

pay the expense necessarily incurred in providing such training, out of any funds available for said purpose.

Approved March 31, 1955.

CHAPTER 317—H. F. No. 527

An act relating to retirement allowances for employees of cities of the first class; amending Minnesota Statutes 1953, Sections 422.063, Subdivision 6, 422.011, 422.13, 422.09.

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

Section 1. Minnesota Statutes 1953, Section 422.063, Subdivision 6, is amended to read:

Subd. 6. **Minimum retirement allowance, additional allowance.** All contributing members who, at the time of retirement, shall have fulfilled the conditions necessary to enable them to retire, shall be entitled to a combined minimum pension and supplementary allowance of \$2 per month for each year of service, which pension and supplementary allowance shall be in addition to the annuity as defined in the pension act.

The pension and supplementary allowance provided for herein shall be the actuarial equivalent of the accumulated annual installments and supplementary allowance credits, now designated by law to be now defined as normal earned credits, plus such extra credit to be furnished by the city as will produce such minimum pension and supplementary allowance of \$2 per month for each year of service. Said sum of \$2 shall be computed under the single life plan, as defined in said pension act, and subject to the same option selections as set forth in said act.

The extra credit herein provided for shall be used only for the purpose of producing such minimum pension and supplementary allowance and shall not in any other way inure to the benefit of the contributing member or his beneficiaries.

The pension, supplementary allowance and annuity provided for herein shall be first paid from the contributing member's own contributions and normal earned credits, plus interest, until such credits are exhausted, and from and after such time shall be paid from the extra credit provided for herein.

In addition to the pension, supplementary allowance and annuity provided for in Minnesota Statutes 1953, Chapter 422, and Laws 1953, Chapter 83, there shall be paid to each retired employee who retired or will retire subsequent to January 1, 1943, an additional pension equal to 25 percent of such pension, supplementary allowance and annuity, provided, that the additional pension herein provided for shall not exceed \$25 per month; and for each retired employee who retired prior to January 1, 1943, 40 percent of such pension, supplementary allowance and annuity, provided, that the additional pension shall not exceed \$25 per month. The additional pensions provided for in this paragraph shall be retroactive to January 1, 1955.

Provided however, that in lieu of the pension, supplementary allowance, annuity and additional pension herein provided for, each employee who is eligible and who ceases to be employed and who retires subsequent to July 1, 1954 shall have the option of electing to receive what shall be known as a "formula pension and annuity" equal to 1/60th of his arithmetic average annual salary, wages or compensation from the city for any five consecutive calendar years as selected by the employee, multiplied by his years of service with the city, the option to become effective July 1, 1955.

The formula pension and annuity shall be computed on the single life plan but subject to the option selections provided for in section 422.08.

In order to be entitled to the formula pension and annuity herein provided for, the retiring employee at the time of cessation of employment and of actual retirement must have attained the age of 60 years or have been employed by the city not less than 30 years, and must in addition thereto have contributed to the retirement fund at the percentage rate prescribed by the retirement law prior to the passage of this act on all salaries, wages, or compensation received from the city from January 1, 1922 to July 1, 1955, and at the percentage rate of six percent on all salaries, wages or compensation received from the city subsequent to July 1, 1955.

The years of service to be applied in the formula pension and annuity shall be found and determined by the retirement board.

Voluntary additions to the employee's deposits made by the employee under the provisions of section 422.10 may be withdrawn by the retiring employee or, with the approval of the retirement board, applied to the purchase of an additional annuity computed and determined by the retirement board.

Sec. 2. Minnesota Statutes 1953, Section 422.011 is amended to read:

422.011 Funds; expense, retirement. For the purposes of this chapter, there shall be created an expense fund and a retirement fund. The "expense fund" shall consist of such amounts as shall be paid by the city on the basis of statements submitted by the retirement board to defray the expense of the administration of this chapter, exclusive of the payment of retirement allowances and of other benefits provided for in this chapter. The "retirement fund" shall consist of such amounts as are deposited in the fund by or to the account of city employees and such amounts as shall be contributed by the city for the purpose of the paying of retirement allowances.

The following funds shall be subdivisions of the retirement funds: (1) a deposit accumulation fund, (2) an annuity reserve fund, and (3) a contingent fund. The deposit accumulation fund shall consist of amounts contributed by or for employees and contributions made by the city for the benefit of such fund. The annuity reserve fund shall consist of the amount held as reserves for the payment of retirement allowances at July 1, 1955, the amounts transferred from the deposit accumulation fund, and amounts contributed by the city for such fund. The contingent fund shall consist of amounts contributed by the city for the payment of retirement allowances and other benefits not paid from the annuity reserve fund or the deposit accumulation fund.

Refunds of contributions and death benefits payable on account of death before retirement shall be paid from the deposit accumulation fund.

There shall be transferred from the deposit accumulation fund to the annuity reserve fund in each year for employees retiring in such year an amount equal to the accumulation of employee deposits increased by an amount equal to the accumulation of six percent of the salary of such retiring employee from July 1, 1955 to the date of retirement. Such amount shall be applied at the annuity rates currently established by the retirement board to purchase a retirement allowance for the retiring employee. Such retirement allowance shall be paid from the annuity reserve fund. Reserves shall be maintained in the annuity reserve fund equal to the present value of all retirement allowances payable from the annuity reserve fund as determined by a valuation to be made as of June 30 in each year.

Any retirement allowances not funded and paid from the

annuity reserve fund shall be paid from the contingent fund.

Sec. 3. Minnesota Statutes 1953, Section 422.13, is amended to read:

422.13 City's financial responsibility, levy. Interest as provided in this chapter and the payment of all pensions, annuities, retirement allowances, refunds, and death benefits granted by the retirement board under the provisions of this chapter are hereby made obligations of the city. All income, interest, and dividends derived from deposits and investments authorized by this chapter shall be placed to the credit of the retirement fund.

Prior to August 31st of each successive year the retirement board shall prepare an itemized statement of its financial requirements from tax revenue for the succeeding fiscal year.

This statement shall include:

1. *An estimate of the administrative expense of the retirement board less:*

(a) *Such amount as the board may charge against the interest income account of the fund as cost of handling the investment securities of the fund.*

(b) *The cost of handling the retirement benefits of any city owned public utility, improvement project, or other municipal activities supported in whole or in part by revenues other than taxes.*

(c) *The cost of handling the retirement benefits of any public corporation and its employees operating in and for two or more contiguous cities of the first class who have availed themselves of the provisions of Laws 1945, Chapter 181.*

2. *An estimated amount not to exceed four percent of the salaries and wages of all employees covered by the retirement fund less any amounts contributed for retirement purposes by any city owned public utility, improvement project, other municipal activities supported in whole or in part by revenues other than taxes, or any public corporation operating in and for two or more contiguous cities of the first class.*

3. *The estimated amount required for payment of retirement allowances and other benefits from the contingent fund;*

4. *The total of items 1, 2 and 3 above shall be increased by such part of the actuarial deficit as may be determined by the retirement board or decreased by the surplus of the an-*

nunity reserve fund as determined by an actuarial valuation as of the preceding June 30.

A copy of such statement shall be submitted to the board of estimate and taxation and to the city council, or other chief governing body, prior to September 15 of each successive year for their inspection.

The city council or chief governing body may by proper action provide for the inclusion in the cost of operating any city owned public utility and may include in the cost of any improvement project and other municipal activities supported in whole or in part by revenues other than taxes, the cost of the retirement benefits accruing under this act for employees of such utility or employed on such improvement projects or other activities. Such costs shall be determined by the retirement board and the respective governing bodies having jurisdiction over financing such costs.

The amounts so transferred to the retirement fund shall be deducted from the tax request hereinbefore outlined insofar as such amount shall be applicable to current and accrued requirements. The council or chief governing body is hereby authorized to transfer to the retirement fund all or part of any sums now on hand which have been previously reserved for this purpose.

Except as herein and in the following paragraph set forth, no appropriation shall be made to pay the cost of retirement allowances or other benefits granted by Laws 1945, Chapter 181, to employees of a public corporation now or hereafter created in and for two or more contiguous cities of the first class who have elected to avail themselves of the benefits of Laws 1945, Chapter 181, as herein provided. The cost of retirement allowances and other benefits inuring to such employees shall be an obligation of and paid by such public corporation. At such time as the retirement board shall fix and determine, such public corporation shall pay to the retirement fund the amount certified to such corporation by the retirement board as the cost of the retirement allowances and other benefits accrued and owing for the employees of such corporation.

Any employee of a public corporation created in and for the two contiguous cities of the first class, the funds of which public corporation are in whole or in part raised by taxation on the property in such cities, who was an employee as herein defined of a city of the first class prior to his employment by such a public corporation, and who was a member of or had accrued benefits in an organized retirement fund of such city,

shall be allowed credit in the retirement fund for such employment with a city in the same manner as though he had continued in the service of such city. The cost of that portion of the retirement allowance or other benefits accrued while such employee was in the service of the city shall be an obligation of the city, and a tax shall be levied and collected to discharge such obligation as herein provided.

It shall be the duty of the city council or other chief governing body of such city, in addition to all other taxes levied by such city, to annually levy a tax for *the purposes set forth in this chapter*, and such tax when levied shall be extended upon the county lists and collected and enforced in the same manner as other taxes levied by such city are extended, collected and enforced. The proceeds of such taxes shall be paid into the city treasury to the credit of the retirement fund, which shall constitute and remain a special fund and shall be used only for the payment of obligations created pursuant to the provisions of this chapter.

The rate of interest to be used as a basis for calculations, except as otherwise specified, shall be the average rate of interest received from the invested portion of the retirement fund, but not less than the average rate of interest paid by the banks of the city on savings deposits, calculated to the nearest one-fourth percent.

Sec. 4. Minnesota Statutes 1953, Section 422.09, is amended to read:

422.09 Refunds. If an employee to whom this chapter applies becomes absolutely separated from the service prior to attaining the minimum retirement age established in section 422.04, the net accumulated amount of deductions from his or her salary, pay, or compensation, made for the purpose of accumulating a fund from which to pay retirement allowances, shall be returned to such employee, with interest.

Any contributing employee who is absolutely separated from the service of the city after attaining the minimum retirement age established in section 422.04, who has five years or less of creditable service, as determined by the retirement board, shall have the option of accepting a refund of the net accumulated amount of deductions from his or her salary, pay, or compensation, to his or her credit, and if said employee accepts said refund all present and future rights to a retirement allowance shall be forfeited.

Upon the death of a contributing member while still in the service of the city, and before reaching the compulsory age of

retirement, there shall be paid to such person or persons as he or she shall have nominated by written designation filed with the retirement board, in such form as the retirement board shall require, the net accumulated amount of deductions from his or her salary, pay, or compensation, to his or her credit on date of death.

If the employee fails to make a designation, or if the person or persons designated by such employee pre-deceases such employee, the net accumulated amount of deductions from his or her salary, pay, or compensation, to the credit of such employee on date of death shall be paid to such employees' estate.

If a contributing member dies after having been in the service ten or more years, and before actual retirement, as determined by the retirement board, the present worth of the city's annual instalments of \$60 then to the credit of the contributing member, and the supplementary allowance, as defined in this act, shall be paid to a beneficiary designated by such contributing member in such form as the retirement board shall require, who shall be the surviving spouse, or surviving child, or children of such member, if there be no surviving spouse, or surviving child or children then to a person actually dependent on and receiving principal support from such member or surviving mother or father, or surviving brother or sister, or surviving children of the deceased brother or sister of such member.

If the beneficiary designated by the member is not one of the class of persons named in the preceding sentence, such benefit from the accumulation of city deposits shall be paid in the following order: (1) to the surviving spouse, the whole thereof; (2) if there be no surviving spouse, to the surviving children, share and share alike; (3) if there be no surviving spouse or child or children, to the dependent or dependents, as those terms are herein defined, of the member, share and share alike; (4) if there be no surviving spouse, child or children, or dependents, to the surviving mother and father, share and share alike; (5) if there be no surviving mother and father, to the surviving brothers and sisters of the member, in equal shares; (6) and if there be no surviving brothers and sisters, to the surviving children of the deceased brothers and sisters of the member, in equal shares; (7) and if there be no person named in the preceding sentence who survives the member, the accumulation of city deposits shall be canceled.

If the contributing member dies after having been in the service of the city 20 or more years, and before the effective date of retirement, as determined by the retirement board, such

board shall pay a monthly allowance under the option 4-five year certain life income plan of retirement, as adopted by the board, to the designated beneficiary of such employee, providing such employee prior to the date of his death filed a written request therefore with the board on forms provided by such board. The monthly allowance herein provided for shall be the actuarial equivalent of a single life retirement allowance which would have been payable to the employee on the date of his death had he been eligible to retire and retired.

The beneficiary designated by the employee shall be the surviving spouse of such employee. If there is no surviving spouse, the designated beneficiary may be a dependent surviving child or dependent parent of such employee as dependency is defined in this chapter. If the beneficiary designated by the employee is not of the class of persons provided for in this paragraph, or if the designated beneficiary predeceases the employee, a refund shall be made as provided for in section 422.09, in lieu of a life income under the option 4 - five year certain plan.

If the employee does not elect to designate a beneficiary to receive a life income under the option 4 - five year certain plan, as herein provided, the designated beneficiary, if of the class of persons set forth in the preceding paragraph, may elect within 60 days after the date of death of the employee to receive a life income computed and determined as though the employee had retired on the date of his death under the option 2 plan of retirement, as provided for in this act, and had designated such person as his beneficiary.

Upon reinstatement of a former employee to the service, credit for such past service or for any part thereof shall be granted only upon repayment of the amount of the separation refund, with interest, from the time of separation; provided this provision shall not apply to service rendered prior to the date that sections 422.01 to 422.23 become effective.

Approved April 1, 1955.

CHAPTER 318—S. F. No. 418

[Not Coded]

An act creating a commission to investigate and study all laws relating to education in the elementary and secondary schools and appropriating money therefor.

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