

Sec. 3. This act is effective upon approval by the governing body of the city of Minneapolis, and upon compliance with Minnesota Statutes, Section 645.021.

Approved June 4, 1975.

CHAPTER 306—S.F.No.469

[Coded in Part]

An act relating to retirement; miscellaneous changes in various provisions of the teachers retirement act; employer contributions for teachers retirement fund associations in cities of the first class; firemen's relief benefits in the city of New Ulm; providing additional lump sum payments to certain annuitants and beneficiaries of various retirement funds; appropriating money; amending Minnesota Statutes 1974, Sections 354.05, Subdivisions 13, 25, 26, and by adding a subdivision; 354.06, Subdivision 1; 354.07, by adding subdivisions; 354.092; 354.10; 354.41, by adding subdivisions; 354.43, Subdivisions 1, and 3; 354.44, Subdivisions 4, and 6, and by adding a subdivision; 354.46, Subdivision 1; 354.48, Subdivisions 3, and 10; 354.49, Subdivision 5; 354.53, Subdivision 1; 354.55, Subdivisions 3, 11, 16, and 19; 354.62, Subdivision 5; Chapter 354A, by adding sections; and Laws 1973, Chapter 182, Section 1; repealing Minnesota Statutes 1974, Sections 275.126; 354A.06; and 354A.07.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 1974, Section 354.05, Subdivision 13, is amended to read:

Subd. 13. TEACHER'S RETIREMENT ACT; GENERAL REVISION; NEW ULM, CITY OF; FIREMEN'S RELIEF; ALLOWABLE SERVICE. "Allowable service" means:

(1) Any service rendered by a teacher for which on or before July 1, 1957, he received credit to his account in the retirement fund by reason of employee contributions in the form of salary deductions, payments in lieu of salary deductions, or in any other manner authorized by Minnesota Statutes 1953, Sections 135.01 to 135.13, as amended by Laws 1955, Chapters 361, 549, 550, 611 or

(2) Any service rendered by a teacher for which on or before July 1, 1961, he elected to obtain credit for service by making payments to the fund pursuant to sections 354.09, 354.51 or

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

(4) Any service rendered by a person after July 1, 1957, for any

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calendar month where payments in lieu of salary deductions are made, deposited and credited into the fund as provided in sections 354.09, subdivision 4, and ~~354.38~~ and 354.53, or

(5) Any service rendered by a teacher for which he elected to obtain credit for service by making payments to the fund pursuant to sections 354.09, subdivisions 1, 2, 3, and 4, 354.50, 354.51, and Minnesota Statutes 1957, Section 135.41, Subdivision 4, or

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

(7) any service rendered where contributions were made and no allowable service credit was established because of the limitations contained in Minnesota Statutes 1967, Section 354.09, Subdivision 2, and Minnesota Statutes 1957, Section 135.09, Subdivision 2, as determined by the ratio between the amounts of money credited to his account in a fiscal year and the maximum retirement contribution allowable for such year. For purposes of this subdivision, the maximum contributions allowable after July 1, 1967, shall be defined as the maximum in effect immediately prior to such date.

Sec. 2. Minnesota Statutes 1974, Section 354.05, Subdivision 25, is amended to read:

Subd. 25. **FORMULA SERVICE CREDIT.** "Formula service credit" means any allowable service credit as defined in subdivision 13 except as provided in this subdivision:

(1) Any service rendered prior to July 1, 1951, for which payments were made pursuant to subdivision 13 except as provided in section 354.09, subdivision 4, as determined by multiplying the number of years of service established in the records of the teachers retirement fund as of July 1, 1961 by the ratio obtained between the total amount paid and the maximum amount payable for such years, and/or

(2) Any service rendered prior to July 1, 1957 for which payments were made pursuant to section 354.09, subdivision 4, as determined by multiplying the number of years of service established in the records of the teachers retirement fund by the ratio obtained between the total amount paid and the maximum amount payable for such years, and/or

~~(3) Any service rendered where contributions were made and no allowable service credit was established because of the limitations contained in Minnesota Statutes 1967, Section 354.09, Subdivision 2, and Minnesota Statutes 1957, Section 135.09, Subdivision 2, as determined by the ratio between the amounts of money credited to his account in a fiscal year and the maximum retirement contribution allowable for~~

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such year. For purposes of this subdivision, the maximum contribution allowable after July 1, 1967, shall be defined as the maximum in effect immediately prior to such date, and/or

(4)-(3) Any service rendered for which contributions were not made in full as determined by the ratio between the amounts of money credited to his account in a fiscal year and the retirement contribution payable for such fiscal year pursuant to sections 354.32, 354.42, and 354.51.

(5)-(4) No period of service shall be counted more than once for purposes of this subdivision.

Sec. 3. Minnesota Statutes 1974, Section 354.05, Subdivision 26, is amended to read:

Subd. 26. **ADJUSTABLE FIXED BENEFIT ANNUITY.** "Adjustable fixed benefit annuity" means the payments made by the fund to an annuitant after retirement in accordance with the provisions of section 354.63. It also means that the payments made by the fund shall never be an amount less than the amount originally determined on the date of retirement or on July 1, 1971-January 1, 1974 whichever is later but not including the adjustments provided in section ~~11.26-11.25~~, subdivision 12.

Sec. 4. Minnesota Statutes 1974, Section 354.05, is amended by adding a subdivision to read:

Subd. 35. **SALARY.** "Salary" means the compensation paid to a teacher excluding lump sum annual or sick leave payments and all forms of severance payments.

Sec. 5. Minnesota Statutes 1974, Section 354.06, Subdivision 1, is amended to read:

354.06 **BOARD OF TRUSTEES; MEMBERSHIP; DUTIES.** Subdivision 1. The management of the fund shall be vested in a board of seven trustees to be known as the board of trustees of the teachers retirement fund. It shall be composed of the following persons: the commissioner of education, the ~~state auditor~~ commissioner of finance, the commissioner of insurance, and four members of the fund who shall be elected by mail ballot for terms of four years by the members of the fund in a manner to be fixed by the board of trustees of the fund. In every odd numbered year there shall be elected two members of the board of trustees for terms of four years commencing on the first of July next succeeding their election. Each election shall be completed by June 1st of each succeeding odd numbered year. In the case of elective members, vacancies shall be filled by appointment by the remainder of the board, the appointee to serve until the members of the fund at the next regular election have elected a trustee to serve for the unexpired term caused by such vacancy. No member shall be ap-

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pointed by the board, or elected by the members of the fund as a trustee who is not a member of the fund in good standing at the time of such appointment or election. It shall be the duty of the board of trustees to faithfully administer the law without prejudice and consistent with the expressed intent of the legislature. They shall act as trustees with a fiduciary obligation to the state of Minnesota which created the fund, the taxpayers which aid in financing it and the teachers who are its beneficiaries.

Sec. 6. Minnesota Statutes 1974, Section 354.07, is amended by adding a subdivision to read:

Subd. 7. Notwithstanding Minnesota Statutes, Chapter 16, or any law to the contrary, the board may use the services of the department of administration, information services division, for electronic data processing and related services or may contract for all or a portion of such services.

Sec. 7. Minnesota Statutes 1974, Section 354.07, is amended by adding a subdivision to read:

Subd. 8. RIGHTS LIMITED. No provision of chapter 354 shall create or give any contract rights to any person.

Sec. 8. Minnesota Statutes 1974, Section 354.092, is amended to read:

354.092 SABBATICAL LEAVE. If a member is granted a Sabbatical leave, he may receive allowable service credit not exceeding three years in any ten consecutive years toward a retirement annuity by paying into the fund employee contributions during the period of leave. The employee contribution shall be based upon the appropriate rate of contributions and the salary received during the year immediately preceding the leave. This payment must be made ~~within one year by the end of the fiscal year following termination of the fiscal year in which the leave of absence terminated~~, and shall be without interest. A member shall not accrue more than three years allowable service by reason of this section unless the allowable service credit was paid for by the member prior to July 1, 1962. A Sabbatical leave for the purpose of this section must be compensated by a minimum of one third of the salary the member received during the prior fiscal year. If the employee contributions during the period of the leave are less than the contributions based on the salary received during the year immediately preceding the leave, his formula service credit shall be prorated according to section 354.05, subdivision 25, clause (4).

Sec. 9. Minnesota Statutes 1974, Section 354.10, is amended to read:

354.10 FUND NOT SUBJECT TO ASSIGNMENT OR PROCESS; BENEFICIARIES. The right of a teacher to avail himself of the benefits

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provided by this chapter, is a personal right only and shall not be assignable. All moneys to the credit of a teacher's account in the fund or any moneys payable to him from the fund shall belong to the state of Minnesota until actually paid to the teacher or his beneficiary pursuant to the provisions of this chapter. Any power of attorney, assignment or attempted assignment of a teacher's interest in the fund, or of the beneficiary's interest therein, by a teacher or his beneficiary shall be null and void and the same shall be exempt from garnishment or levy under attachment or execution and from all taxation by the state of Minnesota, except that none shall be exempt from taxation under 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 board may pay an annuity or benefit to a banking institution, qualified under Minnesota Statutes, Chapter 48, that is a trustee for a person eligible to receive such annuity or benefit. Upon completion of the proper forms as provided by the board, the annuity or benefit check may be mailed to a banking institution, savings association or credit union for deposit to the recipient's individual account. The board shall prescribe the conditions which shall govern these procedures. Any beneficiary designated by a teacher under the terms of this chapter, may be changed or revoked by the teacher at his pleasure, in such manner as the board may prescribe. In case a designated beneficiary dies before the teacher designating him dies, and a new beneficiary is not designated, the teacher's estate shall be the beneficiary.

Sec. 10. Minnesota Statutes 1974, Section 354.41, is amended by adding a subdivision to read:

Subd. 4. Any person who is a former member and is presently employed by the Minnesota federation of teachers or its affiliated branches within the state, the Minnesota education association, the Minnesota association of school principals, the Minnesota association of secondary school principals or the Minnesota association of school administrators may elect to be a coordinated member in the fund based on such employment; provided, however, that no person shall also be entitled to such membership if he is also a member of a teachers retirement association in a city of the first class organized pursuant to chapter 354A for the same period of service. For such persons so employed on June 30, 1975, the election must be made prior to July 1, 1976. For such persons so employed after June 30, 1975, the election must be made upon commencing employment.

Sec. 11. Minnesota Statutes 1974, Section 354.41, is amended by adding a subdivision to read:

Subd. 5. For all members described in subdivision 4, the employee, employer and additional employer contributions shall be the obligation of the employee who elects coverage herein; provided, however, that the employer organization enumerated in subdivision 4 employing such member may pay the employer and additional employer contributions. The employer shall, in any event, deduct the necessary

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contributions from the employee's salary and remit all contributions to the teachers retirement association pursuant to section 354.42, except that if any such member is on leave of absence from a governmental employer unit, these contributions shall be forwarded by the employer organization to the governmental employer unit for remittance to the fund as described in this chapter.

Sec. 12. Minnesota Statutes 1974, Section 354.41, is amended by adding a subdivision to read:

Subd. 6. Any such former member who elects membership in the fund as authorized by subdivision 4 shall be eligible to make payment for service which was rendered prior to July 1, 1975 in any of the organizations enumerated in subdivision 4, provided the organization makes satisfactory certification of such service as prescribed in section 354.05, subdivision 28. This payment shall be limited to the most recent five years of allowable service credit and shall include all required employee and employer contributions as provided in section 354.42, subdivisions 2, 3 and 5. Interest shall be paid on both the employee and employer contributions at the rate of six percent per annum from the end of the fiscal year during which such service was rendered to the date of payment. The payment described herein must be made in one lump sum prior to July 1, 1980 or prior to retirement, whichever is earlier.

Sec. 13. Minnesota Statutes 1974, Section 354.41, is amended by adding a subdivision to read:

Subd. 7. Members of the fund as described in subdivision 4 shall not be eligible for election to the board of trustees.

Sec. 14. Minnesota Statutes 1974, Section 354.43, Subdivision 1, is amended to read:

354.43 EMPLOYER CONTRIBUTIONS, FINANCING. Subdivision 1. Except as provided in section 354.43, subdivision 3, at least once each month the executive secretary of the board shall determine the amount of money necessary and presently needed to meet the state's obligation as provided in this chapter, and shall certify the amount so determined to the commissioner of finance. The amount so certified shall be transferred immediately to the teacher's retirement fund.

Sec. 15. Minnesota Statutes 1974, Section 354.43, Subdivision 3, is amended to read:

Subd. 3. Each school district, state college, community college and any other employing authority of members of the fund shall be obligated for employer contributions in accordance with the provisions of sections ~~354.32, subdivisions 2 and 3,~~ 354.42, subdivisions 3 and 5, and 355.46, subdivision 3, as provided in this section. That portion of such employer contributions based on salaries paid from sources other than

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normal school operating funds as defined in section 354.05, subdivision 27 shall be remitted to the teachers retirement association. Such remittance shall be accompanied by a satisfactory certification which shows the total of all salaries paid which are subject to teachers retirement deductions. Such certification shall also show the total amount of salaries paid from normal school operating funds and the total amount of salaries paid from sources other than normal school operating funds as defined in section 354.05, subdivision 27. For each individual salary included in the total of all salaries paid from sources other than normal school operating funds as defined in section 354.05, subdivision 27, the certification shall show each person's name, his salary or related portion of salary and remittance of employer contributions related to such salary for each person included in the actual remittance.

Sec. 16. Minnesota Statutes 1974, Section 354.44, is amended by adding a subdivision to read:

Subd. 1a. MANDATORY RETIREMENT. Notwithstanding the provisions of sections 43.30 or 197.45 to 197.48, a member shall terminate employment on August 31, 1976, or at the end of the academic year in which he reaches the age of 65, whichever is later. For purposes of this subdivision, an academic year shall be deemed to end August 31. A member who terminates employment at any time during the academic year at the end of which such person is required to terminate employment pursuant to this subdivision shall, for the purpose of determining eligibility for a proportionate retirement annuity, be considered to have been required to terminate employment at age 65 or earlier pursuant to this subdivision.

Sec. 17. Minnesota Statutes 1974, Section 354.44, Subdivision 4, is amended to read:

Subd. 4. TIME AND MANNER OF PAYMENTS. After January 1, 1974, a member may make application to the board for a retirement annuity any time after he has satisfied the age and service requirements of this chapter for retirement except that no application for retirement may be made more than 60 days before termination of teaching service. The annuity payment shall begin to accrue after the termination of teaching service, or after the application for retirement has been filed with the board, or after the member receives his final salary payment, whichever is later, as follows:

(a) on the sixteenth day of the month of termination, or filing or final salary receipt if such termination, or filing or final salary receipt occurs on or before the fifteenth day of such month or

(b) on the first day of the month following the month of termination, or filing or final salary receipt if such termination, or filing or final salary receipt occurs on or after the sixteenth day of the month.

This section is effective January 1, 1976.

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Sec. 18. Minnesota Statutes 1974, Section 354.44, Subdivision 6, is amended to read:

Subd. 6. COMPUTATION OF FORMULA PROGRAM RETIREMENT ANNUITY. (1) The formula retirement annuity hereunder shall be computed in accordance with the applicable provisions of the formula stated in clause (2) hereof on the basis of each member's average salary for the period of his formula service credit. For the purposes of computing the formula benefits under the formula and variable program, if a combination of these formulas is used, the formula percentages used will be those percentages in each formula as continued for the respective years of service from one formula to the next.

For all years of formula service credit "average salary" for the purpose of determining the member's retirement annuity means the average salary upon which contributions were made and upon which payments were made to increase the salary limitation provided in Minnesota Statutes 1971, Section 354.511 for the highest five successive years of formula service credit provided however that such "average salary" shall not include any more than the equivalent of 60 monthly salary payments.

(2) The average salary as defined in clause (1), multiplied by the following percentages per year of formula service credit shall determine the amount of the annuity to which the member qualifying therefor is entitled:

	Coordinated Member	Basic Member
Each year of service during first ten	1.0 percent per year	2.0 percent per year
Each year of service thereafter	1.5 percent per year	2.5 percent per year

(3) Where any member retires prior to age 65 under a formula annuity, he shall be paid a retirement annuity in an amount equal to the normal annuity provided in subdivisions 6 and 7, reduced by one half of one percent for each month that the member is under age 65 to and including age 60 and reduced by one fourth of one percent for each month under age 60 at the time of retirement except that for any member who has 30 or more years of allowable service credit, such reduction shall be applied only for each month such member is under age 62.

This section is effective June 1, 1975.

Sec. 19. Minnesota Statutes 1974, Section 354.46, Subdivision 1, is amended to read:

354.46 PAYMENTS AFTER DEATH. Subdivision 1. **BENEFITS FOR SPOUSE AND CHILDREN OF TEACHER.** Upon the death of a basic member before retirement or upon the death of a former basic member who was disabled and receiving disability benefits pursuant to

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section 354.48 at the time of his death, who has had at least 18 months of allowable service, his surviving dependent spouse and dependent children under the age of 18 shall receive the monthly benefit provided below.

- (a) Surviving dependent spouse 30 percent of the basic member's monthly average salary paid in the last full fiscal year preceding death
- (b) Each dependent child ten percent of the basic member's monthly average salary paid in the last full fiscal year preceding death

Payments for the benefit of any dependent child under the age of 22 years shall be made to the surviving parent, or if there be none, to the legal guardian of such child. The maximum monthly benefit shall not exceed \$450 for any one family, and the minimum benefit per family shall not be less than 30 percent of the basic member's average salary, subject to the foregoing maximum. The surviving dependent spouse benefit shall terminate upon remarriage, and the dependent children's benefit shall be reduced pro tanto when any child is no longer dependent.

If the basic member and the surviving dependent spouse are killed in a common disaster and if the total of all survivors benefits paid under this subdivision is less than the accumulated deductions plus interest payable, the surviving children shall receive the difference in a lump sum payment.

Any survivor of a 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 in total the monthly average salary of the deceased basic member, these benefits shall be reduced to an amount equal to the deceased basic member's monthly average salary.

Prior to payment of any survivor benefit herein described, the surviving dependent spouse's benefit provided herein may be waived but the benefits of a dependent child can only be waived by order of the district court. In the event all survivor benefits are waived, the member's accumulated deductions with interest shall be paid in a lump sum to the surviving spouse as provided in section 354.47, subdivision 1.

Sec. 20. Minnesota Statutes 1974, Section 354.48, Subdivision 3, is amended to read:

Subd. 3. **COMPUTATION OF BENEFITS.** (1) The amount of the disability benefit granted to members covered under section 354.44,

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subdivision 2, clause (1) and (2) or clause (3) is an amount equal to double the annuity which could be purchased by the member's accumulated deductions plus interest thereon computed as though the teacher were age 65 at the time the benefit begins to accrue and in accordance with the law in effect when the disability application is received. Any member who applies for a disability benefit after June 30, 1974 and who failed to make an election pursuant to Minnesota Statutes 1971, Section 354.145, shall have his disability benefit computed under ~~section 354.44, subdivisions 2 or 6~~ the provisions of this clause or clause (2) of this subdivision, whichever is larger.

The benefit granted shall be determined by the following:

- (a) The amount of the accumulated deductions;
- (b) Interest actually earned on these accumulated deductions to the date the benefit begins to accrue;
- (c) Interest for the years from the date the benefit begins to accrue to the date such member attains age 65 at the rate which is the average rate credited for the five years prior to the date the benefit begins to accrue;
- (d) Annuity purchase rates based on an appropriate annuity table of mortality with interest assumption as provided in section 354.07, subdivision 1.

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

Age When Benefit Begins to Accrue	Supplementary Benefit
Under Age 56	\$50
56	45
57	40
58	35
59	30
60	25
61	20
62	15
63	10
64	5

(2) ~~The disability benefit granted to basic members covered under section 354.44, subdivision 6 or 7 shall be computed in the same manner as the annuity provided in subdivision 6 of the same section. The disability benefit granted to coordinated members covered under section 354.44, subdivisions 6 or 7 shall be computed in the same manner as the annuity provided in subdivisions 6 or 7 of that section, whichever is applicable. The disability benefit shall be the formula annuity without the reduction for each month the member is under age 65 at the time the benefit begins to accrue.~~

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(3) The optional annuity benefit provided in section 354.45 does not apply to this section.

(4) For the purposes of computing a retirement annuity when the member becomes eligible, the amounts paid for disability benefits shall not be deducted from the individual member's accumulated deductions. If the disability benefits provided in this subdivision exceed the monthly average salary of the disabled member, the disability benefits shall be reduced to an amount equal to the disabled member's average salary.

Sec. 21. Minnesota Statutes 1974, Section 354.48, Subdivision 10, is amended to read:

Subd. 10. **RETIREMENT STATUS AT AGE 65.** No person shall be entitled to receive both disability benefits and a retirement annuity provided by this chapter. The disability benefit 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 deemed to be on retirement status and he may at his option be paid either a straight life retirement annuity as provided in section 354.44 or a straight life 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 354.45. Any disability benefit recipient who is age 65 after June 30, 1973 shall have his retirement annuity computed in accordance with Minnesota Statutes 1974, Section 354.44, Subdivision 6, or 7, if such annuity is larger than the annuity otherwise payable. Any increase in retirement annuities shall begin to accrue July 1, 1975.

Sec. 22. Minnesota Statutes 1974, Section 354.49, Subdivision 5, is amended to read:

Subd. 5. If a person ceases to render teaching service in any school or institution to which the provisions of this chapter apply and does not make application for refund within five years after June 30th of the fiscal year in which the last deduction was taken from his salary for the retirement fund and if his accumulated deductions are \$50 or less, such deductions and interest shall be credited to and become a part of the retirement fund. In the event such person returns to render teaching service in any school or institution to which the provisions of this chapter apply and the deductions previously credited to the retirement fund are \$5 or more, such deductions and interest to date of restoration shall be restored to his individual account. If the deductions previously credited to the retirement fund are \$5 or more and such person applies for a refund pursuant to this section or an annuity pursuant to section 354.55, subdivision 3, such deductions credited to the retirement fund shall be restored to such person's individual account.

Sec. 23. Minnesota Statutes 1974, Section 354.53, Subdivision 1, is

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amended to read:

354.53 MILITARY SERVICE CREDIT. Subdivision 1. Any employee given a leave of absence to enter military service and who returns to teaching service upon discharge from military service as provided in section 192.262, shall obtain credit for his period of military service but he shall not receive credit for any voluntary extension of military service at the instance of the member beyond the initial period of enlistment, induction or call to active duty. Such member shall obtain such credit by paying into the fund an employee contribution based upon his salary at the date of return from military service. For service rendered prior to July 1, 1957, the amount of his contribution shall be an amount equal to six percent of his salary; not to exceed \$175 per year for any service rendered prior to July 1, 1953, \$216 per year for service rendered during the period July 1, 1953 through June 30, 1955, \$288 per year for service rendered during the period July 1, 1955 through June 30, 1957. For service rendered subsequent to July 1, 1957 the amount of this contribution shall be as follows:

Period	Basic Member	Coordinated Member
July 1, 1957 thru	6 percent not to exceed	3 percent not to exceed
June 30, 1967	\$432	\$216
1965	\$288	\$144
<u>July 1, 1965</u> <u>thru</u>	<u>6 percent not</u> <u>to exceed</u>	<u>3 percent not</u> <u>to exceed</u>
June 30, 1967	\$432	\$216
July 1, 1967 thru	6 percent	3 percent
June 30, 1969 July 1, 1969 thru	7 percent	3 1/2 percent
June 30, 1973 July 1, 1973 and thereafter	8 percent	4 percent

The contributions specified in this subdivision shall be multiplied by the number of years of such military service together with interest thereon at the rate of six percent per annum from the time such military service was rendered to the first date of payment. In such cases the employer contribution and additional contribution provided in section 354.42 shall be paid by the state in the manner provided in section 354.43. Payment for military service which is part of any agreement signed by a member in accordance with section 354.51, subdivision 2, is not subject to the provisions of this section.

Sec. 24. Minnesota Statutes 1974, Section 354.55, Subdivision 3, is amended to read:

Subd. 3. Any person who ceased teaching service prior to July 1, 1957, who left his accumulated deductions in the fund for the purpose

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of receiving when eligible, a retirement annuity ~~in accordance with the law in effect at the date such service terminated~~, shall have his annuity computed in accordance with the law in effect at the date he ceased teaching service, except that if such person has ten or more years of allowable service credit, his retirement annuity shall be determined under the law in effect on June 30, 1969.

Sec. 25. Minnesota Statutes 1974, Section 354.55, Subdivision 11, is amended to read:

Subd. 11. Any person covered under section 354.44, subdivisions 6 and 7, who ceases or has ceased to render teaching service may leave his accumulated deductions in the fund for the purpose of receiving a deferred annuity at retirement. Eligibility for such an annuity shall be determined by the provisions of section 354.44, subdivision 1, or section 354.60.

The amount of the deferred retirement annuity shall be determined by section 354.44, subdivisions 6 and 7, and augmented as provided herein. The required reserves related to that portion of the annuity which had accrued at the time the member ceased to render teaching service shall be augmented by interest compounded annually from the first day of the month following the month during which the member ceased to render teaching service to the effective date of retirement. There shall be no augmentation if this period is less than three months. The rates of interest used for this purpose shall be five percent commencing July 1, 1971. 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 basis for purchasing the deferred annuity. If a person does not render teaching service in any one or more consecutive fiscal years and then resumes teaching service, the formula percentages used from date of resumption will be those applicable to new members. The mortality table and interest assumption contained therein used to compute such annuity will be determined by the law in effect at the time of the member's retirement. A period of uninterrupted service for the purposes of Laws 1971, Chapter 87 shall mean a period of covered teaching service during which the member has not been separated from such service for more than one fiscal year.

The provisions of this subdivision shall not apply to variable account accumulations as defined in section 354.05, subdivision 23.

In no case shall the annuity payable herein be less than the amount of annuity payable pursuant to section 354.44, subdivisions 6 and 7.

The requirements and provisions for retirement prior to age 65 contained in section 354.44, subdivision 6, clause (2) shall also apply to an employee fulfilling such requirements with a combination of service

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as provided in section 354.60.

Sec. 26. Minnesota Statutes 1974, Section 354.55, Subdivision 16, is amended to read:

Subd. 16. Any member who ceased to render teaching service during the 1972-73 fiscal year whose application for retirement becomes effective after June 30, 1973, shall be eligible to receive the new retirement benefits provided in ~~section 354.44, subdivisions 2, 6 and 7~~ by the law in effect on July 1, 1973.

Sec. 27. Minnesota Statutes 1974, Section 354.55, Subdivision 19, is amended to read:

Subd. 19. Any member ~~who has not retired and who made payments to the fund pursuant to Minnesota Statutes 1965, Section 354.511~~ shall be entitled upon request to receive a refund of such ~~amounts or~~ retired former member who is covered by the formula or formula and variable programs in effect after June 30, 1973 and who made payments to the fund pursuant to Minnesota Statutes 1965, Section 354.511 shall upon request receive a refund of such payments.

Sec. 28. Minnesota Statutes 1974, Section 354.62, Subdivision 5, is amended to read:

Subd. 5. **VARIABLE RETIREMENT ANNUITY.** (1) At retirement the amount of the member's variable account accumulation in the employee variable annuity contribution account, based on the valuation at the previous fiscal year end plus any contributions made by such person since such date, and an equal amount from the employer variable annuity contribution account shall be transferred to the variable annuity reserve account, and the variable retirement annuity for the member shall be determined by the member's age, and sex, and the amount transferred for the member to the variable annuity reserve account at the date of retirement. The amount of the annuity shall be calculated on the basis of an appropriate annuity table of mortality with an interest assumption as provided in section 354.07, subdivision 1.

(2) Whenever the admitted value of the annuity reserve account of the variable annuity division, as of June 30 of any year, exceeds or is less than the then present value of all variable annuities in force, determined in accordance with the rate of interest and approved actuarial tables then in effect, by at least two percent of said present value, ~~the amount of each variable annuity payment shall be proportionately increased or decreased for the following year.~~

(3) The death benefit payable in the event of a member's death prior to retirement will be the lump sum refund of a member's variable account accumulation, based on the valuation at the previous fiscal year end plus any contributions made by such person since such date, to the surviving dependent spouse, or if there is no surviving depen-

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dent spouse to his designated beneficiary. Except that if a member has made an election in accordance with section 354.46, then his surviving ~~dependent~~ spouse will receive a joint and survivor annuity as described in section 354.44 and computed as provided in clause (1). An amount equal to the lump sum refund made in this clause shall be transferred from the employer contribution account to the variable annuity turnover account.

(4) Except as provided in section 354.44, subdivision 7, any person who ceases to be a member by reason of termination of teaching service, shall be entitled to a lump sum refundment of his variable account accumulations, based on the valuation at the previous fiscal year end plus any contributions made by such person since such date. Application for a refundment may be made no sooner than 30 days after termination of teaching service if the applicant has not again become a teacher. Repayment of a refundment upon resumption of teaching is not permitted under this section. An amount equal to the refundment to the member shall be transferred from the employer contribution account to the variable annuity turnover account.

(5) If a member is determined to be totally and permanently disabled as provided in sections 354.05, subdivision 14; and 354.48, he shall be entitled to the annuity provided in this subdivision.

(6) Those members eligible for retirement as provided in section 354.44, subdivision 1 will upon application for the annuity provided therein be entitled to the annuity provided in this subdivision. The annuity elected in accordance with sections 354.44, and 354.45 shall be the annuity applicable to this subdivision.

(7) Notwithstanding section 356.18, increases in annuity payments pursuant to this section will be made automatically unless written notice is filed by the annuitant with the teachers retirement association board requesting that the increase shall not be made.

(8) At retirement, a member may elect to have the amount of his variable annuity accumulation in the employee variable annuity contribution account and an equal amount from the employer variable annuity contribution account transferred to the Minnesota adjustable fixed benefit fund as provided in section 354.63, subdivision 2, clause (2). This election may also be made by a surviving dependent spouse who receives an annuity under clause (3) of this subdivision. Such election shall be made on a form provided by the board of trustees.

Sec. 29. LUMP SUM PAYMENTS. Subdivision 1. Any person who is receiving as of November 30, 1975, a retirement annuity or a surviving spouse's annuity or benefit from the teachers retirement fund, the public employees retirement fund including the public employees police and fire fund, or the regular fund of the Minnesota state retirement system, and whose annuity or benefit was computed under laws in effect prior to July 1, 1973, shall receive in addition to such annuity or

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benefit a lump sum payment of \$50 if the annuity or benefit is coordinated with social security, or a lump sum payment of \$100 if the annuity or benefit is not coordinated with social security.

Subd. 2. Any person who is receiving as of November 30, 1975, a retirement annuity or surviving spouse's annuity or benefit from the highway patrolmen's retirement fund and whose annuity or benefit was computed under laws in effect prior to June 1, 1973, shall receive in addition to such annuity or benefit a lump sum payment of \$100.

Subd. 3. Any person who is either a retired member of the Minneapolis municipal employees retirement fund or the surviving spouse of a deceased retired member and who is receiving as of November 30, 1975, the "\$2 bill and annuity" provided for in Minnesota Statutes 1974, Section 422A.15, Subdivision 3, shall receive in addition to such annuity a lump sum payment of \$100.

Subd. 4. The lump sum payments provided in this section for any person who is entitled to receive more than one such payment shall be reduced by dividing the amount of each such payment by the total number of such payments to which such person is entitled.

Subd. 5. Notwithstanding Minnesota Statutes 1974, Section 356.18, additional payments pursuant to this act will be made automatically unless the intended recipient files written notice with the retirement fund requesting that the additional payment not be made. Nothing in this act shall authorize payment to an estate. The additional payments provided in this section shall be payable December 1, 1975, and may be included in the regular monthly annuity payments for the month of November 1975. The amounts necessary to make such additional payments are hereby appropriated from the retirement funds enumerated in this section.

Sec. 30. Minnesota Statutes 1974, Chapter 354A, is amended by adding a section to read:

[354A.12] STATE PAYMENTS TO RETIREMENT FUND ASSOCIATIONS IN CITIES OF THE FIRST CLASS. Notwithstanding any law to the contrary, for taxes levied in 1975 payable in 1976 and thereafter, levies for teachers retirement fund associations in cities of the first class, including levies for any employer social security taxes for teachers covered by a fully coordinated teachers retirement social security fund, are disallowed and the state shall assume the total employer obligation. Effective July 1, 1975 the state shall pay to said retirement fund association an employer contribution equal to the amount, expressed as a percentage of payroll, that the state of Minnesota is required to pay for all contributing members of the state teachers retirement association including social security taxes, in accordance with the provisions of Minnesota Statutes 1974, Section 354A.07, Subdivisions 3 and 4, except that:

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(1) employer contributions which are paid to the retirement fund associations pursuant to this section shall be appropriated and remitted directly to said retirement fund associations each month in accordance with the procedures described in sections 354.43, subdivisions 1, 2, and 5; and

(2) with respect to any city of the first class having a fully coordinated teachers retirement fund association, employer social security taxes on salaries paid after June 30, 1975 shall be paid by the state in accordance with the provisions of section 355.46, subdivision 3, clause (b), and employer contributions to said retirement fund association shall be reduced by the amount of such taxes. Effective March 1, 1976, the contribution required to be paid by each member of a teachers retirement fund association in a city of the first class which does have a fully coordinated teachers retirement social security fund shall not be less than four percent of total salary, and the contribution required to be paid by each member of a teachers retirement fund association in a city of the first class which does not have a fully coordinated teachers retirement social security fund shall not be less than eight percent of total salary. Provided, however, that the changes in the employee contribution to the teachers retirement fund are contingent upon a determination of benefit adjustment by the legislature before March 1, 1976, as provided in section 30. After April 1, 1975, no teachers retirement fund association in a city of the first class shall enact any amendment to the bylaws or articles of incorporation; provided, however, that benefits for a teachers retirement fund association in a city of the first class may be increased by special law or general statute.

Sec. 31. The legislative retirement study commission shall review and compare the retirement provisions of the bylaws and articles of incorporation of the teachers retirement fund associations in the cities of the first class, the laws governing the teachers retirement association and any other retirement benefit proposals. In its review, the commission shall recognize the differing benefit schedules of various programs. The commission shall report its findings to the legislature by January 30, 1976. The legislature shall review the findings of the commission and shall make a determination regarding teachers retirement benefit adjustment during the 1976 legislative session. The commission shall include in its recommendations regarding any benefit changes retroactivity for any member retiring from a teachers retirement fund association in a city of the first class between May 1, 1974, and the effective date of the initial benefit change after May 1, 1974. Nothing in this section shall be construed to be enforceable against any other section of this act.

Sec. 32. Minnesota Statutes, Chapter 354A, is amended by adding a section to read:

[354A.21] MANDATORY RETIREMENT; PROPORTIONATE ANNUITY. Notwithstanding the provisions of sections 197.45 to 197.48 or 354A.05, a teacher subject to the provisions of this chapter shall termi-

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nate employment on August 31, 1976, or at the end of the academic year in which such teacher reaches the age of 65, whichever is later. For purposes of this section, an academic year shall be deemed to end August 31. A teacher who terminates employment at any time during the academic year at the end of which such person is required to terminate employment pursuant to this section and who has less than the minimum required number of years of service to otherwise qualify for a retirement annuity shall be entitled upon application to a proportionate retirement annuity based on service prior to termination.

Sec. 33. Laws 1973, Chapter 182, Section 1, is amended to read:

Section 1. **NEW ULM, CITY OF; FIREMEN'S RELIEF ASSOCIATION.** Subdivision 1. Notwithstanding the provisions of Minnesota Statutes, Section 69.06, or any other law to the contrary, the bylaws of the New Ulm Fire Department Relief Association may provide for the payment of a service pension to present and future retired members in an amount not exceeding ~~\$75-\$100~~ per month to each member who has performed 20 years of active service as a member of the volunteer fire department of the city plus an additional monthly amount of ~~\$3.75-\$5~~ for each year of service over 20 years ; up to a maximum monthly amount of \$112.50 .

Subd. 2. The bylaws may also provide for payment of a lump sum death benefit to the survivors of each active or retired member in an amount not exceeding \$4,000.

Subd. 3. The bylaws may also provide for payment of a disability benefit for temporary disability to each active member in an amount not exceeding \$7.50 per day or \$15 per day during confinement in a hospital, for a period of disability not in excess of 20 weeks.

Subd. 4. This section is effective upon approval by the New Ulm city council and upon compliance with Minnesota Statutes, Section 645.021.

Sec. 34. **REPEALER.** Minnesota Statutes 1974, Sections 275.126, 354A.06, and 354A.07 are repealed.

Sec. 35. This act is effective July 1, 1975 except as provided in sections 17 and 18.

Approved June 4, 1975.

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