

per cent per annum from and after the adoption of this act. The Conservator of Rural Credit is authorized and directed to re-write present outstanding mortgages or contracts for deed or make proper endorsements thereon to give effect to this reduction in interest rate, and in re-writing the same or in making endorsements thereon shall add to the principal thereof any delinquent interest so that such rate of interest shall apply to the total thereof.

Section 2. Rate of interest on defaulted mortgages.—The rate of interest on defaulted payments on such mortgages or contracts for deed held by the Department of Rural Credit shall be five (5%) per cent per annum from the date of default.

Section 3. Rate of interest on taxes, etc.—The rate of interest on taxes, liens, judgments, assessments or insurance paid by the Department of Rural Credit or the Conservator thereof on any lands against which such Department holds mortgages or contracts for deed shall hereafter be five (5%) per cent per annum.

Section 4. Statutes amended to conform herewith.—All statutes prescribing any different rate of interest for such mortgages, contracts, taxes, liens, judgments, assessments or insurance are hereby amended to conform herewith.

Approved April 26, 1937.

CHAPTER 466—H. F. NO. 513

An act amending Laws 1931, Chapter 307, Sections 1, 2, 9, 11, 16 and 20, as amended by Laws 1933, Chapter 374, Section 1, and Laws 1935, Chapter 106, Sections 1 and 2, Relating to the Public Employes Retirement Association.

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

Section 1. Law amended.—Laws 1931, Chapter 307, Section 1, as amended by Laws 1933, Chapter 374, Section 1, is amended so as to read as follows:

“Section 1. Definitions.—The following words and phrases as used in this act, unless a different meaning is plainly required by the context, shall have the following meaning:

“(1) ‘Public Employe’ shall mean any person holding a position, either by election, appointment or contract in and for any of the several counties, cities, villages or school districts which are now or hereafter may be affected by the provisions of this act, whose

salary is paid, in whole or in part, through taxation, or by fees, assessments or revenue from any one or more of the governmental subdivisions hereinbefore enumerated, irrespective of whether or not such person is directly employed by the authority of, or is under the control and supervision of the governing body of any such county, city, village or school district. The term 'public employe' shall also mean any person appointed as a district court reporter in this state; but shall not be construed to include any person, who, by virtue of his employment in the public service is required to contribute any portion of his salary to any other retirement fund or pension system established by or pursuant to the laws of this state and in force and operation at the time of the passage of this act, and neither shall the term 'public employe' be deemed to include temporary employes.

"From and after the date of passage of this act, the term 'public employe' shall be construed so as to exclude any employe of any governmental subdivision for such periods of time as such employe has been or is eligible for membership in any retirement association or pension system established by or pursuant to any one or more of the following laws, and all acts amendatory thereof, to-wit: Revised Laws 1905, Section 1655, relating to the establishment of firemen's relief associations; Laws 1907, Chapter 24, relating to firemen's pensions in cities of the first class; Laws 1909, Chapter 343, relating to pensions for teachers in certain cities; Laws 1915, Chapter 68, relating to police pensions in cities of the first class; Laws 1915, Chapter 199, relating to teachers' pensions; Laws 1919, Chapter 152, relating to police pensions in cities of the second class; Laws 1919, Chapter 430, relating to pensions for employes of the bureau of health in certain cities of the first class; Laws 1919, Chapter 522, relating to pensions and retirement allowances in certain cities of the first class; Laws 1923, Chapter 179, relating to pensions in volunteer fire departments; Laws 1929, Chapter 191, relating to retirement annuities for state employes; Laws 1931, Chapter 48, relating to police pensions in certain villages, and Laws 1935, Chapter 92, relating to police pensions in certain cities of the third class.

(2) 'Head of Department' shall mean the head of any department, institution, office or branch of service of any governmental subdivision which directly pays salaries out of its revenues or is empowered to authorize the payment of such salaries.

(3) 'Accumulated Deductions' shall mean the total of the amounts deducted from the salary of a member and the total amount of assessments paid by a member in lieu of such deductions and credited to his or her individual account in the retirement fund, without interest.

(4) 'The Retirement Fund' shall mean and include the aggregate of all accumulated deductions from the salaries of members

of the retirement association, all assessments paid by such members in lieu of such deductions, and all other monies paid into the state treasury or received by the retirement board pursuant to the provisions of this act, together with all income and profits therefrom and interest thereon.

(5) 'Governmental subdivision' shall mean a county, or a city, or a village, or a school district, as the case may be.

(6) 'City' shall be deemed to mean and include any incorporated city of this state, whether operating under a home rule charter or otherwise.

(7) 'Village' shall be deemed to mean and include any incorporated village of this state now or hereafter having a population of more than 5,000 inhabitants.

(8) 'School District' shall be deemed to mean and include any independent, *common or special school district* of this state, which is now or hereafter may be wholly or partly within the limits of any such city, or any such village, and shall also mean any unorganized school *territory* governed by any county board of education.

(9) 'Salary' shall mean the periodical compensation of any public employe and shall also be deemed to mean 'wages', and in case of officers elected to a fee office shall be deemed to include the term 'fees'.

(10) 'Present public employe' shall mean any public employe receiving salary from any county, city, village or school district on the date of the acceptance of the terms of this act by the governing body of the governmental subdivision by or for which he is employed or from whose funds his salary is paid.

(11) 'New public employe' shall mean any public employe who enters the public service in any county, city, village or school district subsequent to the date of the acceptance of the terms of this act by the governing body of the governmental subdivision by or for which he is employed, or from whose funds his salary is paid."

Section 2. **Law amended.**—Laws 1931, Chapter 307, Section 2, as amended by Laws 1933, Chapter 374, Section 1, and Laws 1935, Chapter 106, Section 1, is hereby amended so as to read as follows:

"Section 2. **Public employees retirement association established.**—There is hereby established a public employees retirement association, the membership of which shall consist only of public employes, and employes of said association. Membership in said association shall be optional on the part of the present public employes, but all new public employes except elective public officers

shall become members of said association by acceptance of public employment. In all governmental subdivisions heretofore operating under and affected by the provisions of this act prior to January 1, 1933 present public employes who apply for membership therein after January 1, 1932, shall pay a membership fee of Ten (\$10.00) Dollars, but no present public employe shall be eligible to apply for membership in the retirement association after July 1, 1935, *except upon the payment of such additional penalties as the retirement board may, by general rule, prescribe.* In addition to such membership fee, every present public employe who becomes a member of the retirement association shall pay in a sum equal to all accrued deductions from his or her salary which would have been made had such employe become a member of the retirement association July 1, 1931, with interest thereon at the rate of five per cent (5%) per annum, compounded annually. In all governmental subdivisions wherein the governing body thereof has duly accepted the provisions of this act subsequent to January 1, 1933, and prior to May 1, 1935, present public employes who apply for membership in the retirement association after January 1, 1934, shall pay a membership fee of Ten (\$10.00) Dollars, but no such present public employe shall be eligible to apply for membership in the retirement association after July 1, 1935, *except upon the payment of such additional penalties as the retirement board may, by general rule, prescribe.* In addition to such membership fee every such present public employe who becomes a member of the retirement association shall pay in a sum equal to all accrued deductions from his or her salary which would have been made had such public employe become a member of the retirement association July 1, 1933, with interest thereon at the rate of five per cent (5%) per annum compounded annually. In all governmental subdivisions wherein the governing body thereof has duly accepted the provisions of this act subsequent to May 1, 1935, present public employes may apply for membership in said association at any time within a period of two years from the first day of the first calendar month next succeeding the date of the acceptance of the terms of this act by the governing body of the governmental subdivision concerned, *and at any time thereafter upon the payment of such additional penalties as the retirement board may, by general rule, prescribe.* Any such present public employe who shall apply for membership in said association shall be required to pay a membership fee of Ten (\$10.00) Dollars. In addition thereto, any such present public employe shall pay into the retirement fund a sum equal to all accrued deductions which have been made had such present public employe become a member of said association on the first day of the first calendar month next succeeding the date of the acceptance of the terms of this act by the governing body of the governmental subdivision concerned,

together with interest thereon at the rate of five per cent (5%) per annum.

"An elected public officer, eligible for membership in said association, may exercise his option to become a member thereof, but such option once exercised, may not be withdrawn during the incumbency of such officer in the office to which he was elected or re-elected. If holding office at the time of the acceptance of the terms of this act by the governing body of the governmental subdivision concerned, the terms and conditions of membership pertaining to a present public employe shall govern the admission of such elected public officer to membership in said association. Any person elected to a public office in any governmental subdivision affected by the provisions of this act, subsequent to the date of the acceptance of the terms of this act by the governing body of the governmental subdivision concerned, may apply for membership in said association at any time within a period of two (2) years from the date he first became eligible for membership in said association, and at any time thereafter upon payment of such additional penalties as the retirement board may, by general rule, prescribe. Any such person who applies for membership in said association shall be required to pay a membership fee of Ten (\$10.00) Dollars. In addition thereto, any such elected public officer shall pay into the retirement fund a sum equal to all accrued deductions which would have been made had such elected public officer become a member of said association on the first (1st) day of the first (1st) calendar month next succeeding the date he first assumed the office to which he was elected, together with interest thereon at the rate of five per cent (5%) per annum.

"Any person appointed to fill a vacancy in an elective office and becomes eligible thereby to membership in said association may likewise exercise his option to become a member thereof under the terms and conditions that govern the admission of elective public officers to membership in said association.

"Except as in this act otherwise provided, membership in said association may not be terminated by resignation, or in any manner other than by death or by leaving the employ of the governmental subdivision concerned. On or after the passage of this act, no employe of any governmental subdivision shall be required to become a member of any retirement fund or relief association, or to contribute to any fund established for such purpose, except the retirement fund established pursuant to the provisions of this act."

Section 3. Law amended.—Laws 1931, Chapter 307, Section 9, as amended by Laws 1933, Chapter 374, Section 1, is hereby amended so as to read as follows:

"Section 9. **Payments upon retirement.**—Whenever any member of said association shall cease to be a public employe for any reason other than death or retirement, he shall be paid, on demand, *after fifteen (15) days notice*, the full amount of the accumulated deductions standing to the credit of his or her individual account, provided that any such member who has been in the public service for not less than four (4) *consecutive years immediately prior thereto* may, in lieu thereof, upon application in writing to the retirement board, within sixty (60) days from the termination of his or her employment, be permitted to retain membership in the retirement association and to enjoy all the rights and privileges thereof upon such terms and conditions as to his employment and the payment of assessments in lieu of salary deductions as the retirement board may by general rule prescribe. Any member of the retirement association who has maintained his or her membership after leaving the public service by the payment of such assessments may terminate such membership by notice in writing to the retirement board, whereupon he or she shall be paid on demand, *after fifteen (15) days notice*, the full amount of the accumulated deductions standing to the credit of his or her individual account."

Section 4. **Law amended.**—Laws 1931, Chapter 307, Section 11, as amended by Laws 1933, Chapter 374, Section 1, and Laws 1935, Chapter 106, Section 2, is hereby amended to read as follows:

"Section 11. **Retirement.**—Except as in this act otherwise provided, whenever any member of the retirement association has been a public employe for a period of twenty (20) years and has attained the age of sixty-five (65) years, or when any such employe has been a public employe for a period of thirty-five (35) years, he shall be eligible for retirement, provided that in computing such terms of service, the time during which any member of the association shall have maintained his membership by the payment of assessments after leaving the service as a public employe, in lieu of deductions, shall be included. *Provided, however, that no person admitted to membership in said association after May 1, 1937 shall be entitled to receive a retirement annuity unless he has either attained the age of sixty-five (65) years and has been a public employe for a period of twenty (20) years, or has attained the age of sixty (60) years and has been a public employe for a period of at least thirty-five (35) years.* Such retirement shall be made upon application of the *member* or of someone acting in his or her behalf, or in the case of any *employe* in active service upon the application of the head of the department in which such member is employed. Except as in this act otherwise provided, upon such retirement such member shall receive an annuity for the remainder of his or her life equal to fifty (50) per centum of the average annual salary received

for the entire period of his or her membership in said association, provided, that in computing the average annual salary of members who have contributed by assessments, in lieu of salary deductions or otherwise, the average annual salary received while such member was in the public service as a member of said association shall, for the purpose of construing this section, be considered the salary of such member for that period of his membership in said association during which he made contributions to the retirement fund by assessments, in lieu of salary deductions or otherwise, and provided, further, that in computing the period of past service, employment by or for any of the governmental subdivisions as defined and enumerated by this act shall be counted, irrespective of whether or not the governing body of such governmental subdivision has qualified its public employes for membership in said association, and provided further, that no such retirement annuity shall, in any event, exceed the sum of One Thousand Eight Hundred (\$1,800.00) Dollars per annum. Membership in said association for any present public employe shall commence upon the date of the acceptance of the application for membership by the retirement board and, in no event, shall said retirement board grant to any member any pro rata annuity, as hereinafter provided for in Section 16 of this act, until and unless four full years of membership in said association shall have elapsed, nor shall said retirement board grant any pro rata annuity based on a greater number of years of contributions to the retirement board fund than stands to the credit of such member on the books of said association, or any full retirement annuity, as hereinafter provided, until and unless five full years of membership have so elapsed."

Section 5. **Law amended.**—Laws 1931, Chapter 307, Section 16, as amended by Laws 1933, Chapter 374, Section 1, is hereby amended so as to read as follows:

"Section 16. **Retirement to begin July 1, 1935.**—No retirement annuity shall be granted under the provisions of this act until July 1, 1935, nor shall any member of the retirement association be entitled to receive a retirement annuity until he shall have contributed to the retirement fund either by salary deductions or otherwise for a period of four (4) full years *and unless he shall have been a member of said association for a like period.* Provided, however, that if any member who is eligible for retirement *and who has attained to the age of sixty five (65) years* has contributed to the retirement fund for a period of less than twenty (20) years he shall be entitled to receive a pro rata retirement annuity for the remainder of his life in an amount bearing the same ratio to the full retirement annuity that the period of his salary deductions, or assessments in lieu thereof, bears to twenty (20) years, but fractional parts of a year shall not enter into the computation of such pro rata

retirement annuity. Provided, further, that whenever any *such* member shall have become eligible to receive a pro rata retirement annuity, as hereinbefore provided, and shall have contributed to the retirement fund for a period of five (5) full years, *and shall have been a member of said association for a like period*, such member may, if he shall so elect at any time before making application for such pro rata retirement annuity make application for a full retirement annuity, or for a pro rata retirement annuity based on a greater number of years of contributions to the retirement fund than then stand to his credit on the books of said association, and, in either case, the same shall be granted to him upon compliance with the following terms and conditions, to-wit:

“(a) In case such member shall make application for a full retirement annuity, the retirement board, before granting said application, shall do the following things, to-wit:

“(1) Determine the number of full years of contributions required of such member to make a total of twenty (20) full years of contributions by him to the retirement fund.

“(2) Determine the average annual amount of the accumulated deductions of such member for the period of his membership in said association.

“(3) Determine the amount of the additional accumulated deductions to be required of such member by multiplying the number of years as determined by the method prescribed in sub-paragraph one (1) hereof by the average annual amount of his accumulated deductions, as determined in the manner prescribed by sub-paragraph two (2) hereof.

“(4) Require that such member shall pay into the retirement fund, before such full retirement annuity shall be granted, the total amount of his additional accumulated deductions, as determined by the methods prescribed by sub-paragraph three (3) hereof, and, in addition thereto, a further amount representing an accrued interest payment, to be determined as follows:

“In the case of fifteen (15) years of additional contributions required, an amount equal to forty-eight (48%) per cent of the total accumulated deductions required for such period, and in case of fourteen (14) years of additional contributions required, or less, an amount to be determined in like manner, based on percentages of the total accumulated deductions required in each instance, as hereinafter set forth, to-wit: Fourteen (14) years, fifty (50%) per cent; thirteen (13) years, fifty-two (52%) per cent; twelve (12) years, fifty-four (54%) per cent; eleven (11) years, fifty-six (56%) per cent; ten (10) years, fifty-eight (58%) per cent; nine (9) years, sixty

(60%) per cent; eight (8) years, sixty-two (62%) per cent; seven (7) years, sixty-four (64%) per cent; six (6) years, sixty-six (66%) per cent; five (5) years, sixty-eight (68%) per cent; four (4) years, seventy (70) per cent; three (3) years, seventy-two (72%) per cent; two (2) years, seventy-four (74%) per cent; one (1) year, seventy-six (76%) per cent.

“Provided, that after the total amounts required of such member have been determined, as hereinbefore set forth, credit thereon shall be allowed such member for the amount contributed by him to the retirement fund through salary deductions, or otherwise, during the fractional part of any year not included in the computation for a full retirement annuity.

“(b) In case such member shall make application for a pro rata retirement annuity based on a greater number of full years of contribution than then stand to his credit on the books of said association, the retirement board, in the manner hereinbefore provided, shall determine the amount of the additional accumulated deductions required under such application and shall require that such applicant shall pay into the retirement fund before such greater pro rata retirement annuity is granted, all additional accumulated deductions required, and, in addition thereto, such further and additional amounts representing accrued interest payments as may be determined in the manner hereinafter set forth, to-wit:

“In case of one (1) additional year's credit, an amount equal to that percentage of the total accumulated deductions required for one (1) year as may be determined by multiplying the number of full years such member has contributed to the retirement fund by four (4%) per cent. In case of two (2) additional years' credit, an amount equal to that percentage of the additional accumulated deductions required as in the case of one (1) additional year's credit, and in addition thereto, a further amount equal to two (2%) per cent of the total accumulated deductions required. In like manner for three (3) additional years' credit, or more, an amount equal to that percentage required as in the case of one (1) additional year's credit, and, in addition thereto, a further amount computed on the following percentage of the total accumulated deductions required in each instance as hereinafter set forth, to-wit: Three (3) additional years' credit, four (4%) per cent; four (4) additional years' credit, six (6%) per cent; five (5) additional years' credit, eight (8%) per cent; six (6) additional years' credit, ten (10%) per cent; seven (7) additional years' credit, twelve (12%) per cent; eight (8) additional years' credit, fourteen (14%) per cent; nine (9) additional years' credit, sixteen (16%) per cent; ten (10) additional years' credit, eighteen (18%) per cent; eleven (11) additional years' credit, twenty (20%) per cent; twelve (12)

additional years' credit, twenty-two (22%) per cent; thirteen (13) additional years' credit, twenty-four (24%) per cent; fourteen (14) additional years' credit, twenty-six (26%) per cent; fifteen (15) additional years' credit, twenty-eight (28%) per cent. Provided that after such total amount required of such member has been determined, as hereinbefore set forth, credit thereon shall be allowed such member for any amount contributed by him to the retirement fund through salary deductions, or otherwise, during the fractional part of any year not included in the computation for such greater pro rata retirement annuity. Provided further, nothing done under the terms of this act shall create or give any contract rights to any person, except the right to receive back upon withdrawal from the association, through separation from the public service any salary deductions made or assessments paid hereunder.

"As hereinbefore provided, the minimum requirements for a retirement annuity for any applicant who has attained to the age of sixty-five (65) years, shall be twenty (20) years of contributions to the retirement fund, or its equivalent, with an amount representing accrued interest earnings, as hereinbefore set forth. In the case of any member who becomes eligible for retirement at any age earlier than sixty-five (65) years, the said minimum requirements as to years of contributions before any full retirement annuity or any pro rata retirement annuity based on a greater number of years of contributions than then stand to his credit on the books of said association shall be granted, shall be twenty (20) years increased by one (1) year for each year that the said applicant is under the age of sixty-five (65) years, in accordance with the following schedule, to-wit: Age sixty-four (64), twenty-one (21) years; age sixty-three (63), twenty-two (22) years; age sixty-two (62), twenty-three (23) years; age sixty-one (61), twenty-four (24) years; age sixty (60), twenty-five (25) years, provided, however, that in the case of any member who shall have reached the age of 60 years on May 1, 1937, and who, prior to June 1, 1936, shall have left the public service and maintained membership by payment of assessments, the minimum requirements for a full retirement annuity shall be 20 years, regardless of the attained age at the time of any such retirement.

"From and after May 1, 1937, no full retirement annuity or any pro rata retirement annuity based on a greater number of years of contributions than the number of years he shall have been a member of said association shall be granted to any member of said association who has not attained to the age of sixty (60) years, and with respect to any such member said retirement board may grant only a pro rata annuity in an amount bearing the same ratio to a full retirement annuity as the period of full years of salary deductions or assessments received in lieu thereof during his member-

ship in the association, or its equivalent, with an additional amount representing accrued interest earnings, shall bear to the number of years expressed in the following schedule of requirements as to the years of contributions for a pro rata retirement annuity at any given age of the applicant, to-wit: Age Fifty-nine (59), twenty-six (26) years; age fifty-eight (58), twenty-seven (27) years; age fifty-seven (57), twenty-eight (28) years; age fifty-six (56), twenty-nine (29) years; age fifty-five (55), thirty (30) years; age fifty-four (54), thirty-one (31) years; age fifty-three (53), thirty-two (32) years; age fifty-two (52), thirty-three (33) years; age fifty-one (51), thirty-four (34) years, and age fifty (50), thirty-five (35) years.

"The retirement board shall by general rule adopt regulations and schedules of rates of payments required of applicants who shall become eligible for retirement at ages earlier than sixty-five (65), which regulations shall provide for the granting of pro rata retirement annuities in amounts bearing the same ratio to a full retirement annuity as the period in full years of salary deductions, or assessments received in lieu thereof, or its equivalent with an additional amount representing accrued interest earnings, shall bear to the number of years expressed in the above schedule of minimum requirements as to years of contributions for a full retirement annuity at any given age of the applicant. Provided, however, that the retirement board shall not grant any full retirement annuity or any pro rata retirement annuity based on a greater number of years of contributions to the retirement fund than then stand to the credit of the applicant until such member shall have been a member of said association for a period of five (5) full years. If the total of annuities shall during any year become greater in amount than the annual contributions, the retirement board shall proportionately reduce the amount of annuities."

Section 6. Law amended.—Laws 1931, Chapter 307, Section 20, is hereby amended so as to read as follows:

"Section 20. Contributions etc., to retirement fund.—The retirement board is hereby authorized and empowered to credit to the fund any monies received in the form of contributions, donations, gifts, appropriations, bequests or otherwise; and every member of said retirement association who shall fail to demand the amount of his accumulated deductions within five (5) years after his separation or withdrawal from the public service shall be deemed to have donated the same to the retirement fund, unless he shall have retained his membership in the retirement association, as hereinafter provided."

Approved April 26, 1937.