

Sec. 8. [135.38] Military service credit. After any agreement or modification is made pursuant to Section 9, an employee given a leave of absence to enter military service and who returns to teaching service upon discharge from military service as provided in Minnesota Statutes, Section 192.262 shall obtain credit for his period of military service but he shall not receive credit for any voluntary extension of military service at the instance of the member beyond the initial period of enlistment, induction or call to active duty. Such member shall obtain such credit by paying into the fund an employee contribution based upon his salary at the date of return from military service. The amount of this contribution shall be six percent of his salary not to exceed \$4,800 in any fiscal year. In such cases the matching employer contribution and additional contribution shall be paid by the school district or institution employing such member upon his return to teaching service.

Sec. 9. Effective. This act takes effect on the date any agreement or modification is made between the state and the secretary of health, education and welfare making such agreement or modification applicable to service performed in positions covered by the teachers retirement association after a referendum was held and a majority voted in favor therefor as provided by law. This act shall apply to any coverage group consisting of members of the teachers retirement association included in any such agreement or modification.

Approved May 2, 1957.

EXTRA SESSION

CHAPTER 16—S. F. No. 8

[Coded in Part]

An act relating to the teachers retirement fund; and appropriating money therefor; amending Minnesota Statutes 1953, Sections 135.01, 135.09 as amended; repealing Minnesota Statutes 1953, Sections 135.02, 135.05 as amended; 135.06 as amended; 135.07 as amended; 135.10 as amended; 135.11 Subdivision 2, as amended.

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

Section 1. Minnesota Statutes 1953, Section 135.01, Subdivision 2, is amended to read:

Subd. 2. Teacher. The word "teacher" includes any person who has rendered, is rendering, or shall hereafter render, service as a teacher, supervisor, principal, superintendent, or librarian in the public schools of the state, located outside of the corporate limits of the cities of the first class, in the state teachers colleges, or in any charitable institution supported, in whole or in part, by public funds, or who has been engaged, is engaged, or shall hereafter be engaged, in educational administration in connection with the state public school system, including the state teachers colleges, but excluding the state university, whether the position be a public office or an employment, not including members of any general governing or managing board or body connected with such system, or the officers of common, independent, special, or county school districts. *The term does not mean any person who works for such school or institution as an independent contractor.*

Sec. 2. Minnesota Statutes 1953, Section 135.01, is amended by adding new subdivisions to read:

[Subd. 7.] "*Actuarial equivalent*" means the annual amount determined by calculations based on mortality tables, purchasable with a given amount at a stated age.

[Subd. 8.] "*Dependent child*" means any natural or adopted child of a deceased member under the age of 18, unmarried and actually dependent for his support upon such member.

[Subd. 9.] "*Association*" means the combined membership of all teachers who qualify and participate in the retirement program provided for in this act.

[Subd. 10.] "*Approved actuary*" means any actuary who is either a fellow of the society of actuaries or who has at least 15 years of service to major public employee funds or any firm retaining such an actuary on its staff.

[Subd. 11.] "*Accumulated deductions*" means the total of the sums deducted from the salary of a member and the total amount of assessments paid by a member in lieu of such deductions, credited to his individual fund, without interest.

[Subd. 12.] "*Payments in lieu of deductions*" means the assessments or payments made by any member to receive credit for service rendered when no salary deductions were made.

[Subd. 13.] "*Allowable service*" means:

- (1) Any service rendered by a teacher for which on

or before July 1, 1957 he received credit to his account in the retirement fund by reason of employee contributions in the form of deductions from salary or otherwise as authorized by Minnesota Statutes 1953, Sections 135.01 to 135.13, as amended by Laws 1955, Chapters 361, 549, 550, 611 or

(2) Any service rendered by a teacher for which on or before July 1, 1957, he elected to obtain credit for service by making payments to the fund pursuant to Minnesota Statutes 1953, Section 135.01 to 135.13, as amended by Laws 1955, Chapters 361, 549, 550, 611 in the manner agreed upon with the retirement board or

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

(4) Any service rendered by a person after July 1, 1957 for any calendar month where payments in lieu of salary deductions are made, deposited and credited into the fund as provided in Sections 15 and 18.

Sec. 3. [135.41] Teachers retirement association, eligibility for membership. Subdivision 1. The teachers retirement fund created by Minnesota Statutes, Sections 135.01 to 135.13, is confirmed and continued. Hereafter membership in the fund is referred to as membership in the association. The membership in the association consists only of teachers. Except as provided in this subdivision, any person who was a member of the association on June 30, 1957, shall continue his membership with the association. Any member over 60 years of age on June 30, 1957, with less than six years of membership is ineligible for further membership. The retirement board shall refund to such person his accumulated deductions on deposit with the fund after retaining for payment to the federal government such employee's share of the social security taxes retroactive to January, 1956, if any.

Subd. 2. Except as provided in this subdivision, every new teacher after June 30, 1957, entering the service of the state or its governmental subdivision as a teacher, except persons specially excluded, shall become a member of the association by the acceptance of such employment. Any new teacher over the age of 50 shall not be eligible to become a member unless he has accumulated deductions on deposit with the fund for a number of prior years equal to the number of years his age is greater than 50.

Subd. 3. Any temporary teacher or substitute teacher not on a regular appointment is not eligible for membership

unless the retirement board accepts and approves an application for membership from such teacher.

Subd. 4. Any employee made ineligible for membership in the association by the terms of subdivisions 1 and 2 shall be eligible for membership after January 1, 1958, if on that date such employee is not covered by the provisions of the federal social security act. In that event, membership shall be retroactive to July 1, 1957.

Such employee shall pay to the fund an amount equal to six percent of his monthly salary as a teacher not exceeding \$400 per month for such retroactive coverage. He shall also repay to the fund any refundments paid him pursuant to subdivision 1. In addition to these payments, he shall pay interest based thereon at the rate of four percent per annum compounded annually. The matching employer contribution and additional contribution shall be paid by the school district or institution employing such person.

Sec. 4. [135.42] Teachers retirement fund, contributions by employer and employees. Subdivision 1. There is a special fund known as the "teachers retirement fund" consisting of employee contributions, employer contributions, and other amounts authorized by law including amounts in the fund when this act takes effect. From this fund there is appropriated the payments authorized by this chapter in the amounts, in the manner and at such time, provided herein.

Subd. 2. The employee contribution to the fund shall be an amount equal to six percent of the salary of every member. This contribution shall be made by deduction from salary in the manner provided in subdivision 4. No deduction shall be made from any salary in excess of \$4,800 in any fiscal year. 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 limited to \$4,800 in any fiscal year.

Subd. 3. The employer contribution to the fund shall be an amount equal to three percent of the salary of each member not exceeding \$4,800 in any fiscal year for the biennium commencing July 1, 1957 and ending June 30, 1959 and six percent thereafter. This contribution shall be made in the manner provided in section 5.

Subd. 4. It is the duty of each person, officer, board of education, or managing body required by law to draw the warrants or orders for payment of salaries to teachers to deduct and withhold from each month's salary due to every teacher who is a member of the fund the amount which such teacher is re-

6%

3%

quired to pay into the fund and, at the time of such deduction, a statement showing the amount thereof shall be furnished to such teacher. Such officer, board of education, or other managing body of each school district or institution shall, between the first and fifteenth days of January and between the fifteenth and thirtieth days of June, each year, forward to the treasurer of the county in which such school or institution 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 act, and, with the statement, shall transmit the entire amount so retained to the treasurer of the county; and, in case any school district is situated in more than one county, the report and remittance shall be sent to the senior county. Such board of education or other managing body shall, on or before the thirtieth day of June, each year, transmit to the county superintendent of schools, a statement showing the name of each teacher, the number of months of school taught by him during the year for which the statement is made, the number of months which constitutes a school year in the district or institution, and such other information as the board may require. If no teacher in such public school or other institution comes under the provisions of this act, the report shall state such fact. Each of the foregoing reports shall be verified by the person making the same; provided, that if the drawing of the warrant or order for the payment of any teacher's salary devolves upon any state officer or board, such officer or board shall make the reports herein required directly to the board of trustees and remit the money so deducted to the state treasurer.

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Subd. 5. An additional contribution shall be made in the amount of one percent of the salary of each member not to exceed \$4,800 in any fiscal year for the purpose of amortizing the deficit in the fund. This contribution shall be made in the manner provided in section 5.

Subd. 6. All contributions shall be credited to a fund and all interest and other income of the association shall be credited to said fund. The retirement fund shall be disbursed only for the purposes herein provided. The expenses of said association and the annuities herein provided upon retirement shall be paid only from said fund.

Subd. 7. (1) Any deductions taken from the salary of an employee for the retirement fund in error shall, upon discovery and verification by the school district or institution making the deduction, be refunded to the employee.

(2) In the event a salary warrant or check from which a deduction for the retirement fund was taken has been can-

ceded or the amount of the warrant or check returned to the funds of the school district or institution making the payment, a refundment of the sum so deducted, or any portion of it as is required to adjust the deductions, shall be made to the school district or institution provided application for it is made on a form furnished by the retirement board.

Sec. 5. [135.43] Employer contributions, financing. Subdivision 1. The board shall from time to time determine the amount of money necessary and presently needed to meet the state's obligation as provided in section 4 and shall certify the amount so determined to the state auditor. In so certifying the board shall certify separately the amount required to meet the State's obligation on account of services rendered for and on behalf of the State at large, and the amount required to meet the State's obligation on account of services rendered for and on behalf of the schools and institutions located outside of the cities of the first class.

Subd. 2. The auditor is hereby directed to include in each annual state tax levy the amounts so certified, which amounts are hereby annually levied against the taxable property of the state. In certifying the rate to the several county auditors, the state auditor shall certify the amount required on account of services rendered for the school and institutions outside of cities of the first class against all of the taxable property located outside of the cities of the first class.

Sec. 6. [135.44] Retirement benefits. Subdivision 1. Requirements as to age and service. After any member ceases to render teaching services in any school or institution covered by this act, such person who has attained the age of at least 65 years and who received credit for not less than ten years allowable years of service as a member of the association, or any person who has attained the age of at least 58 years and who received credit for not less than 20 years allowable service of which at least ten years are as a member of the association, is entitled upon application to a retirement benefit.

Subd. 2. Computation of retirement annuity. The amount of the retirement annuity is an amount equal to double the annuity which could be purchased by the member's accumulated deductions plus interest thereon. The annuity shall be determined by the member's age, his sex, double the amount of his accumulated deductions, double the interest earned on the accumulated deductions, and the appropriate mortality tables and interest rates. For the purpose of determining the amount of the annuity, the accumulated deductions prior to July 1, 1957, and the accumulated deductions subsequent to

July 1, 1957, shall be considered separately except as provided in section 21.

(1) For service rendered prior to January 1, 1957, the accumulated deductions for any member shall be carried forward at a fixed amount which is shown credited to his account as of that date. That fixed amount shall also include any payments in lieu of salary deductions which are to be made in the future and are actually so made pursuant to an agreement executed between the member and the board as authorized by section 12 or any other authorized payments made by the member to the fund. The annuity granted with respect to such period shall be determined by the following:

(a) The fixed amount of the accumulated deductions for such period including the interest credited thereon as earned up to January 1, 1957.

(b) Annuity purchase rates based on the mortality tables and interest assumption used by the board prior to January 1, 1957, calculated separately as to sex.

(2) For service rendered subsequent to January 1, 1957, the accumulated deductions for any member shall consist of the amounts actually credited to his account by reason of salary deductions. The annuity granted with respect to such period shall be determined by the following:

(a) accumulated deductions for such period;

(b) surplus credited to member's individual account annually as provided in subdivision 3, with interest to the date of retirement;

(c) interest credited on these accumulated deductions from January 1, 1957, to the date of retirement;

(d) interest credited on accumulated deduction including prior credited interest provided in paragraph (1) from January 1, 1957, to the date of retirement;

(e) annuity purchase rate based on the 1937 standard annuity table of mortality set back two years and calculated separately as to sex, with an interest assumption of 3 percent.

Subd. 3. Annual credit. The board shall annually credit to each member's individual account an amount pro rated which represents the net accumulation or surplus in the fund other than interest. This surplus shall include the net amount of employers contributions of members who have withdrawn from the fund taking a refundment of their accumulated deductions plus other accumulation less the amounts expended by the fund as authorized by law.

Subd. 4. Application for retirement. Retirement may be made upon application of the member or of some one acting in his behalf.

Subd. 5. Time and manner of payments. Each member shall fix in his application for an annuity a date for retirement under this act. This date cannot be less than 30 days nor more than 60 days after filing said application. Such application may be filed in the office of the association not less than 30 days nor more than 60 days prior to the last day for which the member will receive salary. In no event shall an application for an annuity be filed prior to the time the member is eligible to retire by reason of both age and service requirements of this act. Upon proof in the form of a certificate signed by a licensed medical practitioner certifying to the satisfaction of the board that a member is no longer able to continue in state service because of physical or mental disability, the retirement board shall waive the 30-day waiting period for fixing the date of retirement. Nothing in this subdivision alters any requirements relative to the effective date of an election to take an annuity which provides for payments to a surviving spouse. If application for the retirement benefit is received at the office of the association within 30 days from the date salary ceases, the first payment shall be prorated for any fraction of a calendar month elapsing after the date salary ceases, but no retirement allowance shall commence prior to the date through which the member is paid for any accumulated leave, whether payment is made in a lump sum or otherwise. The retirement benefits shall cease with the last payment received by a retired employee during his lifetime unless the retired employee elected a reversionary annuity or optional annuity.

Sec. 7. [135.45] Optional retirement annuities. The retirement board shall establish optional annuities at retirement which shall take the form of an annuity payable for a period certain and for life thereafter; or as a joint and survivor annuity. Such optional forms shall be actuarially equivalent to the normal forms provided in section 6. In establishing these optional forms the board shall obtain the written recommendation of an approved actuary and these recommendations shall be a part of the permanent records of the board.

Sec. 8. [135.46] Survivors and death benefits. **Subdivision 1. Surviving spouse and dependent children.** Upon the death of a member before retirement who has had at least 18 months of credited allowable service, his surviving spouse and dependent children under the age of 18 shall receive the monthly benefit provided below. Where a member died on or

after July 1, 1955, leaving any dependent child, such dependent child shall receive the benefits provided in this subdivision commencing from and after the effective date of this act.

(a) Surviving spouse \$65 per month

(b) Each dependent child \$45 per month

In addition to the amounts provided in (a) and (b) hereof, \$20 per month shall be paid to be divided equally among the dependent children. Payments for the benefit of any dependent child under the age of 18 years shall be made to the surviving parent, or if there be none, to the legal guardian of such child. The maximum monthly benefit shall not exceed \$200 for any one family. The surviving spouse benefit shall terminate upon his or her remarriage, and the dependent children's benefit shall be reduced pro tanto when any child is no longer dependent.

Subd. 2. Surviving spouse. Upon the death of a member before retirement who has had at least 20 years of credited allowable service, his surviving spouse shall be paid a deferred annuity in an amount equal to 75 percent of the member's annuity computed on the basis provided in section 6 not to exceed \$150 per month. This annuity shall be paid when such surviving spouse reaches the age of 62 and shall terminate upon remarriage. The surviving spouse has the option, if qualified, to receive the benefits provided in subdivisions 1 or 2 but not both.

Subd. 3. Death benefit. Where an annuitant dies after his retirement or after he has qualified for disability benefits, there shall be paid to his beneficiary or legal representative as the case may be an amount equal to the annuity for the entire month in which death occurs plus a lump sum of \$250 if no optional or reversionary annuity was designated by the member.

Sec. 9. [135.47] Refundment after death. **Subdivision 1. Death before retirement.** Where a member dies before retirement and no survivors benefit, optional annuity or reversionary annuity is payable, there shall be paid to his beneficiary an amount equal to his accumulated deductions plus interest thereon at the rate of two percent per annum compounded annually.

Subd. 2. Refundment of \$500 or less. If a member or former member dies without having designated a beneficiary, or if the beneficiary should die before making application for the refundment to the credit of such deceased member or former member, and the amount of the benefit is \$500 or less,

the retirement board may 90 days after the date of death of the member or former member in the absence of probate proceedings make payment to the surviving spouse of the deceased member or former members, or, if none to the next of kin under the laws of descent of the state of Minnesota and such payment shall be a bar to recovery by any other person or persons. Any retirement allowance or annuity which shall have accrued at the time of death of an annuitant may be paid in like manner.

Subd. 3. Monthly installments. The beneficiary or surviving spouse of any deceased member or former member entitled to receive a refundment as provided in this act shall have the option of having the amount due him paid in monthly installments in such amounts as may be agreed upon with the retirement board.

Sec. 10. [135.48] Disability benefits. Subdivision 1. Where any member becomes totally and permanently disabled after at least ten years of credited allowable service, or after age 50 whichever is sooner, he shall be entitled to a disability benefit in an amount provided in subdivision 2. If such disabled person's teaching service has terminated at any time, at least five of the required ten years of credited allowable service must have been rendered after last becoming a member. If a disabled person receives disability benefits under the provisions of the federal social security act, his benefits computed under subdivision 2 of this act shall be reduced by the amount of disability benefits paid under the federal act. A total and permanent disability for the purpose of this act is one which results from some impairment of mind or body that substantially precludes a person from performing with reasonable regularity the substantial and material parts of any gainful work or occupation that he would be competent to perform were it not for that impairment, whose impairment is founded upon conditions which render it reasonably certain that it will continue indefinitely.

Subd. 2. This benefit shall begin to accrue upon the expiration of 90 days following the commencement of disability unless the member is receiving salary for either annual or sick leave for a period of more than 90 days in which event payment shall accrue from the date salary ceased. If written application for disability benefit has not been filed with the board within 90 days from the commencement of disability, the annuity shall begin to accrue as of the day 30 days prior to the receipt of such application. If salary is being received for either annual or sick leave during said 30-day period, payments shall accrue from the date salary ceases. The amount of the disability annuity is an amount equal to double the

annuity which could be purchased by the member's accumulated deductions plus interest thereon. The annuity granted shall be determined by the following:

(a) *The amount of the accumulated deductions representing not less than 20 years of allowable service and if the member does not actually have 20 years credited at the time of disability, his account for the purposes of the section shall be projected to 20 years using for those years in excess of his actual credited years an amount which is his average yearly accumulation.*

(b) *interest actually earned on these accumulated deductions to the date of disability.*

(c) *interest for the years from the date of disability to the date such member attains age 65 at the rate which is the average rate credited for the five years prior to disability.*

(d) *annuity purchase rates based on the 1937 standard annuity table of mortality set back two years and calculated separately as to sex with interest assumption of three percent.*

Subd. 3. A member shall be considered totally and permanently disabled after the board has received written certification by at least two licensed physicians selected by the board, that the member is totally and likely to be permanently disabled for the further performance of the duties of any assigned position in the service of the employer, and upon consideration of the report of such physicians and such other evidence as shall have been presented to it by the member or others interested therein, the board finds the member to be totally and permanently disabled, it shall grant him a disability allowance upon written certification from the employer that the member has been separated from the service of the employer because of total disability of such nature as to reasonably prevent further service for the employer, and as a consequence is not entitled to compensation from the employer. The fact that an employee is placed on leave of absence without compensation because of disability shall not bar him from receiving a disability allowance.

Subd. 4. The disability benefit shall be reduced by any amounts received or receivable by an annuitant from the employer under applicable workman's laws.

Subd. 5. At least once each year during the first five years following the allowance of a disability benefit to any annuitant, and at least once in every three-year period thereafter, the board shall require the annuitant to undergo a

medical examination to be made at the place of residence of the member, or at any other place mutually agreed upon, by a physician or physicians engaged by the board. If any examination indicates that he is no longer physically or mentally incapacitated for service, or that he is engaged or is able to engage in a gainful occupation, payments of the disability benefit by the fund shall be discontinued as soon as he is reinstated to the payroll following sick leave, but in no case shall payment be made for more than 60 days after physicians engaged by the board find the annuitant is no longer incapacitated for service. Any person receiving a disability benefit shall not be required to undergo a medical examination after reaching the age of 65.

Subd. 6. Should such disabled annuitant resume a gainful occupation and his earnings are less than his salary at the date of disability or the salary currently paid for similar positions, the board shall continue the disability benefit in an amount which when added to such earnings does not exceed his salary at the date of disability or the salary currently paid for similar positions whichever is lower.

Subd. 7. Should any such disabled annuitant refuse to submit to a medical examination as herein provided, payments by the fund shall be discontinued, and all rights of the member in any disability annuity shall be revoked by the board.

Subd. 8. Any disabled annuitant who is restored to active service shall have deductions taken for the retirement fund.

Sec. 11. [135.49] Refundment or deferred annuity.
Subdivision 1. Any person who ceases to be a member by reason of termination of teaching service, shall be entitled to a refundment provided in subdivision 2, or a deferred retirement annuity as provided in subdivision 3. Application for refundment may be made no sooner than 90 days after termination of teaching service if the applicant has not again become a teacher.

Subd. 2. Except as provided in subdivision 3, any person who ceases to be a member by reason of termination of teaching service, shall receive a refundment in an amount equal to his accumulated deductions without interest.

Subd. 3. Any person with more than ten years of credited allowable service, when such termination occurs, may at his option leave his accumulated deductions in the fund and thereby be entitled to deferred retirement annuity commencing at age 65. The amount of the annuity shall be determined in the manner provided in section 6, subdivision 2, using the

mortality table and interest rate provided in paragraph (2) of that subdivision. Application for the accumulated deductions left on deposit with the fund may be made at any time after 90 days following the date of his termination of service.

Subd. 4 Membership in the retirement association of any person shall terminate upon his ceasing to be a "teacher" whether by resignation, dismissal, or termination of temporary or provisional appointment.

Subd. 5. The right of refundment provided in this act is not restricted as to time unless specifically provided and the statute of limitations does not apply thereto.

Sec. 12. [135.50] Termination of rights. *When any member accepts a refundment provided in Section 11, all existing service credits and all rights and benefits to which the member was entitled prior to the acceptance of such refundment shall terminate and shall not again be restored until the former member acquires not less than five years allowable service credit subsequent to taking his last refundment. In that event he may repay such refundment plus interest at four percent per annum compounded annually. If more than one refundment has been taken, all refundments must be repaid with interest at four percent per annum compounded annually.*

Sec. 13. [135.51] Payments to receive credit for prior service. Subdivision 1. *After July 1, 1957, no member shall be entitled to make payments in lieu of salary deductions to the retirement board to receive credit for any period of service prior to that date for which employee contributions were not deducted from his salary, except as provided in sections 15 and 18.*

Subd. 2. *Before July 1, 1957, any member may make payments to the retirement board to receive credit in any case where the payments were authorized by Minnesota Statutes 1953, Sections 135.01 to 135.13 as amended by Laws 1955, Chapters 361, 549, 550, 611. The retirement board may make any agreement with the member it deems proper, providing for installment payments if the member cannot pay the amount due before the cut-off date. The amount of payment and interest rate charged to the member shall be as provided in Minnesota Statutes 1953, Sections 135.01 to 135.13, as amended by Laws 1955, Chapters 361, 549, 550, 611.*

Sec. 14. Minnesota Statutes 1953, Section 135.09, Subdivision 1, as amended by Laws 1955, Chapter 361, Section 8, is amended to read:

135.09 Teachers from other states or other schools. Subdivision 1. *Except as provided in section 15 of this act, teachers who have rendered teaching service in other states or in the public schools of this state to which sections 135.01 to 135.13 do not apply, or in the University of Minnesota, who prior thereto have been, or thereafter become members of the fund, may be given credit for such teaching service by the board, provided that no credit may be given for any part thereof rendered subsequent to June 30, 1953, for which they are entitled to receive benefits under any other retirement system; and, after having acquired credit for 15 years of teaching service in schools or institutions to which sections 135.01 to 135.13 apply, of which at least five years shall have been rendered subsequent to such other teaching service, such teachers may then pay into the fund an amount equal to six percent of the average yearly salary, not exceeding \$175, received during the five years immediately before completion of the required Minnesota service or July 1, 1951, whichever is later, multiplied by the number of years of such teaching service for which credit is given, together with interest thereon at the rate of four percent per annum from the time of rendering such previous service until July 1, 1947. The payments hereunder shall not exceed \$175 per year for any such service rendered prior to July 1, 1953, and \$216 per year for any such service rendered thereafter and shall be without interest for any such service rendered subsequent to June 30, 1947.*

Sec. 15. Minnesota Statutes 1953, Section 135.09, as amended by Laws 1955, Chapter 361, Section 8, is amended by adding a new subdivision to read:

[Subd. 4.] *After July 1, 1957, payments made pursuant to subdivision 1, representing employee contributions, shall be accepted only if an equal additional amount, representing employer contributions, is received from the agency formerly employing such teacher. However, the teacher or the school district or institution which presently employs him, may pay such equal additional amount representing the employer contribution required by this subdivision. Interest shall be paid on both the employee and employer contribution at the rate of four percent per annum from the year on which such service was purchased to the date of payment. The board may authorize the collection of these payments in the form of installments rather than a lump sum. Any school district or institution which desires to make the employer contribution herein provided, is hereby authorized to appropriate money for such purpose.*

All payments into the fund pursuant to subdivision

1, shall be considered accumulations after January 1, 1957, for the purpose of computing any annuity provided in this act.

In no case shall the provisions of subdivision 1, apply to teachers who become members of the fund after July 1, 1957.

Sec. 16. [135.52] Reports. *Subdivision 1. Each county superintendent shall, on or before September 1, each year, report under oath to the board giving an itemized summary of the statements received by him from the school boards and other managing bodies, including a statement of the total amount withheld from the salaries of teachers as shown by reports provided in section 4, subdivision 4.*

Subd. 2. Between the 15 and 28 days of February and between the 15 and 30 days of July, each year, the treasurer of each county shall transmit to the state treasurer all moneys received from the board of education and other managing bodies of schools or institutions to which this act applies and certify under oath to the correctness of the amount so received and transmitted, and furnish such other information as the board shall require. The state treasurer shall credit all money received or withheld pursuant to the provisions of sections 135.01 to 135.13 to the fund and the reports and data received by him from the county treasurer shall be available for the board. Any person wilfully failing to perform any of the duties imposed upon him by this section shall be guilty of a misdemeanor.

Subd. 3. The state treasurer, the several county treasurers, and the treasurers of the various school districts and institutions to which this act applies shall be officially liable for the receipt, handling, and disbursement of all moneys coming into their hands belonging to the fund and the sureties on the official bonds of each of these treasurers shall be liable for such moneys the same as for all other moneys belonging to the school funds of this state.

Sec. 17. [135.53] Military service credit. *Any employee given a leave of absence to enter military service and who returns to teaching service upon discharge from military service as provided in Minnesota Statutes 192.262 shall obtain credit for his period of military service but he shall not receive credit for any voluntary extension of military service at the instance of the member beyond the initial period of enlistment, induction or call to active duty. Such member shall obtain such credit by paying into the fund an employee contribution based upon his salary at the date of return from military service. The amount of this contribution shall be six*

percent of his salary not to exceed \$4,800 in any fiscal year. In such cases the matching employer contribution and additional contribution provided in section 4 shall be paid by the school district or institution employing the member upon his return to teaching service.

Sec. 18. [135.54] Application. *This act does not apply to any city of the first class of this state, except as provided in section 185.01.*

Sec. 19. Repealer. Minnesota Statutes 1953, Sections 135.02; 135.05 as amended by Laws 1955, Chapter 361, Sections 2, 3; 135.06, as amended by Laws 1955, Chapter 611, Section 1, Chapter 361, Sections 4, 5; 135.07, as amended by Laws 1955, Chapter 549, Section 1; 135.10, as amended by Laws 1955, Chapter 611, Section 2, Chapter 550, Section 1; 135.11, subdivision 2, as amended by Laws 1955, Chapter 361, Section 8, are repealed.

Sec. 20. [135.55] Options to certain members. *Subdivision 1. Any person with 10 or more years of allowable service as a member on July 1, 1957, has the option when he retires to receive the retirement annuity computed under Minnesota Statutes 1953, section 135.10, subdivisions 2 and 4, or the retirement annuity computed under this act.*

Subd. 2. Any annuity purchased from the fund pursuant to Minnesota Statutes 1953, section 135.10, subdivisions 2 and 4, prior to July 1, 1957, or any annuity payable pursuant to Laws 1915, Chapter 199, shall continue in effect at such amount and subject to such conditions as the law then in effect provided.

Subd. 3. Any election made by a teacher pursuant to Minnesota Statutes 1953, section 135.10, subdivision 3, prior to July 1, 1957, shall continue in effect at such amount and subject to such conditions as the law then in effect permitted.

Subd. 4. Any person who ceased teaching service prior to July 1, 1957, who left his accumulated deductions in the fund for the purpose of receiving when eligible, a retirement annuity in accordance with the law in effect at the date such service terminated, shall have his annuity computed in accordance with the law in effect at the date he ceased teaching service.

Sec. 21. This act takes effect July 1, 1957.

Approved May 2, 1957.
