

Sec. 4. This act shall take effect and be in force from and after its passage.

Approved April 20, 1915.

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CHAPTER 199—H. F. No. 1062.

*An Act to establish a state teachers' insurance and retirement fund and to authorize the payment of annuities and benefits from such fund to retired teachers of public schools and of other educational, correctional and charitable institutions supported wholly or in part by the State of Minnesota and to regulate the creation, collection, management and disbursement thereof.*

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

**Section 1. Construction of various terms in determining pensioners.**—The word teacher as used in this act shall include any teacher, supervisor, principal, superintendent, or certified librarian employed in any educational or administrative capacity in the public schools of Minnesota, or in any educational, correctional, or charitable institution supported wholly or in part by this state, excepting those employed in the University of Minnesota. The term "member of the Fund Association," wherever used in this act, shall mean and include every teacher, (as herein defined), who shall contribute to the Teachers' Insurance and Retirement Fund by the payment of the dues hereinafter provided by this act.

**Sec. 2. Teachers' insurance and retirement fund created and assessments to be paid.**—For the purpose of better compensating the teachers in the public schools and making the occupation of "teacher" in this state more attractive to qualified persons, there is hereby established for the state a fund to be known as the "Teachers' Insurance and Retirement Fund," for the benefit of teachers who have served not less than twenty (20) years except as hereinafter provided. Said fund shall be secured from the following sources:

1st. From assessments on the members of the fund association according to the following schedule:

For the first 5 years of teaching service, \$5.00 per year;

For the second 5 years, \$10.00 per year;

For the next 10 years, \$20.00 per year;

For the next 5 years, \$30.00 per year;

provided that when the regular annual salary as teacher of any member of the fund association shall have reached \$1,500 or more said member shall be assessed upon a percentage basis as follows: One and one-half (1 1/2) per centum per annum, but not more than twenty (20) dollars per year for the first ten years of service as a teacher; and two (2) per centum per annum,

but not more than forty (40) dollars per year, for each successive year of service as teacher; provided that in no case shall the annual assessments based on a percentage rate be less for any year than the flat rate assessments for a single year of the corresponding period, said assessment period to cover not more than twenty-five (25) years in all, after which all assessments shall cease.

2nd. From all money and property received as donations, gifts, legacies, devises, bequests or otherwise, for the benefit of said Teachers' Insurance and Retirement Fund.

3d. From all interest arising from investments of the money belonging to said fund.

4th. From a tax of one-twentieth (1-20) of one mill which is hereby levied annually on all the taxable property located in that part of the state subject to the provisions of this act, after the valuation of said property has been equalized by the state; said tax to be collected by the same officials and at the same time and in the same manner as other taxes in said state, all moneys received from the tax hereby levied to be paid into and become a part of the said Teachers' Insurance and Retirement Fund.

The assessments upon the members of the fund association hereinbefore referred to shall be paid in as many equal monthly payments as there are months in the school year for which the teachers' salaries are paid, and such assessments shall be deducted by the several boards of education or managing bodies from the salaries of teachers as hereinafter provided.

Credit on period of service may be allowed to applicants for membership for periods of employment prior to the taking effect of this law; but in such case the applicant must pay arrearages at the above rates for the period of service for which credit is so allowed under rules to be adopted by the board of trustees, hereinafter referred to, and the rules adopted by said board shall be uniform in their operation as to all persons affected. In case any teacher has retired for any cause before he or she has paid in fees a sum equal to the full amount of fees required for the annuity applied for and to which such teacher is entitled by period of service, there shall be deducted from the first year's annuity to such teacher such sum as will make the total amount paid by said teacher equal to the full amount of said fees.

**Sec. 3. Board of education to deduct assessments from monthly salaries and forward to proper authorities, state treasurer to credit all receipts to above fund.**—It is hereby made the duty of each board of education or managing body required by law to draw the warrants or orders for payment of salaries of teachers to deduct and withhold from each month's salary due to such teacher the amount which such teacher is required

to pay into said insurance and retirement fund as herein specified, and at the time of such deduction a statement showing the amount of such deductions shall be furnished to such teacher.

Such board of education or other managing body shall, between the first and fifteenth of January and between the first and fifteenth of July of each year, forward to the treasurer of the county in which such school district is situated a statement, verified by the secretary or clerk thereof, showing the amount of money so retained from each teacher in accordance with the provisions of this act, and with said statement shall transmit the entire amount so retained to the treasurer of said county; and in case any school district is situated in more than one county such report and remittance shall be sent to the senior county. Said board of education or other managing body shall also, on or before the fifteenth day of July of each year, transmit to the county superintendent a statement showing the name of each teacher, the number of months of school taught during the year for which the statement is made, the number of months which constitute a school year in said district or institution, and the total amount withheld from the salary of each teacher for the school year preceding, showing also the number of years each of said teachers has taught in the public schools of that district. If no teacher in such public school or other educational institution comes under the provisions of this act, said report shall state such fact and shall be verified by the oath of the clerk or secretary. The failure of any member of a school board, board of education or other body having the management of any educational institution to perform any of the duties herein required of them shall be a misdemeanor.

Each county superintendent shall each year, on or before the first day of September, report under oath to the board of trustees of the State Teachers' Insurance and Retirement Fund, giving an itemized summary of the statements received by him from the school boards and other educational managing bodies, showing the total amount withheld from the salaries of teachers in said county for the benefit of said insurance and retirement fund. Between the fifteenth and thirtieth day of January and between the fifteenth and thirtieth day of July of each year, the county treasurer of each county shall transmit to the state treasurer all moneys received from the boards of education or other managing bodies of school districts or other educational institutions, in accordance with the provisions of this act, and shall certify under oath to the correctness of the amount so received and transmitted. The state treasurer shall credit all moneys received under the provisions of this act to the State Teachers' Insurance and Retirement Fund.

Provided, however, that the state treasurer, the several county treasurers and the treasurers of the various school districts shall be officially liable for the receipt, handling and disbursement of all moneys coming into their hands belonging to the said State Teachers' Insurance and Retirement Fund, and the securities on the official bonds of each of said treasurers shall be liable for such money the same as for all other moneys belonging to the school funds of this state.

**Sec. 4. Composition of board of trustees having management of the fund, organization and investments.**—The management of the fund shall be vested in a board of five (5) trustees, which shall be known as the "Board of Trustees of the Teachers' Insurance and Retirement Fund." Said board shall be composed of the following persons: The state superintendent of education, the state auditor, the attorney general and two (2) members of the fund association, who shall be elected by the members of the fund association at the time and place of the annual meeting of the Minnesota Educational Association and shall serve for the term of two years, beginning on the first Monday of January next succeeding their election, except in the case of the first elective members, who shall assume office immediately after their election and serve one for one year and one for two years from the first Monday of January next succeeding their election and until their successors are elected. Vacancies in the elective membership of the board shall be filled by appointment by said board of trustees, the appointee to serve until the next meeting of the fund association, when the members of said fund association shall elect a trustee or trustees to serve for the unexpired term or terms. No person shall be appointed by the board of trustees or elected by the members of the fund association as a member of the board of trustees who is not a member of the fund association at the time of the appointment or election.

In the interval between the passage of this act and the time when the first elective members of the board of trustees shall assume office, as hereinbefore provided, the superintendent of education, the state auditor and the attorney general shall constitute a temporary board of trustees of the Teachers' Insurance and Retirement Fund and shall be empowered to perform the duties of said board.

Said board of trustees shall have power to frame by-laws for its own government, not inconsistent with the laws of the state, and to modify them at pleasure; to elect one of its own members as president of the board and to provide and enforce all rules and regulations necessary to carry into effect the provisions of this act; to elect a secretary, who shall serve during the pleasure of the board, and to fix the salary and prescribe the duties of the office of secretary; to authorize the issuance of

warrants by the state auditor on the state treasurer for the payment out of said fund of all annuities or benefits payable under the provisions of this act, of the salary of the secretary, and other necessary expenses.

All applications for annuities or benefits under this act must be made to said board. In passing upon said applications, said board may summon witnesses and, in the case of applications founded on disability, may require any applicant to submit to a medical examination at his or her own expense, and, in the case of all applicants, may conduct any reasonable investigation to determine the justice of any claim submitted. It may sue or be sued in the name of the board of trustees of the Teachers' Insurance and Retirement Fund, and, in all actions brought by or against it, said board shall be represented by the attorney general. Said board shall constitute a part of the state government, but in any action brought against it by any person claiming to be a beneficiary of said Teachers' Insurance and Retirement fund it shall not claim immunity from suit.

It shall be the duty of said board to invest as much of the funds in its hands as shall not be needed for current purposes. Such investments shall be made in the same class of securities as those in which the school funds of the state are required to be invested, and all securities taken upon such investments shall be deposited with the state treasurer; but in case of necessity such securities may be sold in order to raise money for current purposes. No such sale shall be made except by the unanimous vote of said board, such vote to be entered upon the records of its proceedings. All interest obtained from such investments shall be placed in the general fund, to be used for current purposes. A suitable office in the capitol, with suitable furniture and necessary office supplies, shall be provided by the proper state officer for the use of said board of trustees.

**Sec. 5. Annual meeting on second Saturday in September and compensation of members of board.**—The board of trustees shall meet annually at the office of the secretary, in the State Capitol, on the second Saturday in September at an hour to be fixed by the board. Special meetings may be held at any time on the call of the president of said board or by any three members thereof. The state auditor, state superintendent of education and attorney general shall serve as members of said board without additional compensation, but the elective members of said board shall be entitled to compensation at the rate of five dollars per day and necessary expenses, while attending all meetings of said board, to be paid out of the insurance and retirement fund.

**Sec. 6. Commencement of fiscal year and report of trustees.** The fiscal year of the insurance and retirement fund shall be

gin on the first day of August and shall end on the 31st day of July. The board of trustees shall present annually to the fund association at its annual meeting hereinafter provided for, a report of the condition of said funds for the last preceding year, which shall include the receipts and expenditures on account of the fund, together with a list of the beneficiaries thereof and of the securities in which said fund is invested. A copy of said report shall be sent to the Governor, a copy shall be retained by the state superintendent of education, and a copy sent to each county superintendent, city superintendent, graded school principal, and the superintendent or president of each state educational institution. This report shall be published in the biennial report of the state superintendent of education.

**Sec. 7. State treasurer to be ex-officio treasurer of retirement fund.**—The treasurer of the state shall be ex-officio treasurer of the Teachers' Insurance and Retirement Fund, and his general bond to the state shall cover any liabilities for his acts as treasurer of said fund. He shall receive all moneys payable to said fund and pay out the same only on warrants issued by the state auditor upon vouchers signed by the president and secretary of the board of trustees. Said treasurer shall give receipts for all moneys received by him for said fund, shall keep full and correct account of the financial transactions connected therewith, and shall make an annual report to the board of trustees at its annual meeting of the receipts and disbursements and other financial transactions connected with said fund.

**Sec. 8. Who may become members and conditions of membership.**—Any person employed as teacher, when this act takes effect, in any public school in this state or in any other educational institution included in Section One of this act shall be permitted to become a member of the fund association and to receive the benefits of this act, if application be made, in writing to the board of trustees of the Teachers' Insurance and Retirement Fund on or before September 1st, 1917. At the time of making application to the board of trustees as herein provided, such teachers shall notify the local school board or managing body of the institution in which he or she is employed, in writing, of his or her election to come within the provisions of this act and shall authorize said board or managing body as a part of said notice to deduct or withhold on every pay day from his or her salary the amount which he or she would pay into the fund, as specified in Section Two.

Any person who shall accept employment in this state as a teacher, as hereinabove defined, after September 1, 1915, and who shall not have been employed in this state at the time this act takes effect shall by virtue of the acceptance of such em-

ployment become subject to all terms, provisions, and conditions of this act, and shall become a member of the fund association.

**Sec. 9. Annuity schedule for teachers asking for retirement, and how payment is to be made.**—Any member of the fund association who shall have rendered twenty (20) years or more of service as a teacher in the public schools, one year of which may have been a leave of absence for study, and at least fifteen years of which, including the last five immediately preceding the term of retirement, have been spent in the public schools of this state and who ceases to be employed as a teacher for any reason shall be retired at his or her own request by the board of trustees and receive an annuity in accordance with the following schedule:

|                              |          |
|------------------------------|----------|
| For 20 years of service..... | \$350.00 |
| For 21 “ “ .....             | 380.00   |
| For 22 “ “ .....             | 410.00   |
| For 23 “ “ .....             | 440.00   |
| For 24 “ “ .....             | 470.00   |
| For 25 “ “ .....             | 500.00   |

In computing the time of service of a teacher, the length of the legal school year in the district or institution where such service was rendered shall constitute a year, provided such year shall not be less than seven months. In a calendar year credit shall be allowed for only one year of service. If a teacher teaches for only a fractional part of any year, credit shall be given for such fractional part of a year as the term of service rendered shall bear to the legal school year of such district or institution, but in no case shall the legal year be less than seven months.

Such annuities shall be paid quarterly.

Any teacher who shall become mentally or physically incapacitated after having served as teacher for fifteen (15) years, ten (10) of which shall have been in this state shall be entitled to receive an annual benefit from the insurance and retirement fund equal to as many twentieths of the full annuity for twenty (20) years as the term of total service rendered by such teacher bears to twenty (20) years.

Any person retiring under the provisions of this section may return to the work of teaching in said public schools, but during said term of teaching the annuity or benefit paid to such person shall cease. Said annuity shall again be paid to such person upon his or her further retirement.

**Sec. 10. One-half of money paid into fund may be refunded on application of member to withdraw from same.**—In the event that any member of the fund association ceases to be a teacher in the state and thereby terminates membership in the fund association before drawing an annuity, such member shall, if ap-

plication be made in writing to the board of trustees within six months after his or her resignation, be entitled to the return out of the fund without interest of such sum as shall equal one-half of all moneys paid into the fund by such teacher; provided further, that, in the event such teacher subsequently returns to teaching in Minnesota and thereby becomes a member of said association, such teacher shall be required to refund to said insurance and retirement fund the amount so drawn with interest thereon at the rate of five per cent per annum, such sum to be refunded within one year from his or her return. In case of the death of any member of this fund association before an annuity shall have been drawn from said fund, the board of trustees shall refund to his or her estate, heirs, or assigns an amount equal to one-half that actually paid into the fund by said member.

**Sec. 11. Annuity not subject to legal process.**—The annuity so created shall not be subject to assignment or seizure on legal process against any beneficiary.

**Sec. 12. Board may reduce annuities.**—The board of trustees may ratably reduce the annuities provided in this act whenever, in the judgment of the board, the condition of the fund shall require such reduction.

**Sec. 13. Annuities may be granted at once but no payment before Sept. 1, 1916.**—Annuities may be granted by the board of trustees at any time after the passage of this act, such annuities beginning at the date on which the grant is made, but no payments shall be made before September 1st, 1916.

**Sec. 14. Teachers to elect two members of board at annual meeting.**—At the time and place of the meeting of the Minnesota Educational Association in 1915, those teachers who have qualified as members of the fund association by complying with the provisions of Section 8, of this act shall meet at the call of the state superintendent of education for the purpose of electing from said members of the fund association two members of the board of trustees of the Teachers' Insurance and Retirement Fund, as hereinbefore provided, and annually thereafter at the time and place of the annual meeting of the Minnesota Educational Association the board of trustees shall call a meeting of the members of the fund association for the purpose of electing one or more members, as may be required, of said board of trustees, and hearing the annual report of said board, and of transacting any other business that may properly come before said meeting.

**Sec. 15. Application.**—This act shall not apply to any city of the first class in this state.

**Sec. 16.** This act shall take effect and be in force from and after its passage.

Approved April 20, 1915.