

the office from which he retired; ~~immediately prior to the year 1957.~~

Approved May 19, 1961.

EXTRA SESSION

CHAPTER 16—S. F. No. 48

[Coded]

An act relating to state colleges; providing certain retirement benefits for teachers thereof; appropriating moneys therefor.

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

Section 1. [135.59] **State college teachers, additional retirement allowance.** In addition to other retirement benefits provided by law for teachers including those received under provisions of Minnesota Statutes 1957, Sections 135.01 to 135.18 and 135.31 to 135.55, as amended, each state college teacher, who on July 1, 1957, had been a member of the teachers retirement association for at least 15 years, upon retirement shall be paid one dollar a month for each year of allowable service, as defined by Minnesota Statutes 1957, Section 135.01, Subdivision 13, as amended by Extra Session Laws 1959, Chapter 50, Section 50, out of the teachers' retirement fund. The moneys necessary to make the payments as provided for herein are appropriated out of moneys in the teachers' retirement fund.

Sec. 2. This act is effective on July 1, 1961.

Approved May 19, 1961.

EXTRA SESSION

CHAPTER 17—S. F. No. 67

[Coded in Part]

An act relating to the teachers retirement association; amending Minnesota Statutes 1957, Section 135.01, Subdivision 11; 135.03, Subdivision 1, as amended, and 2; 135.04,

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Subdivision 5; 135.09, Subdivisions 2, 3, and adding a new subdivision thereto; 135.12; 135.34, as amended; 135.36, Subdivision 1; 135.44, Subdivision 5; 135.45; 135.47, Subdivision 1, as amended; 135.50; repealing Minnesota Statutes 1957, Section 135.41, Subdivision 3.

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

Section 1. Minnesota Statutes 1957, Section 135.01, Subdivision 11, is amended to read:

Subd. 11. **Accumulated deduction.** "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~~ *less amounts paid to the member or any person in his behalf in the form of refundments, annuity payments or benefit payments and less any other amounts deducted pursuant to law.*

Sec. 2. Minnesota Statutes 1957, Section 135.03, Subdivision 1, as amended by Extra Session Laws, Chapter 50, Section 5, is amended to read:

135.03 Board of trustees; membership; duties. Subdivision 1. The management of the fund shall be vested in a board of ~~five~~ *seven* trustees to be known as the board of trustees of the Teachers Retirement Fund. It shall be composed of the following persons: the commissioner of education, the state auditor, the commissioner of insurance, and ~~two~~ *four* members of the fund who shall be elected by the members of the fund at the time and place of their annual meeting. At the first election of the members of the fund, *in the fall of 1962, the two new positions established by this act shall be filled by electing one trustee who shall be elected to serve for one year and one trustee who shall serve for two years.* ~~Thereafter~~ The terms of the elective members shall begin on the first Monday in January next succeeding their election. In the case of elective members, vacancies shall be filled by appointment by the remainder of the board, the appointee to serve until the members of the fund have elected a trustee to serve for the unexpired term caused by such vacancy. No member shall be appointed by the board, or elected by the members of the fund as a trustee who is not a member of the fund in good standing at the time of such appointment or election. It shall be the duty of the board of trustees to faithfully administer the law without prejudice and consistent with the expressed intent of the legisla-

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ture. They shall act as trustees with a fiduciary obligation to the state of Minnesota which created the fund, the taxpayers which aid in financing it and the teachers who are its beneficiaries.

Sec. 3. Minnesota Statutes 1957, Section 135.03, Subdivision 2, is amended to read:

Subd. 2. The board shall annually elect one of its members as president, shall elect a secretary, and fix his salary, who shall serve during the pleasure of the board and be the executive officer of the board, with such duties as the board shall prescribe. The board shall employ all other clerks and employees necessary to properly administer the fund. ~~One-half of~~ The cost and expense of administering the provisions of sections 135.01 to 135.13 shall be paid by the fund. ~~and the balance thereof by the state.~~

Sec. 4. Minnesota Statutes 1957, Section 135.04, Subdivision 5, is amended to read:

Subd. 5. The board shall keep a record of the receipts and disbursements of the fund and a separate account with each member of the fund. *The board shall also keep separate accounts for annuity payments, for employer contributions and all other necessary accounts and reserves.* It shall determine annually the ~~net~~ annual interest earnings of the fund, ~~by deducting the expenses of the fund from the gross interest earnings.~~ Five percent of the ~~net~~ annual interest earnings shall annually be set aside as a ~~contingency reserve~~ *capital reserve account* until the ~~contingency reserve~~ *capital reserve account* equals ~~five two~~ percent of the assets of the fund. ~~The contingency reserve so created shall be disbursed only by specific direction of the board. This amount in the contingency reserve account on June 30, 1958 shall be transferred to the excess earnings account and the balance should be transferred to the capital reserve account when this act takes effect. The capital gains and losses of the fund shall be reflected in this account.~~ The remaining portion of the ~~net~~ annual interest earnings, computed to the last full quarter percent interest upon members' accounts and not in excess thereof, shall be apportioned and credited to the separate accounts of the members of the fund in proportion to the total amount to their credit therein. Any excess remaining shall be added to the reserve accounts of the fund. In the event the remaining portion of the ~~net~~ annual interest earnings of the fund falls below two percent, the board may in its discretion use the

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reserve accounts of the fund, excepting the contingency reserve hereby created, and the annuity reserves for the purpose of crediting to the accounts of the members a sum equal to the difference below two percent. *shall be apportioned and credited to the separate members' accounts. The annual interest earnings to be credited shall be apportioned on the basis of the proportion each member's account bears to the total amount credited. The excess of the annual interest earnings in the excess earnings reserve which was not credited to the various accounts shall be credited to the gross interest earnings for the next succeeding year.*

Sec. 5. Minnesota Statutes 1957, Section 135.09, Subdivision 2, is amended to read:

Subd. 2. The board shall provide in its rules and regulations the method and means for reinstatement as members of the fund of teachers who have withdrawn therefrom and who afterwards reenter teaching service. In computing the time of service of a teacher, the length of a legal school year in the district or institution where such service was rendered shall constitute a year under sections 135.01 to 135.13, provided such year is not less than the legal minimum school year of this state. No person shall be allowed credit for more than one year of teaching service for any calendar year. If a teacher, *commencing July 1, 1961*, teaches for only ~~a fractional part of 20 days or more~~ in any year, credit shall be given for such fractional part of the year as the term of service rendered bears to the legal school year in such district or institution, but in no case shall the legal year be less than the minimum school year of this state. ~~Commencing July 1, 1949, if a teacher teaches for only a fractional part of any year, credit shall be given for a year of teaching service if the period of teaching within the year be not less than 120 days.~~ No credit shall be given thereafter for teaching service within a year where such teaching service is less than the minimum prescribed above.

Sec. 6. Minnesota Statutes 1957, Section 135.09, Subdivision 3, is amended to read:

Subd. 3. ~~Teachers who while rendering teaching service in the schools to which sections 135.01 to 135.13 apply are given Sabbatical leave or who obtain a leave of absence for educational purposes in foreign countries under scholarships received from the Board of Foreign Scholarships or who render interchange teaching services in foreign countries pur-~~

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suant to federal law, may receive credit for the period thereof by paying into the fund at the rate of six percent of the salary received by them during the year immediately preceding such leave or foreign teaching services. This shall also be applicable to any such period occurring prior to the enactment thereof, provided that the payments into the retirement fund for any year prior to July 1, 1952, shall not exceed \$175, and for any year subsequent thereto such payments shall not exceed \$216. Said payments shall be without interest. If a member is granted (1) a Sabbatical leave or (2) a leave for educational purposes in any foreign country under a scholarship received from the board of foreign scholarships or (3) a leave for performing interchange teaching service in a foreign country pursuant to federal law or (4) a leave to participate in work of the National Science Foundation, he may receive allowable service credit not exceeding three years in any ten consecutive years toward a retirement annuity by paying into the fund employee contributions during the period of leave. The employee contribution shall be based upon the rate of contributions paid and the salary received during the year immediately preceding the leave. This subdivision also applies to any such service occurring prior to its enactment provided that the payments into the retirement fund for any year prior to July 1, 1953, shall not exceed \$175 and for any year from July 1, 1953, to June 30, 1955, such payments shall not exceed \$216 and for any subsequent year such payment shall not exceed \$288. These payments shall be without interest. A member shall not accrue more than three years allowable service by reason of this section unless the allowable service credit was paid for by the member prior to July 1, 1962.

Sec. 7. Minnesota Statutes 1957, Section 135.09, is amended by adding a new subdivision to read:

Subd. 5. If a member is granted leave of absence, he may accrue allowable service credit toward a retirement annuity if the following conditions are met:

(a) An authorized leave of absence is granted by the employer and the employer certifies that it will pay the employer contribution provided in (d) below or the member certifies that he will pay such employer contributions.

(b) The leave of absence does not exceed one year.

(c) All former leaves of absence for which allowable service credit was given the member do not in total exceed one year during the last ten consecutive years.

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(d) *The employing subdivision pays the employer contribution and the contribution to amortize the deficit in the fund during the period of the leave based on the average salary of the member for the year prior to his leave of absence or in lieu thereof the member pays this amount.*

(e) *The member pays the employer contribution for the period of the leave of absence based on the average salary of the employee for the year prior to his leave of absence and such payment is made currently or within one year from the date the leave of absence terminates. The term employer for this subdivision means the school district or institution last employing the member before the leave of absence.*

Sec. 8. Minnesota Statutes 1957, Section 135.12, is amended to read:

135.12 Teachers to elect members of board. At the time and place of the annual ~~meeting~~ *meetings* of the ~~Minnesota education association~~ *statewide teachers' organizations* or its delegate assembly *meetings*, the members of the teachers retirement fund shall meet at the call of the commissioner of education for the purpose of electing one or more members of the board of trustees, as hereinbefore provided, hearing the annual report of the board, and of transacting any other business that may properly come before them.

Sec. 9. Minnesota Statutes 1957, Section 135.34, as amended by Extra Session Laws, Chapter 50, Section 9, is amended to read:

135.34 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. *The board shall also establish an optional annuity which shall take the form of a guaranteed refund annuity paying the annuitant a fixed amount for life with the guarantee that in the event of death the balance of the accumulated deductions will be paid to the designated beneficiary.* Such optional forms shall be actuarially equivalent to the normal forms. 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. 10. Minnesota Statutes 1957, Section 135.36, Subdivision 1, is amended to read:

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135.36 Payments after death. Subdivision 1. Where a member dies before retirement there shall be paid to his *surviving dependent spouse or, if there is no surviving dependent spouse, to his designated beneficiary or legal representative, as the case may be,* an amount equal to his accumulated deductions plus interest credited to this amount *his account* to the date of death.

Sec. 11. Minnesota Statutes 1957, Section 135.44, Subdivision 5, is amended to read:

Subd. 5. **Time and manner of payments.** Each member shall fix in his application for an annuity a date for retirement under Extra Session Laws 1957, Chapter 16. 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 Extra Session Laws 1957, Chapter 16. 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. *A member may make application to the board for a retirement annuity any time after his teaching service has terminated and he has satisfied the age and service requirements of this chapter for retirement. The annuity payment shall begin to accrue from the first day of the month following the date the application is filed with the board. 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.*

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Sec. 12. Minnesota Statutes 1957, Section 135.45, is amended to read:

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. *The board shall also establish an optional annuity which shall take the form of a guaranteed refund annuity paying the annuitant a fixed amount for life with the guarantee that in the event of death the balance of the accumulated deductions will be paid to the designated beneficiary.* Such optional forms shall be actuarially equivalent to the normal forms provided in section 135.44. 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. 13. Minnesota Statutes 1957, Section 135.47, Subdivision 1, as amended by Extra Session Laws 1959, Chapter 50, Section 48, is amended to read:

135.47 Refundment after death. Subdivision 1. **Death before retirement.** If a member dies before retirement and neither an optional annuity, or reversionary annuity is payable, there shall be paid to his *surviving dependent spouse or if there is no surviving dependent spouse to his* designated beneficiary an amount equal to his accumulated deductions plus interest ~~thereon at the rate of two percent per annum compounded annually credited to his account to the date of death.~~ If the member had received a disability benefit during his lifetime, no interest shall be paid on his accumulated deduction in the fund at the time of his death. ~~If a former member dies before he received a retirement annuity or allowance, a refundment shall be paid to his designated beneficiary in an amount equal to his accumulated deductions with interest at the rate of two percent per annum compounded annually.~~

Sec. 14. Minnesota Statutes 1957, Section 135.50, is amended to read:

135.50 Termination of rights. *Subdivision 1.* When any member accepts a refundment provided in section 135.49, 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

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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.~~

Subd. 2. If a member desires to repay his refundments before he has acquired five years of allowable service credit after taking his last refundment, he may repay to the fund such amount, either in installments or lump sum, when he has acquired at least one year of allowable service credit after taking his last refundment. These payments shall be credited to a suspense account in his behalf and when the said five years has elapsed, the balance in the suspense account shall be credited to his accumulated deductions in the manner and subject to the conditions provided in subdivision 1.

Sec. 15. [135.60] Service in other public retirement funds; annuity. *Any person who has been a member of the state employees retirement association or the public employees retirement association or the teachers retirement association shall be entitled when qualified to an annuity from each fund if his total allowable service in all three funds or in any two of these funds totals ten or more years, provided no portion of the allowable service upon which the retirement annuity from one fund is based is again used in the computation for benefits from another fund and provided further that he has not taken a refundment from any one of these three funds since his membership in that association has terminated. The annuity from each fund shall be determined by the appropriate provisions of the law except that the requirement that an annuitant must have at least ten years' membership service or ten years of allowable service in the respective association shall not apply for the purposes of this section provided the combined service in two or more of these funds equals ten or more years.*

Sec. 16. *Minnesota Statutes 1957, Section 135.41, Subdivision 3, is repealed.*

Sec. 17. *This act takes effect July 1, 1961, except that sections 6 and 7 shall take effect upon passage.*

Approved May 19, 1961.

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