

within Minnesota in the ordinary course of trade subject to the following exceptions when no jurisdiction shall be found:

(1) Minnesota has no substantial interest in providing a forum; or

(2) the burden placed on the defendant by being brought under the state's jurisdiction would violate fairness and substantial justice; or

(3) the cause of action lies in defamation or privacy.

Approved April 5, 1978.

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CHAPTER 781-H.F.No.2160

[Coded in Part]

*An act relating to retirement; various retirement funds; placing a general limitation on public retirement annuities, requiring a study and report; defining a term for purposes of the correctional employees plan; providing a proportionate annuity in certain instances; repealing a limitation on the average salary used for computing annuities; prospective discontinuation of the variable annuity program; modification in early retirement ages and reduction factors; increase in certain employee contributions; amending Minnesota Statutes 1976, Sections 352.116, Subdivision 1; 352.91, Subdivision 2; 354.42, Subdivision 2; 354.44, Subdivisions 1, 6 and 7; 354.62, Subdivisions 1 and 2; and 354A.12; Chapters 354, by adding a section, and 356, by adding a section; and Minnesota Statutes, 1977 Supplement, Section 422A.32, Subdivision 2; repealing Minnesota Statutes 1976, Section 356.34, as amended.*

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

Section 1. Minnesota Statutes 1976, Section 352.116, Subdivision 1, is amended to read:

352.116 ANNUITIES UPON RETIREMENT. Subdivision 1. **REDUCED ANNUITY BEFORE AGE 65.** Any employee who retires prior to age 65 shall be paid the normal retirement annuity provided in sections 352.115, subdivisions 2 and 3, or 352.715, subdivision 2, as the case may be, reduced by ~~one-half of one percent~~ for each month that the employee is under age 65 on the last day for which he is entitled to service credit as provided in section 352.01, subdivision 11, clause (3); or the date state service terminated; or the date the application for the annuity is filed with the director, whichever is later; so that the reduced annuity shall be the actuarial equivalent of the annuity which would be payable to the employee if the employee deferred receipt of the annuity from the day the annuity begins to accrue to age 65, provided however that if an employee is entitled to credit for not less than 30 years allowable service, ~~such reduction shall be applied only for each month the employee is under the retirement annuity shall be reduced so that the reduced annuity shall be the actuarial equivalent of the annuity which would be payable to the employee if the employee deferred receipt of the annuity from the day the annuity begins to accrue to age 62.~~

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Sec. 2. Minnesota Statutes 1976, Section 352.91, Subdivision 2, is amended to read:

Subd. 2. Covered correctional service shall also mean service rendered at any time by state employees as special teachers, tradesmen and maintenance personnel certified by the commissioner of personnel as being regularly engaged in rehabilitation, treatment, custody or supervision of inmates employed at the Minnesota state reformatory for men, the state prison and the Minnesota correctional institution for women on or after July 1, 1974, other than any such employees who are 62 years of age or older as of July 1, 1974. For each special teacher who on July 1, 1974 is employed at one of the foregoing institutions and is a member of the teachers retirement association, the teachers retirement association shall transfer to the Minnesota state retirement system an amount equal to accumulated employee and employer contributions, including any additional employer contributions on behalf of such employee. The term special teacher shall also include the classifications of institution educational administrator and supervisor.

Sec. 3. Minnesota Statutes 1976, Section 354.42, Subdivision 2, is amended to read:

Subd. 2. The employee contribution to the fund shall be an amount equal to four and one-half percent of the salary of every coordinated member and eight and one-half percent of the salary of every basic member. This contribution shall be made by deduction from 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 entire salary received. For purposes of financing the various options related to the variable annuity division, employee variable annuity contributions will be credited in accordance with section 354.62, subdivision 2.

Sec. 4. Minnesota Statutes 1976, Section 354.44, Subdivision 7, is amended to read:

Subd. 7. **COMPUTATION OF FORMULA AND VARIABLE PROGRAM RETIREMENT ANNUITY.** The benefits provided in this subdivision are the sum of the benefits provided by the following:

(1) The benefits provided in subdivision 6(2) for formula service credit prior to the effective date of the original election of this subdivision and subsequent to June 30, 1978 unless the member elects continued participation in the variable program pursuant to section 7 of this act, and

(2) The benefits for service credit subsequent to the effective date of the formula and variable program but prior to July 1, 1978 and the benefits for service credit subsequent to June 30, 1978 if the member elects continued participation in the variable program pursuant to section 7 of this act, shall be the average salary as defined in subdivision 6, clause (1) of any member multiplied by the following percentages per year of formula service credit,

	Coordinated Member	Basic Member
Each year of service	.5 percent	1.0 percent
during first ten	per year	per year
Each year of service	.75 percent	1.25 percent
thereafter	per year	per year, and

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(3) the benefits provided in section 354.62, subdivision 5.

Sec. 5. Minnesota Statutes 1976, Section 354.62, Subdivision 1, is amended to read:

**354.62 PARTICIPATION IN MINNESOTA VARIABLE ANNUITY FUND.** Subdivision 1. **AUTHORIZATION.** There is hereby established within the basic and coordinated systems of the state teachers retirement association a ~~new~~ division known as the variable annuity division. The assets of this division shall be invested in the Minnesota variable annuity fund.

Sec. 6. Minnesota Statutes 1976, Section 354.62, Subdivision 2, is amended to read:

Subd. 2. **INDIVIDUAL ELECTION.** Each member of the teachers retirement association may elect to participate in the variable annuity division by filing a written notice with the board of trustees on forms provided by the board.

(1) Employee variable annuity contributions to the variable annuity division shall be pursuant to the option available in section 354.44, subdivision 7, the employee variable annuity contributions shall be an amount equal to two percent of the salary of every coordinated member and four percent of the salary of every basic member.

(2) Employer variable annuity contributions shall be an amount equal to the employee variable annuity contributions provided in clause (1). The deficiency in equal employer variable annuity contributions which shall exist prior to July 1, 1975 shall be recovered from the additional employer contributions made prior to July 1, 1975 pursuant to section 354.42, subdivision 5.

(3) There shall be provided for members participating in the variable annuity division a separate account for each member which will show his variable account accumulations as defined in section 354.05, subdivision 23. The board shall establish such other accounts in the variable annuity division as it deems necessary for the operation of this provision.

(4) After June 30, 1974 there shall be no new participants in this program.

(5) Effective July 1, 1978, no future employee and employer contributions shall be credited to any accounts in the variable annuity division unless the member elects continued participation in the variable annuity division pursuant to section 7 of this act.

Sec. 7. Minnesota Statutes 1976, Chapter 354, is amended by adding a section to read:

**[354.621] ELECTION OF CONTINUED PARTICIPATION IN THE VARIABLE ANNUITY DIVISION.** Any active member participating in the variable annuity division shall be entitled to elect to continue having employee and employer contributions credited to accounts in the variable annuity division notwithstanding section 354.62, subdivision 2, clause (5). The election to continue participation shall be made in writing on or before June 30, 1978.

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Sec. 8. Minnesota Statutes 1976, Section 354A.12, is amended 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 or partially 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, 3a and 4, except that:

(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 section 354.43, subdivisions 1, 2, and 5; and

(2) with respect to any city of the first class having a fully or partially 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 coordinated member of a teachers retirement fund association in a city of the first class which does have a fully or partially coordinated teachers retirement social security fund shall not be less than four percent of total salary, the contribution required to be paid by each coordinated member of a teachers retirement fund association which does have a partially coordinated teachers retirement social security fund shall not be less than four and one-half percent of total salary and the contribution required to be paid by each basic 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. No change in bylaws or articles of incorporation affecting benefits, contributions or actuarial assumptions shall be made without approval by the legislature. Notwithstanding any provision of the articles or bylaws, amendments may be made at the annual meeting called for such purpose, without further local approval.

Sec. 9. Minnesota Statutes 1976, Chapter 356, is amended by adding a section to read:

**[356.60] LIMITATION OF PUBLIC RETIREMENT ANNUITIES.** Subdivision 1. DEFINITIONS. For purposes of this section, unless the context clearly indicates otherwise, the following terms shall have the meanings given to them:

(a) "Public pension plan" is any Minnesota public pension plan or fund, including any plan or fund enumerated in sections 356.21, subdivision 2, or 356.30, subdivision 3, any local police or firefighter's relief association to which section 69.77 applies, or any

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retirement or pension plan or fund, including a supplemental retirement plan or fund, established, maintained or supported by any governmental subdivision or public body whose revenues are derived from taxation, fees, assessments or from other public sources, which provides pension or retirement coverage for public employees other than volunteer firefighters.

(b) "Year of covered service" is a year of covered, credited or allowable service as defined by a public pension plan which provides formula pension or retirement benefits, or a period of 12 consecutive months of service commencing with the date or anniversary date of membership with a public pension plan or program which does not provide formula or other defined benefits and for which contributions on behalf of the covered employee or member have been made.

Subd. 2. SERVICE MAXIMUM. Notwithstanding any provisions to the contrary of the laws, bylaws, articles of incorporation, retirement and disability allowance plan agreements or retirement plan contracts, no person who has pension or retirement coverage by a public pension plan shall, except as provided in subdivision 3, be entitled to accrue additional pension or retirement credit, receive credit for additional pension or retirement contributions in a nonformula public pension plan, repay additional refunds, or purchase additional prior service credit in excess of a cumulative total of 40 years of covered service.

If a person has service in more than one public pension plan, all years or portions of years of covered service shall be included in computing the cumulative maximum of 40 years of covered service. For any period of time during which a person simultaneously has a year or a fraction of a year of covered service in more than one public pension plan, the years of covered service in each applicable public pension plan shall be included in computing the cumulative maximum of 40 years of covered service unless the simultaneous covered service is the result of two part time employments, in which case each applicable public pension plan shall split each year of covered service on a pro rata basis. If the simultaneous covered service is the result of primary and principal pension plan coverage and supplemental pension plan coverage based on the same employment and contributed to by the same public employer, then a year of service credited in each shall be considered together as a single year of covered service in computing the cumulative maximum.

Subd. 3. EXCEPTION TO MAXIMUM. For any person who, as of the effective date of this section, has covered service in a public pension plan in excess of a cumulative total of 40 years, the provisions of subdivision 2 shall apply to any additional years of covered service occurring after the effective date of this section.

Sec. 10. Minnesota Statutes, 1977 Supplement, Section 422A.32, Subdivision 2, is amended to read:

Subd. 2. **REDUCED RETIREMENT ANNUITY.** Upon separation from service, any coordinated employee who has attained the age of at least 58 years and who has received credit for not less than 20 years of service is entitled upon application to a retirement annuity in an amount equal to the normal coordinated retirement annuity

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reduced by ~~one-half of one percent for each month that a coordinated employee is under age 65 at the time of retirement so that the reduced annuity shall be the actuarial equivalent of the annuity which would be payable to the coordinated employee if the coordinated employee deferred receipt of the annuity from the date of retirement to age 65~~; provided however that for any coordinated employee who has received credit for 30 or more years of service who applies for a retirement annuity, ~~such reduction the normal coordinated retirement annuity shall be applied for each month that the coordinated employee is under reduced so that the reduced annuity shall be the actuarial equivalent of the annuity which would be payable to the coordinated employee if the coordinated employee deferred receipt of the annuity from the date of retirement to age 62 at the time of retirement.~~

Sec. 11. Any person who was employed by the city of Minneapolis between February 15, 1972 and March 15, 1972, who attained the age of 65 years on December 17, 1974, who was excluded from membership in the Minneapolis municipal employees retirement fund during the period of his employment, and who was terminated from employment by the city of Minneapolis on December 30, 1976, shall be entitled to purchase four years and ten months of service credit in the Minneapolis municipal employees retirement fund. To purchase the prior service credit, the person shall be required to make an employee contribution to the executive secretary of the Minneapolis municipal employees retirement fund in an amount equal to the employee contribution rate in effect and on the salaries in effect during the period of prior service plus interest at the rate of six percent per annum compounded annually from the date the contribution would otherwise have been made to the date the payment is made. Upon the completion by the person of the payment required by this action, the city of Minneapolis shall make an employer contribution to the executive secretary of the Minneapolis municipal employees retirement fund in an amount equal to the employer and employer additional contribution rates in effect and on the salaries in effect during the period of prior service plus interest at the rate of six percent per annum compounded annually from the date the contributions would otherwise have been made to the date the payment is made. In addition, the person making the purchase of prior service pursuant to this section shall be entitled to receive a proportionate annuity pursuant to Minnesota Statutes, Section 356.32, Subdivision 1, notwithstanding the fact that the person did not retire at age 65. The annuity shall be payable on the first day of the month next following the completion of the purchase of prior service, and the first check or warrant shall include payment retroactive January 1, 1977.

Sec. 12. **STUDY OF OVERTIME ABUSES AND RETIREMENT.** The commissioner of personnel shall complete a study and shall make an interim report to the legislative commission on pensions and retirement on or before November 15, 1978 on the subject of overtime compensation and extraordinary payment abuses affecting public retirement annuities. The study and report shall consist of an examination of the salary histories of a random sampling of persons from the various departments, divisions and agencies of state government who have retired in the period January 1, 1975 to December 31, 1977, contrasting variations in the compensation paid during the final five years of service with the compensation paid during the preceding ten years of employment. The examination shall attempt to isolate the effect of any overtime compensation and other extraordinary payments. The persons utilized in the random sample shall not be identified

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in the report or any materials for public release. The Minnesota state retirement system shall furnish information requested by the commissioner of personnel in connection with this study.

Sec. 13. Minnesota Statutes 1976, Section 356.34, as amended by Laws 1977, Chapter 429, Section 49, is repealed.

Sec. 14. **EFFECTIVE DATE.** Sections 2, 4, 5, 6, 7, 9, 11, 12 and 13 are effective the day following final enactment. Sections 1 and 10 are effective April 1, 1979. Sections 3 and 8 are effective July 1, 1979.

Approved April 5, 1978.

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**CHAPTER 782-H.F.No.2170**

[Coded]

*An act relating to education; higher education coordinating board; providing for a statewide career guidance program; appropriating money.*

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

Section 1. **[136A.85] CAREER GUIDANCE PROGRAM; ESTABLISHMENT.** The Minnesota higher education coordinating board shall establish for all eleventh grade students in the state who desire to participate, a statewide guidance, testing and information program designed to:

(a) Assist students to make career plans and decisions regarding post-secondary education, training and goals;

(b) Assist high school, college and vocational institute counselors in their work with students;

(c) Assist Minnesota colleges and vocational institutes to identify students for whose talents, interests and needs they have appropriate programs;

(d) Assist colleges and scholarship agencies to select from applicants those who show the most promise of benefiting from particular programs;

(e) Provide educators, state planners and policy makers in the state a continuous inventory of the talents, plans, needs and other characteristics of students in individual educational institutions, in educational systems, and in the state as a whole; and

(f) Assist educators, state planners and policy makers to develop improved educational measures and counseling tools.

Sec. 2. **[136A.86] DUTIES OF THE BOARD.** Subdivision 1. The board shall **Changes or additions indicated by underline deletions by strikeout**