

**290.45 TAXATION; INCOME TAX; PAYEE OF TAXES.** Subdivision 1. **DATE DUE, INSTALLMENTS.** The tax imposed by this chapter shall be paid to the commissioner of taxation at St. Paul, Minnesota at the time fixed for filing the return on which the tax is based, except that at the election of the following taxpayers the balance of tax due after applying any tax credit and payment of estimated tax may be paid in two equal installments, as follows:

(a) as to estates and trusts, the first shall be paid at the time fixed for filing the return, and the second on or before six months thereafter.

(b) as to corporations, the first shall be paid at the time fixed for filing the return and the second on or before three months thereafter. If any installment is not paid on or before the date fixed for its payment the whole amount of the tax unpaid shall become due and payable. They shall be paid to the commissioner or to the local officers designated by the commissioner with whom the return is filed as hereinbefore provided.

Approved March 5, 1971.

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**CHAPTER 39—S.F.No.486**

[Not Coded]

*An act authorizing Olmsted county to purchase certain surveyor field records.*

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

**Section 1. OLMSTED COUNTY; SURVEYOR FIELD RECORDS.** Notwithstanding any other provision of law the county of Olmsted may purchase by negotiation the private field records of any past Olmsted county surveyor.

**Sec. 2.** This act is effective upon approval by the board of county commissioners of Olmsted county and upon compliance with Minnesota Statutes, Section 645.021.

Approved March 5, 1971.

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**CHAPTER 40—H.F.No.495**

[Coded in Part]

*An act relating to teachers retirement; amending Minnesota Statutes 1969, Sections 354.05, Subdivisions 2, 23, and 25; 354.07,*

**Changes or additions indicated by underline, deletions by ~~strikeout~~.**

*Subdivision 5; 354.09, Subdivisions 1 and 4; 354.145, Subdivisions 1, 2, and 3; 354.33, Subdivisions 6, 7, and 9; 354.36, Subdivision 1; 354.38; 354.41, Subdivision 3; 354.44, Subdivision 6; 354.45, Subdivision 2; 354.46, Subdivision 2; 354.47, Subdivision 1; 354.49, Subdivisions 2, 3, and 4; 354.50, Subdivisions 1 and 3; 354.51, Subdivision 4, and by adding a subdivision; 354.53; 354.55, Subdivisions 3, 8, and 9, and by adding a subdivision; 354.62, Subdivisions 4 and 5; 354.63, Subdivision 2; and 355.46, by adding a subdivision.*

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

Section 1. Minnesota Statutes 1969, Section 354.05, Subdivision 2, is amended to read:

Subd. 2. **TEACHERS RETIREMENT FUND; REVISION.** 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 colleges, or in any charitable or state institution including penal and corrective institutions 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 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 systems, or the officers of common, independent, special, or associated school districts, or unorganized territory. The term shall also include any nurse, counselor, social worker or psychologist who has rendered, is rendering or shall hereafter render service in the public schools as defined above or in state colleges. The term shall also include any person who renders teaching service on a part time basis and who also renders other services for a school district. In such cases, the teachers retirement association shall have the authority to determine whether all or none of such combined employment will be covered by the teachers retirement association. The term does not mean any person who works for such school or institution as an independent contractor.

Sec. 2. Minnesota Statutes 1969, Section 354.05, Subdivision 23, is amended to read:

Subd. 23. **VARIABLE ACCOUNT ACCUMULATION.** "Variable account accumulation" means the total amounts credited to a member's account in the variable annuity division as most recently revalued in accordance with the provisions of section sections 11.26 and 354.62.

Sec. 3. Minnesota Statutes 1969, Section 354.05, Subdivision 25, is amended to read:

**Changes or additions indicated by underline, deletions by ~~strikeout~~.**

Subd. 25. **FORMULA SERVICE CREDIT.** "Formula service credit" means any allowable service credit as defined in subdivision 13 except as provided in this subdivision :

(1) Any service rendered prior to July 1, 1951, for which payments were made pursuant to subdivision 13 except as provided in section 354.09, subdivision 4, as determined by multiplying the number of years of service established in the records of the teachers retirement fund as of July 1, 1961 by the ratio obtained between the total amount paid and the maximum amount payable for such years, and/or

(2) Any service rendered prior to July 1, 1957 for which payments were made pursuant to section 354.09, subdivision 4, as determined by multiplying the number of years of service established in the records of the teachers retirement fund by the ratio obtained between the total amount paid and the maximum amount payable for such years, and/or

~~(2) (3)~~ Any service rendered where contributions were made and no allowable service credit was established because of the limitations contained in Minnesota Statutes 1967, Section 354.09, Subdivision 2, and Minnesota Statutes 1957, Section 135.09, Subdivision 2, as determined by the ratio between the amounts of money credited to his account in a fiscal year and the maximum retirement contribution allowable for such year, and/or

~~(3) (4)~~ Any service rendered for which contributions were not made in full as determined by the ratio between the amounts of money credited to his account in a fiscal year and the retirement contribution payable for such fiscal year pursuant to sections 354.32, and 354.42, and 354.51.

~~(4) (5)~~ No period of service shall be counted more than once for purposes of this subdivision.

Sec. 4. Minnesota Statutes 1969, Section 354.07, 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 annual interest earnings of the fund. Five percent of the annual interest earnings shall annually be set aside as a capital reserve account until the capital reserve account equals two percent of the assets of the fund. 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 July 1, 1961. The capital gains and losses of the fund shall be reflected in

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this account. ~~The remaining portion of the annual interest earnings, computed to the last full quarter percent shall be apportioned and credited to the separate members' accounts, except those covered under the provisions of section 354.33, subdivisions 7 or 8, or section 354.44, subdivisions 6 or 7. 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 rate to be used in this distribution computed to the last full quarter percent shall be determined by dividing the remaining portion of the interest earnings by the total invested assets of the fund. 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 1969, Section 354.09, Subdivision 1, is amended to read:

**354.09 TEACHERS FROM OTHER STATES OR OTHER SCHOOLS.** Subdivision 1. Except as provided in subdivision 4, teachers who have rendered teaching service in other states or in the public schools of this state to which sections 354.05 to 354.10 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 354.05 to 354.10 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. These payments may be made only for service rendered prior to July 1, 1957.

Sec. 6. Minnesota Statutes 1969, Section 354.09, Subdivision 4, is amended to read:

Subd. 4. After July 1, 1969, 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.

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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 rendered to the first date of payment. For payments made prior to July 1, 1969, pursuant to subdivision 1 where the employer's contributions were not made, an additional amount representing employer's contributions may be paid together with interest at the rate of four percent per annum on this amount from the year such service was rendered to the first date of payment.

If the employee and employer contributions and interest thereon provided in this section are not paid in full the member's formula service credit shall be calculated by multiplying the number of years of out of state service by the ratio obtained by the total amount paid and the maximum amount payable provided herein.

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 July 1, 1957 for the purpose of computing any annuity provided in Extra Session Laws 1957, Chapter 16.

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

In no case shall the provisions of subdivisions 1 or 4 apply to members who have accepted refunds of their accumulated deductions and again resumed teaching in schools to which chapter 354 applies after July 1, 1957.

Sec. 7. Minnesota Statutes 1969, Section 354.145, Subdivision 1, is amended to read:

**354.145 ELECTION OF BENEFITS, FORMS.** Subdivision 1. Any member who elects to have his benefits at retirement calculated under the provisions of section 354.33, subdivision 1, or subdivision 7, 8, or 9, shall make such election on forms provided by the board of trustees according to the following provisions:

(1) Except as provided in clause (4) of this subdivision, each member in the fund who rendered teaching service or was on an

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approved leave of absence during the 1968-69 school year or each member who has at least 20 years of allowable service credit as of July 1, 1969 may elect before July 1, 1972 or prior to retirement whichever is first, to have his benefits at retirement calculated under the provisions of section 354.33, subdivision 1, or subdivision 7, 8, or 9. The effective date of these options is July 1 of the fiscal year following the fiscal year in which the election is made or date of retirement, whichever is earlier.

(2) Teachers who failed to make an election pursuant to clause (1) of this subdivision shall have their annuity at retirement computed under section 354.33, subdivision 1.

(3) After July 1, 1969 every new teacher entering teaching service ~~or every teacher resuming teaching after having accepted a refundment~~ is covered by section 354.33, subdivision 7 unless an election is made in writing to the board of trustees to select section 354.33, subdivisions 8 or 9 on or before June 30 of the year in which the member commenced teaching. The effective date of this election is the date on which the member commenced teaching.

(4) After July 1, 1969 every teacher resuming teaching after having accepted a refund is covered by section 354.33, subdivision 7 unless an election is made in writing to the board of trustees to select section 354.33, subdivisions 8 or 9 on or before June 30 of the year in which the member resumed teaching. The effective date of this election is the date on which the member resumed teaching.

Sec. 8. Minnesota Statutes 1969, Section 354.145, Subdivision 2, is amended to read:

Subd. 2. Any member who elects to have his benefit at retirement calculated under the provisions of section 354.44, subdivision 2, or subdivision 6, or 7 shall make such election on forms provided by the board of trustees according to the following provisions:

(1) Except as provided in subdivision 1, clause (4), each member in the fund who rendered teaching service or was on an approved leave of absence during the 1968-69 school year or each member who has at least 20 years of allowable service credit as of July 1, 1969 may elect before July 1, 1972 or prior to retirement whichever is first, to have his benefits at retirement calculated under the provisions of section 354.44, subdivision 2, or subdivision 6, or 7. The effective date of these options is July 1 of the fiscal year following the fiscal year in which the election is made or date of retirement, whichever is earlier.

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(2) Teachers who failed to make an election pursuant to clause (1) of this subdivision shall have their annuity at retirement computed under section 354.44, subdivision 2.

Sec. 9. Minnesota Statutes 1969, Section 354.145, Subdivision 3, is amended to read:

Subd. 3. Except as provided in subdivision 1, clause (4), once an option election is made effective pursuant to subdivisions 1 and 2 it cannot be revoked or changed.

Sec. 10. Minnesota Statutes 1969, Section 354.33, Subdivision 6, is amended to read:

Subd. 6. When any person retires and whose annuity is computed under ~~subdivision 1 of this section 354.33~~ as a result of (1) his transfer from public school teaching to state college or junior college teaching, and/or; (2) not rendering teaching service within a fiscal year; shall have the his annuity shall be computed under section 354.44 up to the date of transfer for such service formerly covered under section 354.44 .

Sec. 11. Minnesota Statutes 1969, Section 354.33, Subdivision 7, is amended to read:

Subd. 7. (1) The formula retirement annuity hereunder shall be computed in accordance with the applicable provisions of the formula stated in clause (2) hereof on the basis of each member's average salary on which contributions were made for the period of his formula service credit. For the purposes of computing the formula benefits in subdivisions 7 and 8, if a combination of these formulas is used, the formula percentages used will be those percentages in each formula as continued for the respective years of service from one formula to the next.

(a) For years of formula service credit prior to July 1, 1957, average salary for the purpose of determining the member's retirement annuity means the amount equivalent to the average salary upon which contributions were made limited to a maximum of \$4800 for each year for the last two years of allowable formula service prior to that date.

(b) For each year of formula service credit subsequent to June 30, 1957, "average salary" of a member for the purpose of determining his retirement annuity means his salary upon which contributions were made and upon which payments were made to increase the salary limitation provided in section 354.511 not exceeding in any one year \$7200 through June 30, 1967, and his total salary in each year thereafter for which he had made contributions to the retirement fund.

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(2) The average salary as defined in clause (1) hereof, of any member multiplied by the applicable percentages indicated below shall determine the amount of the annuity to which the member qualifying therefor is entitled:

(a) Years of Formula Service Credit Earned Prior to July 1, 1969	Percentages at the Rate of:
(1) First ten years	.625 percent per year of service
(2) Second ten years or fractional part thereof less than such period	1.25 percent per year of service
(3) Third ten years or fractional part thereof less than such period	1.7 percent per year of service
(4) Subsequent years or fractional part thereof	2.4 percent per year of service
(b) Years of Formula Service Credit Earned Subsequent to July 1, 1969 to date of retirement or to the effective date of the election of another option.	Percentages at the Rate of:
(1) First ten years	.625 percent per year of service
(2) Second ten years or fractional part thereof less than such period	1.4 percent per year of service
(3) Third ten years or fractional part thereof less than such period	1.9 percent per year of service
(4) Subsequent years or fractional part thereof	2.45 percent per year of service

(3) Where any member retires prior to age 65 under a formula annuity, he shall be paid a retirement annuity in an amount equal to the normal annuity provided in subdivisions 7 and 8, reduced by one half of one percent for each month that the member is under age 65 to and including age 60 and reduced by one fourth of one percent for each month under age 60 at the time of retirement.

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Sec. 12. Minnesota Statutes 1969, Section 354.33, Subdivision 9, is amended to read:

Subd. 9. The benefits provided in this subdivision are the sum of any benefits provided in subdivision 1, and the benefits provided in section 354.62, subdivision 5 except that if a member repays a refundment pursuant to section 354.50 and makes an election pursuant to section 7, subdivision 1, clause (4) of this act, the benefit related to the repayment of such refundment will be calculated according to subdivisions 7 or 8 of this section.

Sec. 13. Minnesota Statutes 1969, Section 354.36, Subdivision 1, is amended to read:

**354.36 PAYMENTS AFTER DEATH.** Subdivision 1. Where a member dies before retirement: (1) Who is covered under the provisions of section 354.33, subdivision 1, 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 credited his account to the date of death. When the member has attained the age of at least 55 with not less than 20 years of allowable service, or who has received credit for not less than 30 years of allowable service regardless of age, he has the option to make an election for his surviving dependent spouse, the member's accumulated deductions plus interest provided herein, or a joint and survivor annuity as provided in section 354.34 and computed as in section 354.33, subdivision 1:

(2) Who is covered under the provisions of section 354.33, subdivisions 7 to 9, 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 credited to his account as of June 30, 1957 and from July 1, 1957 to date of death his accumulated deductions plus interest at the rate of three and one half percent per annum compounded annually. When the member has attained the age of at least 55 with not less than 20 years of allowable service or who has received credit for not less than 30 years of allowable service regardless of age, he has the option to make an election for his surviving dependent spouse, the member's accumulated deductions plus interest provided herein, or a joint and survivor annuity as provided in section 354.34 and computed as in section 354.33, subdivision 7 or 8.

(3) The amounts payable in clauses (1) or (2) are in addition to the amounts payable in section 354.62, subdivision 5, from the member's variable annuity account.

Sec. 14. Minnesota Statutes 1969, Section 354.38, is amended to read:

**354.38 MILITARY SERVICE CREDIT.** After any agreement or modification is made pursuant to section 354.39, an employee given a **Changes or additions indicated by underline, deletions by ~~strikeout~~.**

leave of absence to enter military service and who returns to teaching service upon discharge from military service as provided in 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. For service rendered prior to July 1, 1957, the amount of this contribution shall be three an amount equal to six percent of his salary not to exceed \$4,800 in any fiscal year ending prior to July 1, 1965, and not to exceed \$7,200 in any fiscal year ending prior to July 1, 1967, and not to exceed the deductions pursuant to section 354.32, subdivision 1, in any fiscal year thereafter, multiplied by the number of years of such military service, together with interest thereon at the rate of four percent per annum from the time such military service was rendered to the first date of payment. The payments hereunder shall not exceed \$175 per year for any service rendered prior to July 1, 1953, \$216 per year for service rendered during the period July 1, 1953 through June 30, 1955, \$288 per year for service rendered during the period July 1, 1955 through June 30, 1957. For service rendered during the period July 1, 1957 through June 30, 1969, the amount of his contribution shall be an amount equal to three percent of his salary multiplied by the number of years of such military service, together with interest thereon at the rate of four percent per annum from the time such military service was rendered to the first date of payment. Such payments shall not exceed \$216 per year for any service rendered prior to July 1, 1967. For service rendered subsequent to July 1, 1969 the amount of his contribution shall be an amount equal to three and one half percent of his salary multiplied by the number of years of such military service, together with interest thereon at the rate of four percent per annum from the time such military service was rendered to the first date of payment. In such cases the employer contribution and additional contribution provided in section 354.32 shall be paid by the state in the manner provided in section 354.43. Payment for military service which is part of any agreement signed by a member in accordance with section 354.51, subdivision 2, is not subject to the provisions of this section.

Sec. 15. Minnesota Statutes 1969, Section 354.41, Subdivision 3, is amended to read:

Subd. 3. (1) Each annuitant, age 60 or over, who is drawing an annuity pursuant to Minnesota Statutes 1953, Section 135.10 and Minnesota Statutes 1965, Sections 354.44 and 354.33 shall have the right to have his membership in the fund restored upon resumption of teaching service, for the purpose of having deductions made in accordance with sections 354.32 and 355.48. Upon completion of five

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years of allowable service, under this subdivision the member shall be entitled to an annuity provided in section 354.33, subdivision 1. This annuity is in addition to any annuity previously granted under chapter 354.

(2) Any annuitant qualifying for membership in the fund under clause (1) of this subdivision may file a written notice with the executive secretary of the teachers retirement association requesting that deductions provided for in section 354.32 be made from compensation paid for subsequent teaching services. ~~Such notice must be filed on or before the annuitant commences teaching service for each school year shall remain in effect until the annuitant requests in writing that this membership be revoked.~~ After July 1, 1967, deductions pursuant to section 355.48 are required for any annuitant eligible for membership in the fund under clause (1) of this subdivision. Teaching service rendered by an annuitant for which no deductions were made pursuant to section 354.32, shall not be included in any additional annuity granted pursuant to clause (1) of this subdivision.

Sec. 16. Minnesota Statutes 1969, Section 354.44, Subdivision 6, is amended to read:

Subd. 6. (1) The formula retirement annuity hereunder shall be computed in accordance with the applicable provisions of the formula stated in clause (2) hereof on the basis of each member's average salary for the period of his formula service credit. For the purposes of computing the formula benefits in subdivisions 6 and 7, if a combination of these formulas is used, the formula percentages used will be those percentages in each formula as continued for the respective years of service from one formula to the next.

(a) For years of formula service credit prior to July 1, 1957, average salary for the purpose of determining the member's retirement annuity means the amount equivalent to the average of his salary upon which contributions were made limited to a maximum of \$4800 for each year for the last two years of allowable formula service prior to that date.

(b) For each year of formula service credit subsequent to June 30, 1957, "average salary" of a member for the purpose of determining his retirement annuity means his salary upon which contributions were made and upon which payments were made to increase the salary limitation provided in section 354.511 not exceeding in any one year \$7200 through June 30, 1967, and his total salary in each year thereafter for which he had made contributions to the retirement fund.

(2) The average salary as defined in clause (1), of any member multiplied by the applicable percentages indicated below shall deter-

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mine the amount of the annuity to which the member qualifying therefor is entitled:

(a) Years of Formula Service Credit Earned Prior to July 1, 1969	Percentages at the Rate of:
(1) First ten years	1.0 percent per year of service
(2) Second ten years or fractional part thereof less than such period	2.0 percent per year of service
(3) Third ten years or fractional part thereof less than such period	2.5 percent per year of service
(4) Subsequent years or fractional part thereof	3.0 percent per year of service
(b) Years of Formula Service Credit Earned Subsequent to July 1, 1969 to date of retirement or to the effective date of the election of another option.	Percentages at the Rate of:
(1) First ten years	1.2 percent per year of service
(2) Second ten years or fractional part thereof less than such period	2.4 percent per year of service
(3) Third ten years or fractional part thereof less than such period	3.0 percent per year of service
(4) Subsequent years or fractional part thereof	3.6 percent per year of service

(3) Where any member retires prior to age 65 under a formula annuity, he shall be paid a retirement annuity in an amount equal to the normal annuity provided in subdivisions 6 and 7, reduced by one half of one percent for each month that the member is under age 65 to and including age 60 and reduced by one fourth of one percent for each month under age 60 at the time of retirement.

Sec. 17. Minnesota Statutes 1969, Section 354.45, Subdivision 2, is amended to read:

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Subd. 2. Upon the death of the member after retirement where no designated beneficiary shall survive the member, any remaining unpaid guaranteed annuity payments shall be commuted at three and one half percent interest and paid in one sum to the estate of the member. Upon the death of ~~any~~ the last designated beneficiary after the death of the member, the value of any unpaid guaranteed annuity payments shall be commuted at three and one half percent interest and paid in one sum to the estate of such designated beneficiary.

Sec. 18. Minnesota Statutes 1969, Section 354.46, Subdivision 2, is amended to read:

Subd. 2. **SURVIVING DEPENDENT SPOUSE.** If an election as provided in this subdivision has been made, upon the death of a member before retirement, his surviving dependent spouse shall be paid a joint and survivor annuity as provided in section 354.45 and computed as in section 354.44, subdivision 2, or in subdivisions 6 or 7. The joint and survivor annuity provided herein shall be elected by the member after he has attained the age of at least 55 with not less than 20 years of allowable service, or who has received credit for not less than 30 years of allowable service regardless of age. Except as otherwise provided in section 354.55, subdivision 2, the surviving dependent spouse shall receive the benefits provided in subdivision 1 or the annuity provided in subdivision 2 but not both. If any member has made an election pursuant to this subdivision and elects to be covered under section 354.62, the annuity based on his variable account accumulations shall be calculated in accordance with the provisions of section 354.62, subdivision 5.

Sec. 19. Minnesota Statutes 1969, Section 354.47, Subdivision 1, is amended to read:

**354.47 REFUNDMENT AFTER DEATH.** Subdivision 1. **DEATH BEFORE RETIREMENT.** (1) If a member dies before retirement and is covered under the provisions of section 354.44, subdivision 2, and neither an optional annuity, nor reversionary annuity, nor the benefit described in section 354.46, subdivision 1 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 with interest credited to his account to the date of death.

(2) If a member dies before retirement and is covered under the provisions of section 354.44, subdivisions 6 and 7, and neither an optional annuity nor 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 credited to his account as of June 30, 1957 and from July 1, 1957 to the date of death his accumulated deductions

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plus interest at the rate of ~~two~~ three and one half percent per annum compounded annually.

(3) The amounts payable in clauses (1) or (2) are in addition to the amount payable in section 354.62, subdivision 5, for the member's variable annuity account.

Sec. 20. Minnesota Statutes 1969, Section 354.49, Subdivision 2, is amended to read:

Subd. 2. Except as provided in section 354.44, subdivision 1, 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 plus any variable annuity account accumulations payable pursuant to section 354.62, subdivision 5, clause (4).

Sec. 21. Minnesota Statutes 1969, Section 354.49, Subdivision 3, is amended to read:

Subd. 3. Any person who has attained the age of at least 65 with less than ten years of credited allowable service shall receive a refundment in an amount equal to his accumulated deductions plus interest except those covered under the provisions of section 354.33, subdivisions 7 or 8, or section 354.44, subdivisions 6 or 7 in which case the refund shall be an amount equal to his accumulated deductions credited to his account as of June 30, 1957 and after July 1, 1957 his accumulated deductions plus interest at the rate of three and one half percent compounded annually.

Sec. 22. Minnesota Statutes 1969, Section 354.49, Subdivision 4, is amended to read:

Subd. 4. Membership in the retirement association of any person shall terminate under the following conditions: (1) If a person takes a refundment pursuant to section 354.49; (2) When a person's retirement annuity first begins to accrue as provided in section 354.44, subdivision 1 and 4; (3) Upon his ceasing to be a "teacher" whether by resignation, dismissal, or termination of temporary or provisional appointment employment for the purpose of determining eligibility for disability or survivorship benefits as provided in sections 354.48, subdivision 1 and 354.46, subdivision 1, respectively.

Sec. 23. Minnesota Statutes 1969, Section 354.50, Subdivision 1, is amended to read:

Subdivision 1. When any member accepts a refundment provided in section 354.49, 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 until the former member acquires not less than three years allowable

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service credit subsequent to taking his last refundment. In that event he may repay such refundment. If more than one refundment has been taken, all refundments must be repaid except that in the case of a member who is covered under section 354.33 because of previously accepting a refundment, such member shall repay an amount equal to the contribution provided under section 354.32, subdivision 1 of the law in effect on June 30, 1969 for any service rendered prior to June 30, 1969, and according to section 354.32, subdivision 1 for any service after July 1, 1969.

Sec. 24. Minnesota Statutes 1969, Section 354.50, Subdivision 3, is amended to read:

Subd. 3. All payments to be made pursuant to this section, shall be made to the retirement board prior to July 1, 1973 or upon within one year after acquiring three years of allowable service credit whichever is later.

Sec. 25. Minnesota Statutes 1969, Section 354.51, Subdivision 4, is amended to read:

Subd. 4. All payments to be made pursuant to section 354.09, subdivisions 1 and 4 shall be made to the retirement board prior to July 1, 1973 or after acquiring the necessary 15 years of allowable service credit whichever is later or within one year after the completion of the Minnesota service requirements prescribed in section 354.09, subdivision 1, whichever is later.

Sec. 26. Minnesota Statutes 1969, Section 354.51, is amended by adding a subdivision to read:

Subd. 5. After July 1, 1971, payment of shortages in deductions on salary earned after July 1, 1961, must be made prior to July 1, 1973 or within one year from the end of the fiscal year in which such deductions were made, whichever is later.

Sec. 27. Minnesota Statutes 1969, Section 354.53, is amended to read:

**354.53 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 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. For service rendered prior to July 1, 1969, the amount of his contribution shall be six percent of his salary not to exceed \$4,800 in any fiscal year ending prior to July 1, 1965, and not to exceed \$7,200 in any fiscal year

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ending prior to July 1, 1967 and not to exceed the deductions pursuant to section 354.42, subdivision 2 in any fiscal year thereafter, an amount equal to six percent of his salary multiplied by the number of years of such military service, together with interest thereon at the rate of four percent per annum from the time such military service was rendered to the first date of payment. The payments hereunder shall not exceed \$175 per year for any service rendered prior to July 1, 1953, \$216 per year for service rendered during the period July 1, 1953 through June 30, 1955, \$288 per year for service rendered during the period July 1, 1955 through June 30, 1957, and \$432 per year for service rendered during the period July 1, 1957 through June 30, 1967. For service rendered subsequent to July 1, 1969 the amount of this contribution shall be an amount equal to seven percent of his salary multiplied by the number of years of such military service, together with interest thereon at the rate of four percent per annum from the time such military service was rendered to the first date of payment. In such cases the employer contribution and additional contribution provided in section 354.42 shall be paid by the state in the manner provided in section 354.43. Payment for military service which is part of any agreement signed by a member in accordance with section 354.51, subdivision 2, is not subject to the provisions of this section.

Sec. 28. Minnesota Statutes 1969, Section 354.55, Subdivision 3, is amended to read:

Subd. 3. Except as provided in section 354.145, any person who ceased teaching service prior to July 1, 1957, 1968, 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. 29. Minnesota Statutes 1969, Section 354.55, Subdivision 8, is amended to read:

Subd. 8. Any person who ceased teaching service prior to July 1, 1968 with 10 or more years of allowable service who left his accumulated deductions in the fund for the purpose of receiving a retirement annuity and is not covered under the provisions of section 354.145, subdivision 1, clause (1) and subdivision 2, clause (1) shall may upon resumption of teaching service for at least 170 days elect to have his annuity benefits at retirement computed calculated in accordance with the law in effect on June 30, 1969 except that if such person resumes teaching service after July 1, 1969 for a period of at least 170 days he shall have his annuity computed under the provisions of sections 354.33, subdivision 1 subdivisions 1, 7, 8, or 9, and 354.34 or 354.44, subdivision 2, and 354.45 except that if a person elects coverage under section 354.44 by virtue of his junior college teaching he may have his benefits at retirement calculated under the provisions of section 354.44, subdivisions 2, 6, or 7. Such election

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must be made within one year of the completion of the 170 day service requirement or prior to July 1, 1972, whichever is later, except that in the event of a member's retirement, such election must be made prior to date of retirement .

Sec. 30. Minnesota Statutes 1969, Section 354.55, Subdivision 9, is amended to read:

Subd. 9. Each annuitant who has commenced drawing his annuity between July 1, 1967 and June 30, 1969, or the beneficiary or beneficiaries of such members who were receiving annuity payments on July 1, 1969, under Minnesota Statutes 1967, Sections 354.33 and 354.34, or 354.44 and 354.45, shall have his annuity recomputed under the provisions of sections 354.33, subdivision 1, or 354.44, subdivision 2. Any additional annuity shall begin to accrue July 1, 1969. In no case shall the amount of the annuity provided herein be less than the amount of annuity payable prior to July 1, 1969.

Sec. 31. Minnesota Statutes 1969, Section 354.55, is amended by adding a subdivision to read:

Subd. 10. WAIVER OF ANNUITY OR BENEFIT. Any benefit to which any person may be entitled under this chapter may be reduced in amount upon application of the person entitled thereto to the board of trustees, provided that such person shall first relinquish in writing all claim to that part of the full benefit which is the difference between the benefit which he would be otherwise entitled to receive and the benefit which he will receive. The reduced benefit shall be payment in full of all amounts due under this chapter for the month for which the payment is made and acceptance of the reduced benefit releases the retirement association from all obligation to pay to such person the difference between the amount of the reduced benefit and the full amount of the benefit which such person would otherwise have received. After July 1, 1971, any benefit reduced under the provisions of this subdivision may not again be restored.

Sec. 32. Minnesota Statutes 1969, Section 354.62, Subdivision 4, is amended to read:

Subd. 4. **GAINS, LOSSES AND EARNINGS.** (1) Turnover gains shall consist of those amounts transferred in accordance with subdivision 5, clauses (2) and (3).

(2) As of June 30 of each fiscal year, the board of trustees shall determine the amount of earnings, realized gains, and appreciation or losses to be distributed to the accounts provided in subdivision 3 of this section. The amount of these distributions shall be in the proportion of the average month-end balance of each account to the total value of all the accounts provided in subdivision 3.

(3) Earnings and realized and unrealized gains or losses shall be credited to the individual member accounts annually but only on

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amounts that have been on deposit for the full year ~~except that in the event of a member's death or retirement, earnings and realized and unrealized gains or losses will be credited through the date of death or to the date of retirement~~ based on a rate of return as defined in section 11.26, subdivision ~~67~~.

(4) Annually on July 1 of each fiscal year a portion of the amount in the variable annuity turnover account shall be distributed to the variable annuity reserve account. The amount of this distribution shall be in the proportion of the value of the variable annuity reserve account to the total value of all the accounts provided in subdivision 3.

Sec. 33. Minnesota Statutes 1969, Section 354.62, Subdivision 5, is amended to read:

Subd. 5. **VARIABLE RETIREMENT ANNUITY.** (1) At retirement the amount of the member's variable ~~annuity account~~ accumulation in the employee variable annuity contribution account, based on the valuation at the previous fiscal year end plus any contributions made by such person since such date, and an equal amount from the employer variable annuity contribution account shall be transferred to the variable annuity reserve account, and the variable retirement annuity for the member shall be determined by the member's age, and sex, and the amount transferred for the member to the variable annuity reserve account at the date of retirement. The amount of the annuity shall be calculated on the basis of the 1937 standard annuity table of mortality set back two years and calculated separately as to sex with an interest assumption of three and one half percent.

~~(1)~~ (2) Whenever the admitted value of the annuity reserve account of the variable annuity division, as of June 30 of any year, exceeds or is less than the then present value of all variable annuities in force, determined in accordance with the rate of interest and approved actuarial tables then in effect, by at least two percent of said present value, the amount of each variable annuity payment shall be proportionately increased or decreased for the following year.

~~(2)~~ (3) The death benefit payable in the event of a member's death prior to retirement will be the lump sum refund of a member's variable account accumulation ~~credited to date of death,~~ based on the valuation at the previous fiscal year end plus any contributions made by such person since such date, to the surviving dependent spouse, or if there is no surviving dependent spouse to his designated beneficiary. Except that if a member has made an election in accordance with section 354.36 or 354.46, then his surviving dependent spouse will receive a joint and survivor annuity as described in sections 354.34 and 354.44 and computed as provided in clause (1) of this subdivision. An amount equal to the lump sum refund made in this clause shall be

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transferred from the employer contribution account to the variable annuity turnover account.

~~(3)~~ (4) Except as provided in section 354.33, subdivision 1, clause (2); section 354.33, subdivisions 8 and 9; section 354.44, subdivision 2, clause (3); and section 354.44, subdivision 7, any person who ceases to be a member by reason of termination of teaching service, shall be entitled to a lump sum refundment of his variable account accumulations, based on the valuation at the previous fiscal year end plus any contributions made by such person since such date. Application for a refundment may be made no sooner than ~~120~~ 30 days after termination of teaching service if the applicant has not again become a teacher. Repayment of a refundment upon resumption of teaching is not permitted under this section. An amount equal to the refundment to the member shall be transferred from the employer contribution account to the variable annuity turnover account.

~~(4)~~ (5) If a member is determined to be totally and permanently disabled as provided in Minnesota Statutes 1967, Sections 354.05, Subdivision 14; 354.37; and 354.48, he shall be entitled to the annuity provided in subdivision 5 of this section.

~~(5)~~ (6) Those members eligible for retirement as provided in Minnesota Statutes 1967, Section 354.44, Subdivision 1 will upon application for the annuity provided therein be entitled to the annuity provided in subdivision 5. The annuity elected in accordance with Minnesota Statutes 1967, Section 354.33, 354.34, 354.44, and 354.45 shall be the annuity applicable to subdivision 5.

~~(6)~~ (7) Notwithstanding section 356.18, increases in annuity payments pursuant to this section will be made automatically unless written notice is filed by the annuitant with the teachers retirement association board requesting that the increase shall not be made.

(8) At retirement, a member may elect to have the amount of his variable annuity accumulation in the employee variable annuity contribution account and an equal amount from the employer variable annuity contribution account transferred to the Minnesota adjustable fixed benefit fund as provided in section 354.63, subdivision 2, clause (2). Such election shall be made on a form provided by the board of trustees.

Sec. 34. Minnesota Statutes 1969, Section 354.63, Subdivision 2, is amended to read:

Subd. 2. **VALUATION OF ASSETS; ADJUSTMENT OF BENEFITS.** (1) As of June 30, 1969, the present value of all annuities in force as of June 30, 1969 and as amended in accordance with Laws 1969, Chapter 485, except for the annuities of those persons who retired pursuant to Laws 1915, Chapter 199, as amended, shall be determined in accordance with the 1937 standard annuity table of mortality set back two years and calculated separately as to sex, with

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an interest assumption of three and one half percent, and assets representing the required reserves for these annuities shall be transferred to the Minnesota adjustable fixed benefit fund, during a period of one year in accordance with procedures specified in section 11.25.

(2) Effective July 1, 1969 for those members retiring pursuant to sections 354.05 to 354.14 and 354.31 to 354.61 and acts amendatory thereof, the required reserves as determined in accordance with these sections shall be transferred to the Minnesota adjustable fixed benefit fund as of the date of retirement ~~except for any variable annuity account accumulations credited in accordance with section 354.62~~. The 1937 standard annuity table of mortality set back two years and calculated separately as to sex, with an interest assumption of three and one half percent will be used to determine the amount to be transferred.

(3) Annually as of July 1 of each fiscal year the annuity payments made from the participation in the Minnesota adjustable fixed benefit fund shall be adjusted in accordance with the following procedures. Any adjustment in the amount of annuity payments shall become effective with the first payment falling due after December 31 next succeeding the July 1 as of which the adjustment was determined. A determination shall be made of the present value of all annuities in force payable from the participation in the Minnesota adjustable fixed benefit fund calculated in accordance with the mortality and interest assumptions then in effect. The ratio of the participation in the fund to such present values shall be determined and stated as a percentage of the total present value to the last full .5 of 1 percent. If such ratio is greater than 98 percent and less than 102 percent no adjustment of annuities will be made. If the ratio is equal to or greater than 102 percent or is equal to or less than 98 percent, the annuity payments currently payable shall be ~~increased or decreased in the ratio so determined for the 12-month period beginning with the first payment due after December 31 next succeeding the valuation date, provided that the annuity payment to any annuitant shall never be an amount less than the amount originally determined on the date of retirement or on July 1, 1969, whichever is later but not including the supplemental benefit provided for in section 354.55, subdivision 6.~~ For the purpose of calculating the adjustments provided herein, all teachers retiring during any fiscal year shall be deemed to have retired in the same class as of June 30 preceding their date of retirement and all annuitants in such class are equally entitled to any adjustment of annuity payments. All teachers retired prior to July 1, 1969 shall be in the same class as those retiring between July 1, 1969 and June 30, 1970. If the value of the participation in the Minnesota adjustable fixed benefit fund goes below the value of the reserves required to support the amount originally determined on the date of retirement or on July 1, 1969, whichever is later but not including the

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supplemental benefit provided for in section 354.55, subdivision 6, for any annuitant or class of annuitants, the excess of the amount paid over the amount which the reserves would support must be recovered by withholding the amount of any future increases in annuity payments to which the annuitant or class of annuitants would be otherwise entitled until the sum of the amounts withheld equals such accumulated excess. After any deficiency is recovered in full, the annuity will be increased on the basis of the cumulative ratio of assets to reserves currently applicable to such annuitant or class of annuitants. Exact procedures to be followed in making determinations as to the amounts to be received by persons commencing to receive benefits during the various fiscal years shall be determined by the board of trustees of the teachers retirement association in accordance with accepted actuarial and accounting practices.

(4) Notwithstanding section 356.18, increases in annuity payments pursuant to this section will be made automatically unless written notice is filed by the annuitant with the teachers retirement association board requesting that the increase shall not be made.

Sec. 35. Minnesota Statutes 1969, Section 355.46, is amended by adding a subdivision to read:

Subd. 5. After July 1, 1971, any member of the fund who elects social security coverage thereby causing the board of trustees of the teachers retirement association to pay retroactive social security employee taxes from his account, shall be required to reimburse the said association in an amount equal to the difference which occurs when employee contributions at the rate of seven percent of his total salary are subtracted from the sum of three and one half percent of his total salary plus the amount of social security employee taxes paid on such salary in accordance with the federal insurance contribution act covering public service after January 1, 1971. In the event any such member does not reimburse the association within one year, or before retirement, whichever is earlier, following notification by the teachers retirement association of the amount so due, formula service credit will be prorated in accordance with section 354.05, subdivision 25.

Approved March 5, 1971.

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## CHAPTER 41—H.F.No.569

*An act relating to intoxicating liquor; prohibiting sales of intoxicating liquor in described areas of the Southwest state college*

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