elected officers.

(b) District court reporters.

(c) Officers and employees of the public employees retirement association.

(d) Employees of the League of Minnesota Municipalities.

(e) Officers and employees of public hospitals, owned or operated by or an integral part of, any governmental subdivision or governmental subdivisions.

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(f) Employees of a school district who receive separate salaries for driving their own buses.

Subd. 2b. EXCLUDED EMPLOYEES. The following persons are excluded from the meaning of "public employee":

(a) Persons employed for professional services where such service is incidental to regular professional duties.

(b) Election officers.

(c) Independent contractors and their employees.

(d) Patient and inmate help in governmental subdivision charitable, penal and correctional institutions.

(e) Members of boards, commissions, bands and others who serve the governmental subdivision intermittently.

(f) Employees who hold positions of an essentially temporary or seasonal character, provided such employment does not continue for a period in excess of 120 working days in any calendar year. In the event such employees receive compensation on a monthly salary basis, each calendar month for which they are so paid shall constitute 30 working days; however, immediately following the expiration of such 120 working days if such employees continue in public service and earn in excess of \$75 in any one calendar month, the department heads must then report all such employees for membership and must cause employee contributions to be made on behalf of such employees in accordance with section 353.27, subdivision 4.

(g) Part-time employees who receive monthly compensation not exceeding \$75, and part-time employees and elected officials whose annual compensation is stipulated in advance to be not more than \$900 per year.

(h) Persons who first occupy an elected office after February 1, 1969, the compensation for which does not exceed \$75 per month.

(i) Emergency employees who are employed by reason of work caused by fire, flood, storm or similar disaster.

(j) Employees who by virtue of their employment are required to contribute to any other pension, relief or retirement fund established for the benefit of officers and employees of a governmental subdivision, except as an act of the legislature has specifically enabled participation by employees of a designated governmental subdivision in a plan supplemental to the public employees retirement association; provided that this clause shall not prevent a person who belongs to the public employees retirement association

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from also belonging to or contributing to a volunteer firemen's relief association that does not determine its benefits or contributions on the basis of the salary or compensation of the fireman.

(k) Police matrons employed in a police department of any city who are transferred to the jurisdiction of a joint city and county detention and corrections authority.

(l) Persons who make application to be exempted from membership in the public employees retirement association, due to membership in any religious organization which has been organized five years or more, and whose customs, rites or religious beliefs forbid their membership in any public retirement association, providing such persons file an application stating the applicable provisions of their religious organization, and waive all claims for retirement annuities or benefits of any kind pursuant to this chapter.

(m) Students who are occasionally employed part time by a governmental subdivision in any capacity and full time students who are enrolled and are regularly attending classes at an accredited school, college or university.

(n) Resident physicians, medical interns and pharmacist interns who are serving in public hospitals.

(o) Appointed or elected officers, paid entirely on a fee basis, and who were not members on June 30, 1971.

(p) Nothing in this act shall be interpreted to impair or revoke any option exercised under Laws 1963, Chapter 793.

Sec. 5. Minnesota Statutes 1971, Section 353.01, Subdivision 4, is amended to read:

Subd. 4. **ACCUMULATED DEDUCTIONS.** "Accumulated deductions" means the total of the amounts deducted from the salary of a member, exclusive of interest, and the total amount of ~~assessments~~ the amounts paid by a member in lieu of such deductions and credited to his individual account in the retirement fund ~~without interest~~.

Sec. 6. Minnesota Statutes 1971, Section 353.01, Subdivision 6, is amended to read:

Subd. 6. **GOVERNMENTAL SUBDIVISION.** "Governmental subdivision" means a county, city, village, borough, town, school district within this state, or a department or unit of state government, the League of Minnesota Municipalities, or any ~~other~~ public body employing any person who is a public employee by virtue of specific authorization made in section 353.01, ~~subdivision 2~~ subdivi-

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sions 2 and 2a, but does not mean any municipal housing and redevelopment authority organized under the provisions of Minnesota Statutes, Sections 462.415 to 462.711; or any port authority organized pursuant to Minnesota Statutes, Chapter 458; or any soil conservation district organized pursuant to Minnesota Statutes, Chapter 40; or any hospital district organized or reorganized pursuant to legislation enacted by the 1959 Legislature.

Sec. 7. Minnesota Statutes 1971, Section 353.01, Subdivision 7, is amended to read:

Subd. 7. **MEMBER.** ~~“Member” means a member of the public employees retirement association and “membership” therein is limited to persons who are engaged in~~ A member is a person who accepts employment as a “public employee” and remains a member while performing services as a public employee but also includes periods when such persons are employee and while on an authorized leave of absence or an authorized temporary layoff; provided, however, (1) that any elected public officer or any person appointed to fill a vacancy in an elective office shall have the right to exercise an option to become a member by filing application for membership, but such option, once exercised, may not be withdrawn during the incumbency of such person in office; (2) that any member who is appointed by the governor to be a state department head and elects pursuant to Minnesota Statutes, Section 352.021, Subdivision 3, not to be covered by the Minnesota state retirement system, shall remain a member of the public employees retirement association. Membership in the retirement association of any person shall terminate upon his ceasing to be a “public employee.”

Sec. 8. Minnesota Statutes 1971, Section 353.01, Subdivision 10, is amended to read:

Subd. 10. **SALARY.** ~~“Salary” means the periodical compensation of any public employee, before deductions for deferred compensation or supplemental retirement plans, and also means “wages” and includes net income from fees after deduction of expenses which are paid by the primary public employers. With the exception of justices of the peace who are members of public employees retirement association on June 30, 1971, occasional compensation received from other than the primary public employer or from sources other than public shall not be considered fees for purposes of Laws 1971, Chapter 106.~~

Sec. 9. Minnesota Statutes 1971, Section 353.01, Subdivision 11, is amended to read:

Subd. 11. **PUBLIC SERVICE.** ~~“Public service” means service as an officer or employee of the state or of a governmental subdivision.~~

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Sec. 10. Minnesota Statutes 1971, Section 353.01, Subdivision 12, is amended to read:

Subd. 12. **TEMPORARY LAYOFF.** "Temporary layoff" means a suspension of public employment for a period not exceeding three and one half months in any calendar year, by action of the employing governmental subdivision evidenced ~~prior to the commencement thereof~~ by appropriate ~~current official~~ record of the ~~governmental subdivision employer and promptly transmitted to the association.~~

Sec. 11. Minnesota Statutes 1971, Section 353.01, Subdivision 15, is amended to read:

Subd. 15. **DEPENDENT CHILD.** "Dependent child" means any natural or adopted child of a deceased member, provided such child is (a) under the age of 18, (b) age 18 through 21 and a full time student, and in either case unmarried and ~~actually~~ dependent for more than one half of his support upon such member at the time of death and for not less than 90 days prior thereto; provided, that effective retroactively to April 30, 1970 the child of a deceased member, who at the time of his death was receiving total and permanent disability benefits pursuant to section 353.33, shall be deemed dependent if he was dependent upon the decedent for more than one half of his support during the 90 days prior to ~~his~~ the decedent's becoming totally and permanently disabled, except that ~~no payment in behalf of such a dependent child shall commence prior to July 1, 1971.~~ It also includes any child of the member conceived during his lifetime and born after his death in any case where a member died after July 1, 1957. It also means any dependent child who is the subject of ~~joint~~ adoption proceedings filed by a member ~~and his wife~~, and who within two years after death of the member, by judgment and decree duly entered, is adjudged to be the adopted child of the deceased ~~member's surviving wife~~ member; subject, however, to the qualifying conditions of age and dependency aforesaid and the dependency of the child hereunder shall date from the decree of adoption.

Sec. 12. Minnesota Statutes 1971, Section 353.01, Subdivision 16, is amended to read:

Subd. 16. **ALLOWABLE SERVICE.** "Allowable service" means:

(1) Service during years of actual membership in the course of which employee contributions were currently made; periods covered by payments in lieu of salary deductions made as provided in ~~sections section 353.35 and 353.39~~, and service in years during which the public employee was not a member but for which he later elected, while a member, to obtain credit by making payments to the fund as permitted by any law then in effect.

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(2) Any period of authorized leave of absence with pay from which deductions for employee contributions are made, deposited, and credited to the fund.

(3) Any period of authorized leave of absence without pay or temporary layoff, during or for which a member obtained credit by payments to the fund made in lieu of salary deductions, provided that such payments are made in an amount or amounts based on his average salary on which deductions were paid (a) for the last six months of public service, or (b) that portion of the last six months while he was in public service, to apply to the period in either case immediately preceding commencement of such leave of absence or temporary layoff; provided, however, that if the employee elects to pay employee contributions for the period of any leave of absence without pay or temporary layoff, or for any portion thereof, he shall also, as a condition to the exercise of such election, pay to the fund an amount equivalent to both the required employer and additional employer contributions therefor, such payment to be made currently or within one year from the date the leave of absence or temporary layoff terminates, unless the employer by appropriate action of its governing body and made a part of its official records, prior to the date of the first payment of such employee contribution, certifies to the association in writing that it will cause to be paid such employer and additional employer contributions from the proceeds of a tax levy made pursuant to section 353.28.

(4) Any period during which a member is on an authorized sick leave of absence ~~or an authorized temporary layoff, with or without pay.~~

(5) Any period during which a member is on an authorized leave of absence to enter military service, provided that the member returns to public service upon discharge from military service pursuant to Minnesota Statutes, Section 192.262, and pays into the fund employee contributions based upon his salary at the date of return from military service. The amount of these contributions shall be in accord with the contribution rates and salary limitations, if any, in effect during such leave, plus interest thereon at six percent per annum compounded annually from the date of return to public service to the date payment is made. In such cases the matching employer contribution and additional employer contribution provided in section 353.27, subdivisions 3 and 3a, shall be paid by the department employing such member upon his return to public service and the governmental subdivision involved is hereby authorized to appropriate money therefor. Such member 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.

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Sec. 13. Minnesota Statutes 1971, Section 353.01, Subdivision 20, is amended to read:

Subd. 20. **DEPENDENT SPOUSE.** "Dependent spouse" means: (1) the unremarried ~~widow~~ spouse of a deceased member; 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.~~

Sec. 14. Minnesota Statutes 1971, Section 353.01, Subdivision 23, is amended to read:

Subd. 23. **RETIREMENT ANNUITY.** "Retirement annuity" means the ~~pension amount~~ amount paid or payable by the fund to a former member after retirement.

Sec. 15. Minnesota Statutes 1971, Section 353.01, Subdivision 27, is amended to read:

Subd. 27. **BENEFIT.** "Benefit" means ~~an allowance~~ a monthly survivor benefit paid or payable by the fund to a surviving dependent spouse or a dependent child and also includes ~~an allowance~~ a monthly disability benefit paid or payable by the fund to a member ~~or former member~~ who is permanently and totally and permanently disabled.

Sec. 16. Minnesota Statutes 1971, Section 353.01, Subdivision 29, is amended to read:

Subd. 29. **DESIGNATED BENEFICIARY.** "Designated beneficiary" means the person designated by a member in writing, filed with the association, to receive a refund of the balance of his accumulated deductions after death. ~~If the member fails to designate such a person or if the person so designated predeceases the member, beneficiary in such cases means the estate of the deceased member, except as provided in section 353.32, subdivision 5.~~

Sec. 17. Minnesota Statutes 1971, Section 353.01, Subdivision 31, is amended to read:

Subd. 31. **LEAVE OF ABSENCE.** "Leave of absence" means any period during which a member is duly authorized by his employer to refrain from active employment, with or without pay, ~~not to exceed in the aggregate 12 months during the entire period of his membership, exclusive of vacation periods, educational leaves, leaves for job training and sick leave, evidenced in any case prior to the commencement thereof by appropriate current record of the employer and promptly transmitted to the association.~~

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Sec. 18. Minnesota Statutes 1971, Section 353.01, is amended by adding subdivisions to read:

**Subd. 32. COORDINATED MEMBER.** “Coordinated member” means any public employee, including any public hospital employee, covered by any agreement or modification made between the state and the secretary of health, education and welfare, making the provisions of the federal old age, survivors and disability insurance act applicable to such member.

**Subd. 33. BASIC MEMBER.** “Basic member” means any public employee, including any public hospital employee, not covered by any agreement or modification made between the state and the secretary of health, education and welfare.

Sec. 19. Minnesota Statutes 1971, Section 353.03, Subdivision 1, is amended to read:

**353.03 BOARD OF TRUSTEES.** Subdivision 1. **MANAGEMENT; COMPOSITION; ELECTION.** The management of the public employees retirement fund is hereby vested in a board of trustees consisting of ~~12~~ 13 members, who shall be known as the board of trustees. This board shall consist of ~~the state auditor, the state insurance commissioner, the state treasurer, three trustees,~~ one of whom shall be designated by each of the following associations, Minnesota school boards association, League of Minnesota Municipalities, and Association of Minnesota Counties, and nine other trustees, who shall be elected from the membership by the members of the retirement association by mail ballot, and one trustee who shall be a retired annuitant elected by other annuitants. Elected trustees shall hold office for a term of three years. On November 1 of each year, and for seven days thereafter, the ~~board association~~ shall accept at its office filings in person or by mail of candidates for the board of trustees. The candidate shall submit at the time of his filing a nominating petition signed by 25 or more members of the fund, and in the case of a retired annuitant, a nominating petition signed by 25 or more such annuitants. No nominee may withdraw his name from nomination after November 15. Candidates shall file at large for all seats vacant at the forthcoming election. By December 10 of each year the board shall print and distribute by mail to the members a ballot and annuitants ballots listing the candidates, the number of positions to be filled and blank lines for write in votes. No special marking may be used on the ballot to indicate incumbents. Any candidate may have at his request a list of the membership with their employing subdivision and address shown, if available, prepared at the expense of the fund. It is illegal for a candidate to use or allow the use of the list for any purpose other than furthering his candidacy for the board. After the election the list shall be returned to the board. Ballots shall be sent to the members by

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~~December 10 each year. The last day for mailing ballots to the fund shall be December 31. All terms expire on December 31 of the third year in which the term expires, and the position shall remain vacant until the newly elected member is qualified. The ballot envelopes shall be so designed and the ballots shall be counted in such a manner as to insure that each member's vote is secret. The election shall be supervised by the ex-officio members of the board secretary of state. Members of the board so elected shall hold office for a term of three years. Present members of the board of trustees shall serve for the terms for which they were elected. 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 of the governmental subdivisions which aid in financing it and the public employees who are its beneficiaries.~~

Sec. 20. Minnesota Statutes 1971, Section 353.03, is amended by adding a subdivision to read:

Subd. 1a. VACANCY, HOW FILLED. Any vacancy on the board caused by death, resignation, or removal of any member so elected shall be filled by the board for the unexpired portion of the term in which the vacancy occurs.

Sec. 21. Minnesota Statutes 1971, Section 353.06, is amended to read:

**353.06 STATE BOARD OF INVESTMENT TO INVEST FUNDS.** The secretary of the board of trustees shall from time to time certify to the state board of investment for investment such portions of the retirement fund as in its judgment may not be required for immediate use: Assets from the public employees retirement fund shall be transferred to the Minnesota adjustable fixed benefit fund as provided in Minnesota Statutes, Section 11.25. The state board of investment shall thereupon invest and reinvest the sum so certified, or transferred, in such securities as are duly authorized as legal investments for state employees retirement fund and shall have authority to sell, convey, and exchange such securities and invest and reinvest the securities when it deems it desirable to do so and shall sell securities upon request of the board of trustees when such funds are needed for its purposes. All of the provisions regarding accounting procedures and restrictions and conditions for the purchase and sale of securities for the state employees retirement fund shall apply to the accounting, purchase and sale of securities for the public employees retirement fund.

Sec. 22. Minnesota Statutes 1971, Section 353.08, is amended to read:

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**353.08 LEGAL ADVISER, ATTORNEY GENERAL.** The attorney general shall be the legal adviser of the board of trustees. The board may sue or be sued in the name of the ~~public employees'~~ board of trustees of the public ~~employees'~~ employees' retirement association and, in all actions brought by it or against it, the board shall be represented by the attorney general.

Sec. 23. Minnesota Statutes 1971, Section 353.14, is amended to read:

**353.14 BENEFITS FROM OTHER FUNDS.** No annuity or benefit provided by chapter 353 shall be affected, diminished, or impaired by any pension, benefit, or annuity which any member or his survivor is entitled to receive from a tax supported public retirement system authorized by any other law, for ~~the same or~~ different service for which he is entitled to receive benefit or annuity from the public employees retirement association.

Sec. 24. Minnesota Statutes 1971, Section 353.15, is amended to read:

**353.15 NONASSIGNABILITY AND EXEMPTION OF ANNUITIES AND BENEFITS FROM JUDICIAL PROCESS AND TAXATION.** No money, annuity, or benefit provided for in this chapter is assignable or subject to a power of attorney, execution, levy, attachment, garnishment, or legal process, or to any state income tax or state inheritance tax, except that none shall be exempt from taxation under Minnesota Statutes, Chapter 291, unless transferred to a surviving spouse or minor or dependent child of the decedent or a trust for their benefit. Provided, however, the association may pay an annuity, benefit or refund to a trust company, qualified under Minnesota Statutes, Chapter 48, that is trustee for a person eligible to receive such annuity, benefit or refund. The association may prescribe the conditions under which such payment will be made.

Sec. 25. Minnesota Statutes 1971, Section 353.18, is amended to read:

**353.18 RULES AND REGULATIONS.** All matters and administrative details not specifically provided for in this chapter shall be governed by rules and regulations issued and promulgated by the board of trustees. The final power to determine the status of any individual in the employ of any governmental subdivision, for the purposes of this chapter, is hereby vested in the board, and such determination shall not be disturbed unless found to be arbitrary and capricious.

Sec. 26. Minnesota Statutes 1971, Section 353.19, is amended to read:

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**353.19 PENALTIES FOR FALSE INFORMATION.** Any person who shall give any false information to the board of trustees or any officer or agent of the retirement association ~~for the purpose of obtaining membership in such association, or any person, who shall wilfully fail or refuse to perform or discharge any duty prescribed by this chapter,~~ shall, upon conviction thereof, be guilty of a gross misdemeanor.

Sec. 27. Minnesota Statutes 1971, Section 353.27, Subdivision 1, is amended to read:

**353.27 PUBLIC EMPLOYEES RETIREMENT FUND.** Subdivision 1. **INCOME; DISBURSEMENTS.** There is a special fund known as the "Public Employees Retirement Fund", the "retirement fund", or the "fund", which shall include all of the assets of the association. ~~That This~~ This fund shall be credited with all contributions, all interest and all other income authorized by law. From this fund there is appropriated the payments authorized by this chapter in the amounts and at such time provided herein, including the expenses of administering the fund ~~authorized by this chapter,~~ and including the proper share of the Minnesota adjustable fixed benefit fund.

Sec. 28. Minnesota Statutes 1971, Section 353.27, Subdivision 2, is amended to read:

Subd. 2. **EMPLOYEE CONTRIBUTION.** The employee contribution ~~to the fund~~ shall be an amount (a) for a "basic member" equal to six eight percent of the total salary of every member; and (b) for a "coordinated member" equal to four percent of total salary. ~~This contribution~~ These contributions shall be made by deduction from salary in the manner provided in subdivision 4. ~~Prior to July 1, 1965 no deduction shall be made from any salary in excess of \$4,800 in any calendar year; from July 1, 1965 to July 1, 1967 deductions shall be made on the salary received limited to \$6,000 in any calendar year, and thereafter deductions shall be made on total salary.~~ Where any portion of a member's salary is paid from other than public funds, such member's employee contribution shall be based on the total salary received from all sources.

Sec. 29. Minnesota Statutes 1971, Section 353.27, Subdivision 3, is amended to read:

Subd. 3. **EMPLOYER CONTRIBUTION.** The employer contribution ~~to the fund~~ shall be an amount equal to ~~four percent of the salary of each member not exceeding \$4,800 in any calendar year for the period July 1, 1956 to June 30, 1957; five percent of such salary for the following 12 month period; and six percent of such salary subsequently through June 30, 1965; six percent of the salary received limited to \$6,000 in any calendar year for the period~~

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from July 1, 1965 to July 1, 1967; and thereafter six percent of the total salary the employee contribution under subdivision 2. This contribution shall be made from funds available to the employing subdivision by the means and in the manner provided in section 353.28.

Sec. 30. Minnesota Statutes 1971, Section 353.27, is amended by adding a subdivision to read:

Subd. 3a. ADDITIONAL EMPLOYER CONTRIBUTION. An additional employer contribution shall be made equal to (a) two and one-half percent of the total salary of each "basic member"; and (b) one and one-half percent of the total salary of each "coordinated member." These contributions shall be made from funds available to the employing subdivision by the means and in the manner provided in section 353.28.

Sec. 31. Minnesota Statutes 1971, Section 353.27, Subdivision 4, is amended to read:

**Subd. 4. EMPLOYERS REPORTING REQUIREMENTS; CONTRIBUTIONS; MEMBER STATUS.** ~~The head of each department of the various governmental subdivisions is hereby directed to cause employee contributions to be deducted at least once each month from the salary of each member and to issue or approve one voucher payable to the state treasurer for the aggregate amount so deducted from such salaries, and at the same time to issue or approve one voucher for the aggregate amount of the employer contributions and the additional employer contributions for the same period of employment as that covered by the employee contributions, and to cause the same to be remitted within 15 days thereafter to the secretary of the board of trustees together with a statement showing the amount of each of such deductions, the amount of salaries from which such deductions have been made and the names of the public employees on whose accounts the same have been made. The head of each department shall, for each pay period in which employee contributions are deducted, submit to the association a salary deduction report, or in lieu thereof a carbon or duplicate copy of departmental payroll abstract, showing (a) the legal names of all members; (b) the legal names of all new public employees and the effective dates of appointment; (c) the amount of each salary deduction; (d) the amount of salary from which each deduction was made; (e) effective dates of all terminations of public service on account of members and if such terminations were caused by death or retirement, there shall be inserted after such date the applicable word, "death" or "retirement"; and (f) effective dates of all temporary layoffs and leaves of absence and if such leaves are sick leaves, there shall be inserted after such date the words, "sick leave." Additionally, reports of contributions shall be accompanied by a membership enrollment form for each new~~

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~~employee in the form prescribed by the board, and it shall be the responsibility of department heads to obtain such enrollment forms from new employees for prompt submission to the association. Such statement may be furnished in the form of a carbon or duplicate copy of departmental payroll abstracts and if not submitted in such form, the head of each department is hereby required to furnish the secretary of the board of trustees with a carbon or duplicate copy of his departmental payroll abstract for the last pay period during the months of January and July, respectively, in each year and it shall be the duty of said secretary to check the copies of all such payroll abstracts against the membership records so as to ascertain whether or not any omissions have been made by the several department heads in the reporting of any new public employees, as required by section 353.07. Upon notice from the secretary of omission of a required deduction, or deductions, from the salary of a member, the head of the department shall deduct from the member's next salary payment and forthwith remit to the secretary the amount of the employee contribution delinquency, with cumulative interest thereon at the rate of six percent per annum, compounded annually, payable from the date or dates each delinquent employee contribution was first payable, such interest to be contributed by the employer. To the extent that any such omitted required deductions are not paid by the employee, they shall constitute a liability of the governmental subdivision which failed to make said required deductions, with interest thereon as hereinbefore specified. The failure to deduct any required employee contributions shall not relieve the governmental subdivision of the aforesaid obligation to the retirement fund. Any amount so due, together with employer and additional employer contributions at the rates and in the amounts specified in subdivisions 3 and 5, with interest thereon at the rate of six percent compounded annually from the date they were just payable, shall be paid from the proceeds of a tax levy made pursuant to section 353.28, or from other funds available to the employer. This subdivision shall have both retroactive and prospective application, and the governmental subdivision is liable retroactively and prospectively for all amounts due hereunder. An action for the recovery of delinquent payments shall not be subject to any statutory provision which would otherwise limit the time within which such an action may be commenced. All remittances so received by the secretary of the board of trustees shall be promptly deposited with the state treasurer. Deductions from the salary of a district court reporter in a judicial district consisting of two or more counties shall be made by the auditor of the county in which the bond and official oath of such district court reporter are filed from the portion of his salary paid by such county.~~

Sec. 32. Minnesota Statutes 1971, Section 353.27, Subdivision 7, is amended to read:

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Subd. 7. **ADJUSTMENT FOR ERRONEOUS RECEIPTS OR DISBURSEMENTS.** (1) **ERRONEOUS DEDUCTIONS.** Any deductions taken in error by the employer from the salary of an employee for the retirement fund and transmitted to the association, ~~when so determined by the board of trustees,~~ shall be refunded to the employee; and the employer contribution and the additional employer contribution, if any, for the erroneous employee contribution shall be refunded to the employer, provided, however, the association and the state social security agency may make proper adjustments of moneys taken as employee and employer deductions.

(2) **ERRONEOUS DISBURSEMENT.** In the event a salary warrant or check from which a deduction for the retirement fund was taken has been canceled or the amount of the warrant or check returned to the funds of the department making the payment, ~~a refundment~~ refund 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 board of trustees. ~~The department's payments shall be refunded to the department if the amount of the required adjustment is more than \$1.~~

Sec. 33. Minnesota Statutes 1971, Section 353.27, is amended by adding subdivisions to read:

Subd. 8. **DISTRICT COURT REPORTERS; SALARY DEDUCTIONS.** Deductions from the salary of a district court reporter in a judicial district consisting of two or more counties shall be made by the auditor of the county in which the bond and official oath of such district court reporter are filed, from the portion of his salary paid by such county.

Subd. 9. **FEE OFFICERS; CONTRIBUTIONS; OBLIGATIONS OF EMPLOYERS.** Any appointed or elected officer of a governmental subdivision who was or is a "public employee" within the meaning of section 353.01 and was or is a member of the fund and whose salary was or is paid in whole or in part from revenue derived by fees and assessments, shall pay his employee contribution in the amount, at the time, and in the manner provided in section 353.27, subdivisions 2 and 4. The employer contribution as provided in section 353.27, subdivision 3, and the additional employer contribution as provided in sections 353.27, subdivision 3a, and 353.36, subdivision 2a, with respect to such service shall be paid by the governmental subdivision. This subdivision shall have both retroactive and prospective application as to all such members; and every employing governmental subdivision is deemed liable, retroactively and prospectively, for all employer and additional employer contributions for every such member in its employ. Delinquencies under this section shall be governed in all respects by section 353.28.

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Subd. 10. EMPLOYERS; FURNISH COPIES OF PAYROLL ABSTRACTS. The head of each department is required to furnish the secretary of the board of trustees with a carbon or duplicate copy of the departmental payroll abstracts for the last pay period during the months of January and July, respectively, in each year. It shall be the duty of said secretary to check the copies of all such payroll abstracts against the membership records of the association to ascertain whether or not any omissions have been made by any department head in the reporting of any new public employees for membership.

Subd. 11. EMPLOYERS; REQUIRED TO FURNISH REQUESTED INFORMATION. All governmental subdivisions shall furnish promptly such other information relative to the employment status of all employees or former employees, including but not limited to payroll abstracts pertaining to all past and present employees, as may be requested by the association or its secretary, including schedules of salaries applicable to various categories of employment. In the event payroll abstract records have been lost or destroyed, for whatever reason or in whatever manner, so that such schedules of salaries cannot be furnished therefrom, the employing governmental subdivision, in lieu thereof, shall furnish to the association an estimate of the earnings of any employee or former employee for any period as may be requested by the association or its secretary. Should the association receive such schedules of estimated earnings, the secretary is hereby authorized to use the same as a basis for making whatever computations might be necessary for determining obligations of the employee and employer to the retirement fund. If estimates are not furnished by the employer pursuant to the request of the association or its secretary, the association may estimate the obligations of the employee and employer to the retirement fund based upon such records as are in its possession. Where payroll abstracts have been lost or destroyed, the governmental agency need not furnish any information pertaining to employment prior to July 1, 1963. The association shall make no estimate of any obligation of any employee, former employee, or employer covering employment prior to July 1, 1963.

Subd. 12. OMITTED SALARY DEDUCTIONS; OBLIGATIONS. In the case of omission of required deductions from salary of an employee, past due for a period of 60 days or less, the head of the department shall deduct from the employee's next salary payment and forthwith remit to the secretary the amount of the employee contribution delinquency, with cumulative interest thereon at the rate of six percent per annum, compounded annually, from the date or dates each delinquent employee contribution was first payable, such interest to be paid by the employer. To the extent that any such omitted required deductions are not paid by

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the employee, they shall constitute a liability of the governmental subdivision which failed to make said required deductions, with interest thereon as hereinbefore specified. After July 1, 1973, any such omitted required deductions, past due for a period in excess of 60 days, shall become the sole obligation of the governmental subdivision from the time such deductions were first payable, together with interest thereon as hereinbefore specified. Any amount so due, together with employer and additional employer contributions at the rates and in the amounts specified in subdivisions 3 and 3a, with interest thereon at the rate of six percent compounded annually from the date they were first payable, shall be paid from the proceeds of a tax levy made pursuant to section 353.28, or from other funds available to the employer. Unless otherwise indicated, this subdivision shall have both retroactive and prospective application, and the governmental subdivision is liable retroactively and prospectively for all amounts due hereunder. An action for the recovery of delinquent employee and employer contributions together with interest thereon shall not be subject to any statutory provision which would otherwise limit the time within which such an action may be commenced.

Subd. 13. CERTAIN WARRANTS CANCELED. Any state auditor's warrant payable from the retirement fund remaining unpaid for a period of six years, shall be canceled into the retirement fund and not into the general fund.

Sec. 34. Minnesota Statutes 1971, Section 353.271, Subdivision 1, is amended to read:

**353.271 PARTICIPATION IN MINNESOTA ADJUSTABLE FIXED BENEFIT FUND.** Subdivision 1. **AUTHORIZATION.** The public employees retirement association, including the police and fire fund, is hereby authorized to participate in the Minnesota adjustable fixed benefit fund. The provisions hereinafter provided in connection with the participation in the Minnesota adjustable fixed benefit fund as they relate to the computation and recomputation of annuities from time to time and all other matters shall apply as to assets, annuities and members, retired and active of all sections, divisions, and benefit schedules of the public employees retirement association, including but not limited to hospital employees, police and fire employees, those employees who are also members of the federal social security system and those employees who are not. There shall be one general participation in the Minnesota adjustable fixed benefit fund for all purposes by the public employees retirement association.

Sec. 35. Minnesota Statutes 1971, Section 353.271, Subdivision 2, is amended to read:

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Subd. 2. **VALUATION OF ASSETS; ADJUSTMENT OF BENEFITS.** (1) ~~As of June 30, 1969, the present value of all annuities in force as of June 30, 1969, except for supplementary benefits payable from the general fund of the state and except for survivor or disability benefits, shall be determined by the 1965 group annuity table — males, the 1965 group annuity table — females, and three and one-half percent interest, and assets representing the required reserves for these annuities shall be transferred to the Minnesota adjustable fixed benefit fund, during a period of one year in accordance with procedures specified in section 11.25.~~

(2) ~~(1) Effective July 1, 1969 1973, for those members retiring pursuant to the provisions of the law relating to the public employees retirement association, the required reserves as determined in accordance with these sections on a five percent interest assumption shall be transferred to the Minnesota adjustable fixed benefit fund as of the date of retirement. The 1965 group annuity table — males, the 1965 group annuity table — females, and three and one-half percent interest, will be used to determine the amount to be transferred.~~

(3) ~~(2) Annuity payments shall be adjusted in accordance with the provisions of section 11.25, subdivisions 12 and 13.~~

(4) ~~(3) Notwithstanding section 356.18, increases in annuity payments pursuant to this section will be made automatically unless the intended recipient files written notice is filed by the annuitant with the public employees retirement association requesting that the increase shall not be made.~~

Sec. 36. Minnesota Statutes 1971, Chapter 353, is amended by adding a section to read:

**[353.272] INCREASE IN ANNUITIES AND BENEFITS.** The retirement annuities authorized and in effect on June 30, 1973, shall be increased in the same ratio that the actuarially computed reserve for such annuities determined by using an interest assumption of three and one-half percent bears to the actuarially computed reserve for such annuities determined by using an interest assumption of five percent. The reserves upon which such increase shall be based shall be the actuarially determined reserve for annuities in effect at June 30, 1972, in accordance with the mortality assumptions then in effect and at interest assumptions of three and one-half percent and five percent. Such ratio of increase computed to the last full  $\frac{1}{100}$  of one percent shall be applied to annuities in effect on June 30, 1973, and shall begin to accrue July 1, 1973. Notwithstanding section 356.18, increases in payments pursuant to this section will be made automatically unless the intended recipient files written notice with the public em-

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ployees retirement association requesting that the increase shall not be made.

Sec. 37. Minnesota Statutes 1971, Section 353.28, Subdivision 1, is amended to read:

**353.28 FINANCING OF EMPLOYER CONTRIBUTIONS.** Subdivision 1. **TAXES AND OTHER REVENUE.** Each governmental subdivision shall secure its employer contributions and its additional employer contributions to amortize the deficit in the retirement fund from the sources and by the means provided in this section. ~~Each governmental subdivision and shall pay these contributions to the retirement fund out of moneys collected from taxes or other revenue of the governmental subdivision, as its obligation for all members employed by such subdivision and these contributions shall be charged as administrative costs.~~

Sec. 38. Minnesota Statutes 1971, Section 353.28, Subdivision 6, is amended to read:

Subd. 6. **TAX LEVY REQUIREMENT FOR DELINQUENCY.** If the governmental subdivision fails to ~~include the amount required by subdivision 3 in its levy for the year in which the certification is required to be made, the county auditor shall levy in that year upon all taxable property within the governmental subdivision a tax in the amount of 150 percent of the amount certified pursuant to subdivision 2, which is to be added to the levy of the governmental subdivision pay amounts due under Minnesota Statutes, Chapter 353, the secretary shall certify such amounts to the governmental subdivision for payment. If the governmental subdivision fails to remit the sum so due, the secretary may certify such amounts to the county auditor for collection. The county auditor shall collect such amounts out of the revenue of the governmental subdivision, or shall add them to the levy of the governmental subdivision and make payment directly to the association.~~ This tax shall be levied, collected and apportioned in the manner other taxes are levied, collected and apportioned. The proceeds of any taxes levied under this subdivision to the extent of the amount certified pursuant to subdivision 2, shall be remitted directly to the association. The balance shall be remitted to the governmental subdivision.

Sec. 39. Minnesota Statutes 1971, Section 353.29, Subdivision 1, is amended to read:

**353.29 RETIREMENT ANNUITY UPON SEPARATION FROM PUBLIC SERVICE.** Subdivision 1. **AGE AND ALLOWABLE SERVICE REQUIREMENTS.** Upon separation from public service any person who has attained the age of at least 65 years and who received credit for not less than ten years of allowable

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service is entitled upon application to a retirement annuity. Such retirement annuity is known as the "normal" retirement annuity.

Sec. 40. Minnesota Statutes 1971, Section 353.29, Subdivision 2, is amended to read:

Subd. 2. **AVERAGE SALARY.** ~~The retirement annuity hereunder payable at age 65 or thereafter shall be computed in accordance with the applicable provisions of the formula stated in subdivision 3 hereof, on the basis of the member's average salary for the period of his allowable service. Such retirement annuity is known as the "normal" retirement annuity. In calculating the annuity under subdivision 3:~~

(a) ~~For years prior to July 1, 1957, "Average salary" for the purpose of determining a member's retirement annuity means the an amount equivalent to the average of his highest salary upon which employee contributions were paid to the retirement fund for any five consecutive successive years of allowable service prior to that the date of separation from public service;~~

(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 upon which employee contributions were paid to the retirement fund. "Years" for the purpose of determining average salary means years of allowable service ending with the date of the last full pay period prior to the date of separation from public service.~~

Sec. 41. Minnesota Statutes 1971, Section 353.29, Subdivision 3, is amended to read:

Subd. 3. **RETIREMENT ANNUITY FORMULA.** ~~The average salary, as defined in subdivision 2, of any member multiplied by the applicable percentages indicated below shall determine the amount of the retirement annuity to which the member qualifying therefor is entitled:~~

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

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The average salary as defined in subdivision 2, multiplied by two percent for each year of allowable service for the first ten years and thereafter by 2.5 percent per year of allowable service and completed months less than a full year for the "basic member", and one percent for each year of allowable service for the first ten years and thereafter by 1.5 percent per year of allowable service and completed months less than a full year for the "coordinated member", shall determine the amount of the "normal" retirement annuity.

Sec. 42. Minnesota Statutes 1971, Section 353.29, is amended by adding subdivisions to read:

**Subd. 6. RETIREMENT BEFORE ELIGIBILITY FOR SOCIAL SECURITY BENEFITS.** Any "coordinated member" who retires before he is eligible for social security retirement benefits may elect to receive a retirement annuity from the association in an amount greater than the annuity computed on the basis of age at retirement, provided in subdivisions 2 and 3. This option shall be exercised by making application to the board of trustees. This greater amount shall be the actuarial equivalent of the "normal" retirement annuity computed on the basis of age at retirement. This greater amount shall be paid until the annuitant reaches the age of 62, at which time the payment from the association shall be reduced. The method of computing an annuity under this subdivision shall be determined by an approved actuary.

**Subd. 7. ANNUITIES; ACCRUAL.** Except as to elected public officials, all retirement annuities granted under the provisions of this chapter shall commence with the first day of the first calendar month next succeeding the date of termination of public service and shall be paid in equal monthly installments commencing one month thereafter, but no payment shall be made for the month, or any portion thereof, in which entitlement to such annuity has terminated. Any annuity granted to an elective public official shall accrue on the day following expiration of his public office or right thereto, and his annuity for that month shall be prorated accordingly. No annuity, once granted, shall be increased, decreased, or revoked except as provided in this chapter. No annuity payment shall be made retroactive beyond the first day of the calendar month in which application therefor shall be filed with the association.

**Subd. 8. ANNUITIES; PAYMENT; EVIDENCE OF RECEIPT.** Payment of any annuity or benefit for a given month shall be mailed by the association to the annuitant, recipient of a

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disability benefit, or survivor, during the first week of the next ensuing month. Evidence of receipt of every warrant issued by the association in payment of an annuity or benefit shall be submitted by the payee thereof to the association, together with a written declaration that the annuitant or recipient of a disability benefit has or has not returned to public service; that the surviving dependent spouse has or has not remarried; and shall be furnished on forms provided by the secretary thereof, before the association shall pay to the annuitant, disability recipient, or survivor for the next ensuing month, the annuity or benefit to which he otherwise may be entitled.

Sec. 43. Minnesota Statutes 1971, Section 353.30, is amended by adding subdivisions to read:

Subd. 1a. **EARLY RETIREMENT; NO REDUCTION IN ANNUITY.** Any person who has attained the age of at least 62 years and who received credit for not less than 30 years of allowable service is entitled upon application to a retirement annuity in an amount equal to the normal annuity provided in section 353.29, subdivisions 2 and 3, without any reduction in annuity by reason of such early retirement.

Subd. 1b. **EARLY RETIREMENT; REDUCTION IN ANNUITY IN CERTAIN CASES.** Any person with 30 years or more of allowable service credit who elects early retirement under subdivision 1, shall receive an annuity reduced by one-half of one percent for each month that such person is under age 62 at the time of retirement.

Sec. 44. Minnesota Statutes 1971, Section 353.30, Subdivision 3, is amended to read:

Subd. 3. **OPTIONAL ANNUITIES.** The board of trustees 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 forms provided in section 353.29 and this section. In establishing those 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. Upon retirement a member may select an optional form of annuity in lieu of accepting any other form of annuity which might otherwise be available.

Sec. 45. Minnesota Statutes 1971, Section 353.30, Subdivision 4, is amended to read:

Subd. 4. **WAIVER OF ANNUITY OR BENEFIT.** Any monthly payments to which any person may be entitled under this

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chapter may be reduced in amount upon application of the person entitled thereto to the ~~board of trustees~~ association, provided that such person shall first relinquish in writing all claim to that part of the full monthly payment which is the difference between the monthly payment which he would be otherwise entitled to receive and the monthly payment which he will receive. The reduced monthly payment shall be payment in full of all amounts due under this chapter for the month for which the payment is made and acceptance of the reduced monthly payment releases the retirement association from all obligation to pay to such person the difference between the amount of the reduced monthly payment and the full amount of the monthly payment which such person would otherwise have received. Upon application of the person who is entitled to such monthly payment to the ~~board of trustees~~, it may be increased prospectively to not more than the amount to which such person was originally entitled to receive monthly but such person shall not be entitled to receive or to have any claim for any money which was not paid to him by reason of said reduction in such monthly payments would have been entitled had he not waived any portion thereof.

Sec. 46. Minnesota Statutes 1971, Section 353.31, Subdivision 1, is amended to read:

**353.31 SURVIVOR BENEFITS.** Subdivision 1. **BENEFITS FOR SURVIVING SPOUSE AND DEPENDENT CHILDREN; BEFORE RETIREMENT.** Upon the death of the member a "basic member" before retirement or upon the death of a member "basic member" who was disabled and receiving disability benefits pursuant to section 353.33 at the time of his death who has had at least 18 months of credited allowable service, his surviving dependent spouse and dependent children, as defined in section 353.01, subdivisions 15 and 20, shall receive the monthly benefit provided below:

- (a) Surviving dependent spouse . . . . . 30 percent of the member's monthly average salary not to exceed \$65 per month in effect over the last full six months of allowable service preceding death
- (b) Each dependent child . . . . . 20 ~~10~~ percent of the member's monthly average salary not to exceed \$45 per month in effect over the last full six months of allowable service preceding death

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~~In addition to the amounts provided in (a) and (b) hereof, ten percent of the member's monthly average salary not to exceed \$20 per month shall be paid to be divided equally among the dependent children. Payments for the benefit of any dependent child, as defined in section 353.01, subdivision 15, shall be made to the surviving parent, or if there be none, to the legal guardian of such child. The maximum monthly benefit for any one family shall not exceed \$250 for any one family \$400, and the minimum benefit per family shall not be less than 30 percent of the "basic member's" said average salary, subject to the aforementioned maximum. 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.~~

Any survivor of a member "basic member" whose average salary was less than \$75 per month shall not be entitled to the benefits provided in this subdivision. ~~If the survivor benefits provided in this subdivision exceed the monthly average salary of the deceased member, these benefits shall be reduced to an amount equal to the deceased member's monthly average salary.~~

Under the terms of this subdivision there are no survivor benefits, as such, payable to the surviving spouse or dependent children of any deceased "coordinated member."

Sec. 47. Minnesota Statutes 1971, Section 353.31, Subdivision 8, is amended to read:

Subd. 8. **ACCRUAL OF BENEFITS.** All benefits under this section and survivor benefits otherwise provided in this chapter when payable to persons qualifying therefor shall accrue on the first day of the month following the death of a member "basic member" or annuitant, whichever is applicable, ~~but~~. No payment may be made (a) retroactively for more than ~~three~~ 12 months prior to that month in which the application is filed, or (b) for the month, or any portion thereof, in which entitlement to such benefits has terminated. This subdivision shall have retroactive effect to January 1, 1969.

Sec. 48. Minnesota Statutes 1971, Section 353.32, Subdivision 1, is amended to read:

**353.32 REFUNDS AFTER DEATH OF MEMBER OR FORMER MEMBER.** Subdivision 1. **BEFORE RETIREMENT.** If a member or former member who terminated public service after June 30, 1973, dies before retirement or before he has received any retirement annuity or allowance and no other payment of any kind is or may become payable to any person, a refund shall be paid to

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his designated beneficiary or, if there be none, to his surviving spouse, or, if none, to the legal representative of his estate. Such refund shall be in an amount equal to his accumulated deductions plus interest thereon at the rate of ~~two~~ three and one-half percent per annum compounded annually less the sum of any disability or other benefits, if any, that may have been paid by the fund; provided that a survivor who has a right to benefits pursuant to section 353.31 may waive such benefits in writing, except such benefits for a dependent child under the age of 21 years may only be waived pursuant to an order of the district court. ~~If a former member dies before he received a retirement annuity or allowance, a refundment shall be paid to his designated beneficiary or, if there be none, to his surviving spouse or, if none, to the legal representative of his estate in an amount equal to his accumulated deductions without interest.~~

Sec. 49. Minnesota Statutes 1971, Section 353.32, Subdivision 2, is amended to read:

Subd. 2. **AFTER RETIREMENT.** If a former member dies after retirement and no payment of any kind is or may become payable to any person, including any deferred benefit or annuity, there shall be paid to the same succession of payees set forth in subdivision 1, a refund of his accumulated deductions, less the total payments of all kinds made by the fund to the former member during his lifetime or to any authorized person after his death, without interest.

Sec. 50. Minnesota Statutes 1971, Section 353.32, Subdivision 4, is amended to read:

Subd. 4. **LACK, OR DEATH, OF BENEFICIARY.** If a member or former member dies without having designated a beneficiary or if the beneficiary should die before making application for ~~refundment~~ refund, and if there is no surviving spouse, and if the legal representative of such member or former member does not apply for ~~refundment~~ refund 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 disposed of in the manner provided in section ~~353.17~~ 353.34, subdivision 6.

Sec. 51. Minnesota Statutes 1971, Section 353.32, Subdivision 5, is amended to read:

Subd. 5. **\$500 OR LESS, LIMITED.** If a member or former member dies without having designated a beneficiary, or if the beneficiary should die before making application for ~~refundment~~ refund of the sum to the credit of such ~~deceased member or former member~~ decendent, and the amount of the ~~refundment~~ refund is \$500 or less, the ~~retirement board~~ of trustees may 90 days after the

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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 member~~ said decedent, 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.

Sec. 52. Minnesota Statutes 1971, Section 353.32, is amended by adding a subdivision to read:

Subd. 9. PAYMENT TO A 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 refund and the amount of the refund does not exceed \$500, exclusive of interest, the board of trustees 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 annuity or disability benefit payable at the time of death of an annuitant or recipient of a disability benefit, which is payable to a beneficiary who is a minor, may be paid in the same manner. Such payment shall be a bar to recovery by any other person or persons.

Sec. 53. Minnesota Statutes 1971, Section 353.33, Subdivision 1, is amended to read:

**353.33 TOTAL AND PERMANENT DISABILITY BENEFITS.**  
Subdivision 1. **AGE, SERVICE AND SALARY REQUIREMENTS.** After June 30, 1973 any member who becomes totally and permanently disabled before age 65 and after ten years of allowable service or after age 50 with five years of allowable service, whichever is sooner, shall be entitled to a disability benefit in an amount provided in subdivision 3. If such disabled person's public 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. Any member whose average salary is less than \$75 per month shall not be entitled to a disability benefit.

Sec. 54. Minnesota Statutes 1971, Section 353.33, Subdivision 2, is amended to read:

Subd. 2. **APPLICATIONS; ACCRUAL OF BENEFITS.** Every claim or demand for a total and permanent disability benefit shall be initiated by written application in the manner and form prescribed by the board of trustees, filed in the office of the retirement association, showing compliance with the statutory conditions qualifying the applicant for such total and permanent disability benefit. A former member who ~~has become~~ became totally and permanently disabled during his period of membership may file his

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application for total and permanent disability benefits within ~~one year~~ three years next following termination of public service, but not thereafter; provided, however, that if he is otherwise qualified therefor, benefits shall not be paid retroactively for more than three months immediately preceding the month in which he files his application. This benefit shall begin to accrue 90 days following the commencement of disability or 30 days after the application is filed whichever is later. If annual or sick leave is paid for more than the said 90 or 30-day period, whichever applies, the benefit shall accrue from the date salary ceased.

Sec. 55. Minnesota Statutes 1971, Section 353.33, Subdivision 3, is amended to read:

Subd. 3. **COMPUTATION OF BENEFITS.** This disability benefit is an amount equal to the normal annuity payable to a member who has reached 65 with the same number of years of allowable service and the same average salary, as provided in section 353.29 plus, subdivisions 2 and 3. A "basic member" shall receive in addition a supplementary monthly benefit computed in accordance with the following table:

	Age when Disabled	Supplementary benefit
Under	56	\$50
	56	45
	57	40
	58	35
	59	30
	60	25
	61	20
	62	15
	63	10
	64	5

If the disability benefits provided in this subdivision exceed the monthly average salary of the disabled member as defined in section 353.29, subdivision 2, the disability benefits shall be reduced to an amount equal to ~~the disabled member's monthly~~ said average salary.

Sec. 56. Minnesota Statutes 1971, Section 353.33, Subdivision 11, is amended to read:

Subd. 11. **RETIREMENT STATUS AT AGE 65.** No person shall be entitled to receive disability benefits and a ~~public~~ retirement annuity at the same time. The disability benefits paid to a person hereunder shall terminate when he reaches age 65, if he is still totally and permanently disabled. At that time he shall be

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deemed to be on retirement status and may at his option be paid either a ~~straight life normal~~ retirement annuity as provided in section 353.29 or ~~straight life normal~~ retirement annuity equal to the disability benefit paid to him before he reached age 65, whichever amount is greater. ~~He may instead of taking the straight life annuity provided herein, however, select an optional retirement annuity as provided in section 353.30, subdivision 3. In no event after he has attained age 65, shall his surviving spouse or dependent child or children be entitled to the benefits provided in section 353.31. Any disabled person who becomes age 65 after June 30, 1973, shall have his annuity computed in accordance with the law in effect on July 1, 1973.~~

Sec. 57. Minnesota Statutes 1971, Section 353.34, Subdivision 2, is amended to read:

Subd. 2. **REFUND WITHOUT INTEREST.** Except as provided in subdivision 1, any person who ceases to be a public employee after June 30, 1973 shall receive a refundment refund in an amount equal to his accumulated deductions without interest for the first three years of membership and thereafter accumulated deductions with interest to the first day of the month in which the refund is processed at the rate of three and one-half percent per annum compounded annually after the third year of membership based on fiscal year balances.

Sec. 58. Minnesota Statutes 1971, Section 353.34, Subdivision 3, is amended to read:

Subd. 3. **DEFERRED ANNUITY; ELIGIBILITY; COMPUTATION.** Any person with at least ten years of allowable service when ~~such termination of public service~~ occurs may at his option leave his accumulated deductions in the fund and thereby be entitled to a deferred annuity commencing at age 65, except that any person who terminates public service after June 30, 1973, may qualify for early retirement under section 353.30, subdivisions 1 and 1a. The deferred annuity shall be computed in the manner provided in section 353.29, subdivisions 2 and 3, on the basis of allowable service prior to the law in effect on the date of termination of public service and shall be augmented as provided in section 353.71, subdivision 2. Such person may revoke this option at any time prior to the commencement of deferred annuity payments by making application for a refund. Such person shall be entitled to a refund of his accumulated deductions within 30 days following date of receipt of such application by the secretary of the association.

Sec. 59. Minnesota Statutes 1971, Section 353.34, Subdivision 6, is amended to read:

**Changes or additions indicated by underline, deletions by strikeout.**

Subd. 6. **ADDITIONS TO FUND.** The board of trustees may credit to the fund any moneys received in the form of contributions, donations, gifts, appropriations, bequests, or otherwise. If a former ~~public-employee~~ member does not apply for refund 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 proper. Refundable accumulated deductions of any former member, if over \$25 in amount and if unclaimed for a period of five years after separation from public service, shall be credited to a donations suspense account. The board of trustees may pay refunds of accumulated deductions ~~without interest~~, from such donations suspense account, upon proper application therefor. After the refundable accumulated deductions of any former member have remained in such donations suspense account for a period of ten years, without application for a refund thereof having been made, such deductions shall be transferred to and credited to the retirement fund proper. In the event the former ~~public-employee~~ member should return to public service, the amount so credited to the retirement fund shall be restored to his individual account.

Sec. 60. Minnesota Statutes 1971, Section 353.35, is amended to read:

**353.35 CONSEQUENCES OF REFUND; REPAYMENT, RIGHTS RESTORED.** When any former member accepts a refund all existing service credits and all rights and benefits to which the member was entitled prior to the acceptance of such refund shall terminate and shall not again be restored until the former member acquires not less than 18 months allowable service credit subsequent to taking his last refund. In that event he may repay all refund taken plus interest at ~~five~~ six percent per annum compounded annually. If more than one refund has been taken, all refunds must be repaid with interest at ~~five~~ six percent per annum compounded annually.

Sec. 61. Minnesota Statutes 1971, Section 353.36, Subdivision 2, is amended to read:

Subd. 2. **EMPLOYEE CONTRIBUTIONS; INTEREST; MATCHING PAYMENT.** ~~Purchases of prior service credit are authorized and shall be effective only if (a) the member shall pay, in a lump sum, to the association an amount equivalent to the required employee contributions for the prior service sought to be purchased at the rate of six percent of salary not exceeding \$4,800 in any calendar year through June 30, 1965, and at the rate of six percent of salary on which employee contributions are based from and after July 1, 1965, plus accrued interest thereon at the rate of five percent per annum, compounded annually from the year of~~

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~~service purchased to the date payment is made; and (b) the member at the same time shall pay additionally a matching amount equivalent to that required to be paid under (a); (c) as an alternative to the employee obligation under (b) hereof, the employer may, by appropriate action of its governing body and made a part of its official records, certify to the association, in writing, at the time of or prior to the payment by the member of the amount required under (a) hereof, that it assumes the obligation and will pay to the association the matching amount as required under (b) hereof from the proceeds of a tax levy made pursuant to section 353.28 or from other funds available to the employer. No member shall be entitled to service credit under this subdivision unless the association has first received in full (1) the employee's contributions, plus interest thereon; and (2) the matching amount from the employee or from the employer; or (3) in lieu of (2) hereof, the employer's certification assuming the obligation for the matching amount. The employer's obligation under (c), if assumed, shall be limited on a pro rata basis to that portion of the service included in the purchase which was rendered by the member for the respective employing governmental subdivisions. A person who has prior public service on which salary deductions were not taken for the retirement fund and who does not have the required minimum number of years of allowable service credit to qualify for an annuity, may apply for such annuity if otherwise qualified, and within 90 days thereafter purchase whatever period of said public service is necessary to bring his total allowable service credit to said minimum, provided that last service shall be purchased first. Such person may gain such allowable service credit by paying six percent of the salary covered under the law in effect at the time that such public service was performed, with interest thereon at the rate of six percent per annum compounded annually from the date first payable to the date payment is made, plus a matching amount, unless the employer agrees to pay said matching amount pursuant to subdivision 2a. An annuity shall accrue as provided in section 353.29, subdivision 6, but no annuity shall be paid until the applicant's payment is made in full for the prior public service; if said payment is not made within such 90 days, the application for retirement shall be void.~~

Sec. 62. Minnesota Statutes 1971, Section 353.36, is amended by adding subdivisions to read:

**Subd. 2a. MATCHING PAYMENT; EMPLOYER MAY ASSUME.** Any employer may certify to the association that it assumes the matching payment under subdivision 2 with respect to all persons who exercise the option provided in subdivision 2 and pay such amount pursuant to section 353.28.

**Subd. 2b. PURCHASES OF PRIOR SERVICE CREDIT; LIMITED.** After June 30, 1973, no person shall be allowed to

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purchase prior public service credit, except as provided in subdivision 2.

**Subd. 2c. REFUND OF ADDITIONAL PAYMENTS MADE ON TOTAL SALARY.** Any member who elected to pay additional contributions and interest based on total salary received in excess of prior salary limitations may make application to the board of trustees for return of the total amount so paid, but not less than the total amount of such contributions and interest; provided, however, said amount shall be so returned without interest thereon. Any member who accepts a refund hereunder shall thereby relinquish all contributory credit with respect to payments which were made on total salary. No matching amount paid by the employer, or assumed by the employer pursuant to certification, shall be repaid.

Sec. 63. Minnesota Statutes 1971, Section 353.37, Subdivision 1, is amended to read:

**353.37 PUBLIC RE-EMPLOYMENT OF ANNUITANT; EFFECT ON ANNUITIES.** ~~Subdivision 1.~~ The annuity of a person otherwise eligible therefor under this chapter shall be suspended if he re-enters and as long as he remains in public service as a non-elective employee of a governmental subdivision, if his earned compensation for such service exceeds \$2,000 in any calendar year. The suspension of the annuity shall commence as of the first of the month in which the maximum permitted compensation is exceeded as herein provided, but shall not apply to any months in which the annuitant is not actually employed in non-elective service in a position covered by chapter 353. Any annuitant of the association, who is elected to public office after his retirement following June 30, 1959 shall be entitled to hold such office and receive his annuity otherwise payable from the public employees retirement association from and after July 1, 1959. Upon proper showing by an annuitant that this ineligibility no longer exists ~~the board of trustees shall order that~~, the monthly annuity payments shall be resumed. Public service performed by an annuitant subsequent to his retirement under this chapter does not increase or decrease any ~~benefit annuity~~ when payments thereof are resumed. The annuitant is not required to make any further contributions to the retirement fund by reason of this subsequent public service. ~~Provided, however, that the foregoing shall not apply to any benefits authorized by federal law to which any public employee and public official may be entitled.~~

Sec. 64. Minnesota Statutes 1971, Section 353.40, is amended to read:

**353.40 ANNUAL LEAVE; OVERTIME; AFTER TERMINATION OF SERVICE.** When any person whose service with any

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~~governmental subdivision has terminated and who has been paid for any unused portion of his annual leave allowance, or overtime, the unused portion of his annual leave such portion for which he was so paid shall be deemed allowable service if no refundment is taken; however, should compensation for such portion extend beyond the end of the calendar month in which the person withdrew from active public service, it shall be considered compensation for service rendered prior to the end of said month and shall have no effect on the date that annuity would otherwise commence pursuant to section 353.01, subdivision 28. If application for refundment is made, the last working day is deemed the date public service terminates and credit for such service ceases on that date.~~

Sec. 65. Minnesota Statutes 1971, Section 353.46, Subdivision 1, is amended to read:

~~353.46 SAVINGS CLAUSES. Subdivision 1. Any person who was a member of the association on June 30, 1957, and who then had ten or more years of allowable service and whose deductions from salary continue at the rate in effect under Laws 1957, Chapter 935 shall have the option when he retires to receive the retirement benefits computed under Minnesota Statutes 1953, Chapter 353, as amended by Laws 1955, Chapter 815, or the benefits computed under Laws 1957, Chapter 935, and all laws amendatory thereof.~~

~~A person who was a member on June 30, 1957, who had less than ten years allowable service, may elect to receive a retirement annuity computed as follows: (a) for all full years of allowable service credit at the time of retirement, a computation shall be made based thereon according to Minnesota Statutes 1953, Chapter 353, as amended by Laws 1955, Chapter 815; (b) for all allowable service credit at the time of retirement, a computation shall be made according to Minnesota Statutes 1961, Section 353.20, Subdivision 3; (c) determine the difference between the amounts under (a) and (b); (d) for each full year of allowable service credit prior to July 1, 1957, not exceeding ten years,  $\frac{1}{40}$  of the amount of the difference determined under (c) shall be added to the amount determined under (b); and the aggregate of the amounts under (b) and (d) shall constitute the annuity, notwithstanding other provisions of the law to the contrary. An annuity increment additional to (a) shall be paid for each completed year of allowable service credit after June 30, 1965 based on that portion of salary on which employee contributions are paid in excess of \$4,800 in any full year according to the applicable percentages specified in Minnesota Statutes 1961, Section 353.20, Subdivision 3. The rights of a person receiving an annuity or benefit under the law in effect on June 30, 1973, or prior thereto are herein preserved.~~

Changes or additions indicated by underline, deletions by ~~strikeout~~.

Sec. 66. Minnesota Statutes 1971, Section 353.46, Subdivision 2, is amended to read:

Subd. 2. **CERTAIN DEFERRED ANNUITIES PRESERVED.** ~~Any person who ceased to be a public employee prior to July 1, 1957 and who left his accumulated deductions in the fund for the purpose of receiving, when eligible, a retirement annuity or allowance in accordance with the law in effect at the date public service terminated, shall have his annuity or retirement allowance computed in accordance with the law in effect on the date he ceased to be a public employee. The right of a deferred annuitant or other former member to receive an annuity under the law in effect at the time such person terminated public service is herein preserved; provided, however, the provisions of section 353.71, subdivision 2, as amended by this act shall apply to a deferred annuitant or other former member who first begins receiving an annuity after July 1, 1973.~~

Sec. 67. Minnesota Statutes 1971, Section 353.46, Subdivision 3, is amended to read:

Subd. 3. **CERTAIN SURVIVOR BENEFIT SELECTIONS CONTINUED.** ~~Any survivor benefits selected by a member prior to July 1, 1957 pursuant to Laws 1955, Chapter 815, Section 10, shall continue in effect until the member retires. Such survivor shall have the option of receiving the payments provided under such election or the survivor benefits provided in Laws 1957, Chapter 935. In the case of death after retirement of a member who qualifies for and elects to receive a retirement annuity computed under subdivision 1 of this section, the survivor benefits under Laws 1955, Chapter 815, Section 10 shall apply. The rights of a member who qualifies under Laws 1959, Chapter 650, Subdivision 29, are herein preserved.~~

Sec. 68. Minnesota Statutes 1971, Section 353.46, Subdivision 4, is amended to read:

Subd. 4. **CERTAIN DEFERRED ANNUITIES, JOINT AND SURVIVOR ANNUITY ENTITLEMENT.** ~~Any member who retires with a deferred annuity payable pursuant to Minnesota Statutes 1953, Chapter 353, as amended by Laws 1955, Chapter 815, may select an optional annuity payable as a joint and survivor annuity which shall be in lieu of the straight life deferred annuity otherwise payable. This optional annuity shall be the actuarial equivalent of such straight life deferred annuity. The selection of this optional annuity shall be made at least 30 days before the deferred annuity payments are to begin except that any person who began receiving a deferred annuity after June 30, 1957, and before July 1, 1961, pursuant to Minnesota Statutes 1953, Chapter 353, as amended by Laws 1955, Chapter 815, may select the optional annuity~~

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~~provided herein by making application to the board of trustees before January 1, 1962. Except as provided in section 84 of this act, the rights of a survivor of a former member, where such former member died prior to June 30, 1973, shall be determined by the law in effect when such former member died even though a benefit is not payable until after June 30, 1973.~~

Sec. 69. Minnesota Statutes 1971, Section 353.65, Subdivision 2, is amended to read:

Subd. 2. **EMPLOYEE CONTRIBUTION.** ~~The employee contribution to the fund shall be an amount equal to six percent of the salary of every member. Effective July 1, 1971, the employee contribution shall be an amount equal to seven~~ eight percent of the total salary of every member. This contribution shall be made by deduction from salary in the manner provided in subdivision 4. ~~Prior to July 1, 1965 no deduction shall be made from any salary in excess of \$4,800 in any calendar year; from July 1, 1965 to June 30, 1967 deductions shall be made on the salary received limited to \$6,000 in any calendar year, and from and after July 1, 1967 deductions shall be made on total salary.~~ Where any portion of a member's salary is paid from other than public funds, such member's employee contribution shall be based on the total salary received from all sources.

Sec. 70. Minnesota Statutes 1971, Section 353.65, Subdivision 3, is amended to read:

Subd. 3. **EMPLOYER CONTRIBUTION.** ~~The employer contribution to the fund shall be an amount equal to nine percent of the salary of each member not exceeding \$4,800 in any calendar year for the period July 1, 1958 through June 30, 1965; nine percent of the salary received limited to \$6,000 in any calendar year for the period from July 1, 1965 to June 30, 1967; nine percent of the total salary received in any calendar year for the period July 1, 1967 through June 30, 1971; and thereafter 10 1/2~~ 12 percent of the total salary of every member. This contribution shall be made from funds available to the employing subdivision by the means and in the manner provided in section 353.28.

Sec. 71. Minnesota Statutes 1971, Chapter 353, is amended by adding a section to read:

**[353.651] RETIREMENT ANNUITY UPON SEPARATION FROM PUBLIC SERVICE.** Subdivision 1. AGE AND ALLOWABLE SERVICE REQUIREMENTS. Upon separation from public service, any police officer or fire fighter member who has attained the age of at least 55 years and who received credit for not less than ten years of allowable service is entitled upon application to a retirement annuity. Such retirement annuity is known as the "normal" retirement annuity.

Changes or additions indicated by underline, deletions by ~~strikeout~~.

Subd. 2. AVERAGE SALARY. In calculating the annuity under subdivision 3:

(a) "Average salary" means an amount equivalent to the average of the highest salary earned as a police officer or fire fighter upon which employee contributions were paid for any five successive years of allowable service prior to the date of separation from public service;

(b) "Years" for the purpose of determining average salary means years of allowable service ending with the date of the last full pay period prior to the date of separation from public service.

Subd. 3. RETIREMENT ANNUITY FORMULA. The average salary as defined in subdivision 2 hereof, multiplied by two and one-half percent per year of allowable service for the first 20 years and two percent per year of allowable service thereafter, shall determine the amount of the "normal" retirement annuity; provided, however, if the annuity calculated hereunder is less than the annuity calculated under the law in effect on June 30, 1973, this latter amount shall be the "normal" annuity. If the member has earned allowable service for performing services other than those of a police officer or fire fighter, the annuity representing such service shall be computed in accordance with sections 353.29 and 353.30.

Sec. 72. Minnesota Statutes 1971; Section 353.656, Subdivision 1, is amended to read:

**353.656 DISABILITY BENEFITS.** Subdivision 1. **DISABILITY IN LINE OF DUTY.** Any member of the police and fire fund less than 55 years of age, who shall become disabled and physically unfit to perform his duties as a police officer or fire fighter subsequent to June 30, ~~1971~~ 1973, as a direct result of an injury, sickness, or other disability incurred in or arising out of any act of duty, which shall render him physically or mentally unable to perform his duties as a police officer or fire fighter, shall receive disability benefits during the period of such disability. The benefits shall be paid in monthly installments equal to that portion of the average monthly salary of the beneficiary as a police officer or fire fighter from which deductions were made for contribution to the police and fire fund, multiplied (a) by in an amount equal to 50 percent and, (b) by of the "average salary" pursuant to section 73 of this act plus an additional two percent of said "average salary" for each year of service in excess of 20. Should disability under this subdivision occur before the member has at least five years of allowable service credit in the police and fire fund, the disability benefit shall be computed on the "average salary" from which deductions were made for contribution to the police and fire fund.

Changes or additions indicated by underline, deletions by strikeout.

Sec. 73. Minnesota Statutes 1971, Section 353.656, Subdivision 3, is amended to read:

Subd. 3. **AGE AND SERVICE REQUIREMENTS.** After June 30, 1973, any member who becomes disabled after not less than five years of allowable service, before reaching the age of 55, ~~retires~~ because of sickness or injury occurring while not on duty as a police officer or fire fighter, ~~and the retirement is necessary because by reason thereof~~ the member is unable to perform his duties, shall be entitled to receive a life annuity disability benefit. The annuity benefit shall be in the same amount and paid in the same manner as if the ~~annuitant member~~ were 55 years of age at the date of his disability and the annuity benefit were paid pursuant to section ~~353.655~~ 71 of this act. Should disability under this clause occur after five but in less than ten years allowable service, the disability benefit shall be the same as though the member had at least ten years service.

Sec. 74. Minnesota Statutes 1971, Section 353.656, Subdivision 6, is amended to read:

Subd. 6. **RETIREMENT STATUS AT AGE 55.** All disability benefits payable under this section shall terminate when the disabled fireman or police officer becomes 55 years of age. Thereafter, retirement benefits shall be paid to the disabled fireman or police officer in the same amount as the disability benefits which he was previously receiving, ~~except that he may elect when he attains 55 years of age to receive retirement benefits in accordance with any option then available to other members retiring at the time.~~ Any disabled person who becomes age 55 after June 30, 1973, shall have his annuity computed in accordance with the law in effect on July 1, 1973.

Sec. 75. Minnesota Statutes 1971, Section 353.657, Subdivision 1, is amended to read:

**353.657 SURVIVOR BENEFITS.** Subdivision 1. **BENEFITS FOR SURVIVING SPOUSE AND DEPENDENT CHILDREN; BEFORE RETIREMENT.** In the event any member of the ~~association, serving actively as a police officer or fire fighter,~~ police and fire fund shall die from any cause, the association shall grant survivor benefit payments from the ~~retirement fund~~ benefits to any dependent spouse who was residing with him at the time of his death and who was married to him, for a period of at least one year, ~~while or prior to the time he was an active member of the association,~~ and to a dependent child or children, unmarried and under the age of 18 years who were living while the deceased police officer or fire fighter was an active member of the association. The spouse and child or children shall be entitled to benefit monthly benefits as provided in the following subdivisions.

**Changes or additions indicated by underline, deletions by strikeout.**

Sec. 76. Minnesota Statutes 1971, Section 353.657, Subdivision 2, is amended to read:

Subd. 2. **COMPUTATION OF BENEFITS; SPOUSE; BEFORE RETIREMENT.** ~~To~~ The spouse, for her ~~natural life, or until remarriage,~~ shall receive a monthly benefit equal to ~~20~~ 30 percent of ~~that portion of the member's average monthly salary of the decedent earned as a police officer or fire fighter from which deductions were made for contribution to the police and fire fund on which employee contributions were paid over the last full six months of allowable service preceding death.~~ ~~If the spouse remarries, the benefit shall cease as of the date of the remarriage.~~ The spouse of a police officer or fire fighter who, after attaining 55 years of age elected to receive a joint and survivor annuity, shall, notwithstanding her remarriage, receive such joint and survivor annuity, for her natural life, in lieu of the spouse's benefit prescribed by this section. ~~In the event such police officer or fire fighter did not elect to receive a joint and survivor annuity his spouse shall receive the spouse's benefit provided herein.~~

Sec. 77. Minnesota Statutes 1971, Section 353.657, Subdivision 3, is amended to read:

Subd. 3. **COMPUTATION OF BENEFITS; CHILDREN; BEFORE RETIREMENT.** ~~To~~ Each ~~unmarried dependent~~ child, until the child reaches the age of 18 years, shall receive a monthly benefit equal to ~~eight~~ ten percent of ~~that portion of the member's average monthly salary of the decedent earned as a police officer or fire fighter from which deductions were made for contribution to the police and fire fund on which employee contributions were paid over the last full six months of allowable service preceding death.~~ ~~In addition, the association shall make a payment of \$20 per month to be prorated equally to such children when the member is survived by one or more children.~~ Payments for the benefit of any qualified 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 for any one family shall not exceed \$200 for any number of children \$400, and the minimum benefit per family shall not be less than 30 percent of the member's said average salary, subject to the aforementioned maximum.~~

Sec. 78. Minnesota Statutes 1971, Section 353.68, Subdivision 4, is amended to read:

Subd. 4. **DEFERRED ANNUITY.** The deferred annuity of section 353.34, subdivision 3, as it applies to members of the police and fire fund shall commence at age ~~58~~ 55 and shall be computed in the manner provided in section ~~353.66~~ 71 of this act on the basis of ~~allowable service prior to the law in effect on the date of~~

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termination of public service and shall be augmented as provided in section 353.71, subdivision 2.

Sec. 79. Minnesota Statutes 1971, Section 353.69, is amended to read:

**353.69 OFFICERS OR EMPLOYEES OF NONCOVERED MUNICIPALITIES; OPTIONAL MEMBERSHIP.** Any former member who is an elected official or an employee of a municipality not covered by the public employees retirement association, has the option to continue his membership in the association for any period of service with the municipality. Except for the repayment of refunds pursuant to section 353.35, this option applies to future service ~~as well as past service only.~~ Any person desiring to exercise this option shall make file application to the board, ~~shall designate the period of service for which he desires coverage and shall pay the employee contribution to the fund for such service at the rate of six percent of salary as prescribed by section 353.27, subdivision 2. The municipality shall pay a matching amount plus the amount to amortize the deficit in the fund in the manner provided in sections 353.27, subdivisions 3 and 5, and 353.28.~~ Contributions for any past service shall be paid with interest at the rate of five percent per annum compounded annually with the association. Notwithstanding any provision to the contrary, No such person shall be entitled to allowable service credit for service with the public employees retirement association under this chapter, if for the same period of service he receives credit with any other public retirement or pension plan maintained by the municipality.

Sec. 80. Minnesota Statutes 1971, Section 353.71, Subdivision 1, is amended to read:

**353.71 COVERAGE BY MORE THAN ONE RETIREMENT SYSTEM; DEFERRED ANNUITY; AUGMENTATION.** Subdivision 1. **ELIGIBILITY.** Any person who has been a member of the public employees retirement association, or the Minnesota state retirement system, or the teachers retirement association, or any other public retirement system in the state of Minnesota having a like provision, except a fund providing benefits for policemen or firemen as referred to in ~~section~~ sections 69.71 and 69.771, shall be entitled when qualified to an annuity from each fund if his total allowable service in all funds or in any two of these funds totals ten or more years, provided no portion of the allowable service upon which the retirement annuity from one fund is based is again used in the computation for benefits from another fund and provided further that he has not taken a ~~refundment~~ refund from any one of these funds since his membership in that association or system last terminated. The annuity from each fund shall be determined by the appropriate provisions of the law except that the

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requirement that a person must have at least ten years of allowable service in the respective association or system shall not apply for the purposes of this section provided the combined service in two or more of these funds equals ten or more years.

Sec. 82. Minnesota Statutes 1971, Section 353.71, Subdivision 2, is amended to read:

Subd. 2. **DEFERRED ANNUITY COMPUTATION; AUGMENTATION.** The deferred annuity, if any, accruing under subdivision 1, or sections 353.34, subdivision 3, and 353.68, subdivision 4, shall be computed in the manner provided in said sections, on the basis of allowable service prior to termination of public service and augmented as provided herein. The required reserves applicable to a deferred annuity, or to an annuity for which a former member was eligible but had not applied, or to any deferred segment of an annuity shall be determined as of the date the annuity begins to accrue and shall be augmented by interest at the rate of three and one-half percent per annum compounded annually from the first day of the month following the month in which the employee former member ceased to be a public employee, or July 1, 1971, whichever is later, to the first day of the month in which the annuity begins to accrue. The rates of interest used for this purpose shall be the interest assumptions which were in effect during the period for which interest is compounded. If a person has more than one period of uninterrupted service, the required reserves related to each period shall be augmented by interest pursuant to this subdivision. The sum of the augmented required reserves so determined shall be the present value of the annuity. Uninterrupted service for the purpose of this subdivision shall mean periods of covered employment during which the employee has not been separated from public service for more than two years. If a person repays a refund, the service restored thereby shall be considered as continuous with the next period of service for which the employee has credit with this association. The formula percentages used for each period of uninterrupted service shall be those as would be applicable to a new employee. ~~The mortality table and interest assumption used to compute such annuity shall be those in effect at the time the employee files application for annuity. The annuity payable hereunder shall not be less than the annuity as computed under sections 353.20, subdivisions 2 and 3; 353.53, subdivisions 1 and 2; 353.66, subdivisions 2 and 3; and 353.84, subdivisions 1 and 2; whichever is applicable. This section shall not reduce the annuity otherwise payable under this chapter.~~ This subdivision shall apply to deferred annuitants of record on July 1, 1971 and to employees who thereafter become deferred annuitants; it shall also apply from July 1, 1971 to former members who make application for an annuity after July 1, 1973.

Changes or additions indicated by underline, deletions by ~~strikeout~~.

Sec. 82. Minnesota Statutes 1971, Section 353.71, Subdivision 3, is amended to read:

Subd. 3. **DEFERRED ANNUITY; POSTPONED PAYMENT.** No deferred annuity shall commence to be paid from the public employees retirement fund during the time the former member is working and accruing service credit as a member of ~~the Minnesota state retirement system or the teachers retirement association or any other public retirement system in the state of Minnesota as referred to in subdivision 1.~~

Sec. 83. Minnesota Statutes 1971, Section 353.71, Subdivision 4, is amended to read:

Subd. 4. **REPAYMENT OF REFUND.** Any person who has received a refundment refund from the public employees retirement fund ~~prior to July 1, 1961, and who is a member of the Minnesota state retirement system or the state teachers retirement association or any other public retirement system in the state of Minnesota as referred to in subdivision 1, may repay such refundment with interest refund to the public employees retirement fund as provided in section 353.35. If a refundment is repaid to the fund and more than one refundment has been received from the fund, all refundments must be repaid. Such repayment shall be made as provided in section 353.35, and under such terms and conditions consistent therewith as may be agreed upon with the board of trustees. If a refundment has been received from the fund subsequent to June 30, 1961, the provisions of this subdivision do not apply and repayment of refundment can be made only as provided in section 353.35.~~

Sec. 84. Minnesota Statutes 1971, Chapter 353, is amended by adding a section to read:

[353.84] INCREASE IN BENEFITS. All survivors and disabilitants who were receiving benefits on June 30, 1973, shall receive from the appropriate special fund, a 25 percent increase in such benefits accruing from January 1, 1974; provided, that survivors of members who died prior to July 1, 1973 and will not become eligible to receive benefits until after June 30, 1973, shall receive the 25 percent increase in such benefits when the benefits begin to accrue. Such increases shall not be affected by any maximum limitations otherwise provided in this chapter.

Notwithstanding section 356.18, increases in payments pursuant to this section will be made automatically unless the intended recipient files written notice with the public employees retirement association requesting that the increase shall not be made.

Changes or additions indicated by underline, deletions by ~~strikeout~~.

Sec. 85. Minnesota Statutes 1971, Sections 353.01, Subdivision 25; 353.015; 353.07; 353.13; 353.26; 353.27, Subdivision 5; 353.28, Subdivisions 2, 3, 4, 7, 9, and 10; 353.31, Subdivisions 2, 3, 4, 5, 6, 7, and 10; 353.33, Subdivision 10; 353.36, Subdivisions 5, 6, 7, 8, 9, and 10; 353.37, Subdivisions 2 and 3; 353.39; 353.44; 353.45; 353.46, Subdivision 5; 353.51; 353.52; 353.53; 353.54; 353.55; 353.56; 353.57; 353.58; 353.59; 353.591; 353.60; 353.61; 353.65, Subdivision 5; 353.654; 353.655; 353.66; and 353.68, Subdivisions 2, 3, 5, 6, 7, 8, and 9, are repealed.

Sec. 86. This act is effective July 1, 1973.

Approved May 24, 1973.

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#### CHAPTER 754—H.F.No.1897

*An act relating to regulated industries; certain industries regulated by the department of public service; authorizing fees to defray costs of the department in giving notice in contested cases; defining terms; prescribing conditions for the granting of permits to certain carriers and prescribing conditions for the transfer thereof; specifying the form of license application for livestock buyers; amending Minnesota Statutes 1971, Sections 216.161; 221.011, Subdivision 12; 221.101; 221.121, Subdivision 1; 221.131; 221.141; 221.151, Subdivision 2; 221.281; 221.291; and 239.18, Subdivision 2.*

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

Section 1. Minnesota Statutes 1971, Section 216.161, is amended to read:

**216.161 PUBLIC SERVICE, DEPARTMENT OF; REGULATION; CONTESTED CASES; NOTICE.** Notwithstanding the provisions of any other law the department in any contested case shall give reasonable notice to representatives of associations or other interested groups or persons who have registered their names with the secretary of the department for that purpose, to all parties and to cities, villages and municipalities which the department deems to be interested in the proceeding. The commission may prescribe an annual fee to be paid into the state treasury which shall be a charge to all registered groups or persons. This charge is to cover the costs involved.

Changes or additions indicated by underline, deletions by ~~strikeout~~.