

CHAPTER 624—H.F.No.1626

[Coded in Part]

An act relating to retirement; the Minnesota unclassified employees retirement program; amending Minnesota Statutes 1971, Chapter 352D, by adding sections; Sections 352D.01, 352D.02, 352D.03, 352D.04, 352D.05, 352D.06, and 352D.09; repealing Minnesota Statutes 1971, Sections 352D.07, and 352D.08.

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

Section 1. Minnesota Statutes 1971, Section 352D.01, is amended to read:

352D.01 RETIREMENT; UNCLASSIFIED EMPLOYEES RETIREMENT PROGRAM; ESTABLISHMENT. There is hereby established within the Minnesota state retirement system a retirement program for certain unclassified employees in state service to be known as the Minnesota unclassified employees retirement program, which shall be administered by the Minnesota state retirement system.

Sec. 2. Minnesota Statutes 1971, Chapter 352D, is amended by adding a section to read:

[352D.015] DEFINITIONS. Subdivision 1. As used in this chapter, unless the context or subject matter indicates otherwise, the following terms shall have the meanings given.

Subd. 2. "Unclassified program" means the program established by this chapter.

Subd. 3. "Supplemental fund" means the fund established and governed by Minnesota Statutes, Sections 11.18 to 11.24.

Subd. 4. "Regular fund" means the state employees retirement fund except the moneys for the unclassified program.

Subd. 5. "Covered employment" means employment covered by Minnesota Statutes, Chapter 352, or this chapter.

Subd. 6. "Employee shares" means shares in the supplemental fund purchased with the employee's contributions.

Subd. 7. "Employer shares" means shares in the supplemental fund purchased with the employer's contributions.

Subd. 8. "Total shares" means all the employee shares and employer shares credited to a participant. Where applicable, the term "contributions" shall mean "shares."

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

Subd. 9. "Value" means cash value at the end of the month following receipt of an application or if no application is required then the end of the month in which the event necessitating the transfer occurs.

Subd. 10. "Qualified person" is a person with 42 months or more of service in the unclassified service and employer shares credited to his account with respect to that service.

Sec. 3. Minnesota Statutes 1971, Section 352D.02, is amended to read:

352D.02 COVERAGE. Subdivision 1. The following employees in the unclassified service of the state who are eligible for coverage under the Minnesota state retirement system shall be eligible for participation in the unclassified program:

(1) Any employee in the office of the governor, lieutenant governor, secretary of state, state auditor, state treasurer, attorney general, revisor of statutes or the state board of investment presently or in the future employed by the state of Minnesota on a full-time basis in the unclassified service,

(2) Any department, division, or agency head, assistant department head or deputy or any employee enumerated in sections 15A.05 to 15A.091, inclusive Minnesota Statutes, Sections 15A.081, Subdivision 1 or 15A.083, Subdivision 3, and

(3) Any permanent, full-time unclassified employee of the legislature or any commission or agency of the legislature or a part-time legislative employee having shares in the supplemental retirement fund whether or not eligible for coverage under the Minnesota state retirement system, shall be eligible for participation in the retirement program provided by sections 352D.01 to 352D.09, provided he gives notice of his desire to participate to the board of directors executive director of the Minnesota state retirement system prior to January 1, 1972, or, in the case of employees commencing employment on or after July 1, 1971, In the case of a new or present employee in the unclassified service, notice shall be given within six months following commencement of their his employment or the effective date of this act. In the case of a former employee with coverage in the regular fund, notice shall be given not less than six nor more than 12 months following commencement of his eligibility under this chapter. Initial applications made prior to June 15, 1971, shall be effective as of July 1, 1971. Commencing on the date of transfer, any future employer and employee contributions, less any employer's contribution to amortize past deficits, shall be used to purchase shares in the Minnesota supplemental retirement fund, established in section 11.18.

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Subd. 2. A person becoming a participant in the unclassified program by virtue of his inclusion in chapter 15A and remaining in the unclassified service shall remain a participant in such program even though the position he occupies is deleted from chapter 15A by subsequent amendment, except that a person shall not be eligible to elect the unclassified program after separation from unclassified service if on his return to such service that position is not listed in the applicable sections of chapter 15A. Any person enumerated in subdivision 1 shall cease to participate in the unclassified program in the event his position is placed in the classified service.

Subd. 3. An election to participate is irrevocable during any period of covered employment. An employee on resuming unclassified service after separation from the unclassified service may make an election under this section if his position is covered by the unclassified program.

Subd. 4. When any person elects participation in the unclassified program all contributions from the time first eligible to make such an election shall be covered by the program.

Sec. 4. Minnesota Statutes 1971, Section 352D.03, is amended to read:

~~352D.03 TRANSFER OF ASSETS. Effective July 1, 1971, and January 1, 1972, depending upon the application date of the participant, A sum of money representing the assets credited to each present employee exercising the option contained in section 352D.01 352D.02, plus an equal employer contribution together with interest for the employment period at the actuarially assumed rates during this period, compounded annually, shall be transferred to the invested treasurer's cash fund established by section 11.10, or, if so desired by the state auditor, an unclassified employees transfer investment account. Any employer's contribution to amortize the deficit in the state employee's retirement fund shall not, however, be transferred. Funds thus transferred shall be used for the purchase of shares on behalf of each employee in the two accounts of the supplemental retirement fund established by section 11.18, in substantially equal monthly installments over a 24 month period. Funds invested in the invested treasurer's cash fund shall earn interest at a rate determined by the state board of investment, consistent with the current earnings rate of that fund, or participants shall receive the approximate proportional share of investment earnings from the unclassified employees transfer investment account. An employee terminating his employment within the 24 month period shall be entitled to withdraw one half of the cash value of the shares credited to his account and one half of the funds remaining to his credit in the invested treasurer's cash fund or the unclassified employees transfer investment account together~~

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~~with the interest accrued thereon. Any employer's contribution to amortize the deficit in the state employee's retirement fund shall not, however, be used for the purchase of shares.~~

Sec. 5. Minnesota Statutes 1971, Section 352D.04, is amended to read:

352D.04 INVESTMENT OPTIONS. Subdivision 1. An employee exercising his option to participate in the retirement program provided by ~~sections 352D.01 to 352D.09~~ this chapter may elect to purchase shares in either the income share account or a combination of the income share account and the growth share account of the supplemental retirement fund in accordance with one of the following options:

- (1) 100 percent invested in the income share account;
- (2) 75 percent invested in the income share account and 25 percent invested in the growth share account; or
- (3) 50 percent invested in the income share account and 50 percent invested in the growth share account.

~~Prior to July 1 of each year, each participant may indicate in writing on forms provided by the Minnesota state retirement system his choice of options in accordance with the rules and procedures established in section 136.81, subdivision 3, except that the shares so purchased shall stand in the name of the board of directors of the Minnesota state retirement system for subsequent purchases of shares. For that year and thereafter until a different written indication is made by such participant the executive director shall purchase shares in the supplemental fund as selected by the participant. If no initial option is chosen, 100 percent income shares shall be purchased for a participant.~~

Subd. 2. The moneys used to purchase shares under this section shall be the employee and employer contributions as provided in section 352.04, subdivisions 2 and 3(1). Except as authorized by section 12 of this act, the additional amount provided in section 352.04, subdivision 3(2) shall remain in the regular fund.

Sec. 6. Minnesota Statutes 1971, Section 352D.05, is amended to read:

352D.05 WITHDRAWAL OPTIONS. Subdivision 1. Except as authorized by section 7 of this act, no withdrawal of contributions shares shall be permitted prior to termination of covered employment of an employee in the unclassified service.

Subd. 2. Upon termination of covered employment prior to attaining the age of 65 years, an employee with less than 42

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~~months of service who is not a qualified person shall, upon application at time of termination or at any future time, be paid entitled to withdraw the cash value of the his total shares purchased from the employee's contributions as valued at the month-end following the receipt of such application. The cash value of the shares purchased from the employer's contributions shall be appropriated to the Minnesota state retirement system in payment of administrative costs for the Minnesota unclassified employees' retirement program.~~

Subd. 3. ~~Upon termination of covered employment prior to attaining the age of 65 years, an employee with more than 42 months of service or at any time thereafter a qualified person shall be entitled to withdraw the cash value of the his total shares purchased from the employee's contributions as valued at the month-end following the receipt of such application or may leave such shares on deposit with the supplemental retirement fund. Shares purchased from the employer's contributions, together with any shares purchased from the employee's contributions and not withdrawn, shall remain on deposit with the supplemental retirement fund until the former employee participant attains the age of 65 at least 58 years, at which time the cash value of such shares shall be transferred to the Minnesota adjustable fixed benefit fund established by section 11.25, and used for the purpose of providing pension benefits for such former employee in accordance with the annuity tables and interest assumptions then in effect for the Minnesota state retirement system. Any former employee previously covered by the provisions of sections 352D.01 to 352D.09 who has shares in the Minnesota supplemental retirement fund and who returns to work in the unclassified service as described in section 352D.02, even though such new employment be on a temporary, part-time basis with the legislature or a committee or commission of the legislature, shall, at such employee's option, have all employer's and employee's deductions credited to such employee's account in the Minnesota unclassified employees' retirement program. Upon attaining the age of 65 years, a former employee may withdraw the cash value of shares purchased with the employee's contribution over a five year period, but only as provided in section 136.82, subdivision 1, clauses (1), (2), and (3). The value of shares purchased with the employer's share of contributions shall, however, remain in the fund for the purpose of providing reduced pension benefits for the former employee and applies for an annuity as provided in section 352D.06, subdivision 1.~~

Subd. 4. No person shall be permitted to repay the value of shares withdrawn from the unclassified program, but a participant in the unclassified program may repay regular refunds as provided in section 352.23.

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Subd. 5. No payment shall be made under this section to a person in covered employment.

Sec. 7. Minnesota Statutes 1971, Section 352D.06, is amended to read:

352D.06 ANNUITIES. Subdivision 1. When a qualified person attains at least age 58, is retired from covered service, and applies for a retirement annuity. Upon retirement at age 65 or thereafter the cash value of his shares purchased for an employee shall be transferred to the Minnesota adjustable fixed benefit fund and used to provide pension benefits an annuity for the retired employee based upon his age when the benefit begins to accrue according to the reserve basis used by the Minnesota state retirement system regular fund in determining pensions and reserves.

Subd. 2. A qualified person may, at his option, in his application for an annuity apply for and receive the value of the employee shares and thereafter receive an annuity, as provided in subdivision 1, based on the value of the employer shares.

Subd. 3. An annuity herein shall begin to accrue the first day of the first full month after an application is received or after termination of state service, whichever is later.

Sec. 8. Minnesota Statutes 1971, Chapter 352D, is amended by adding a section to read:

[352D.065] DISABILITY BENEFITS. Subdivision 1. If a participant in the unclassified program who is not a qualified person becomes totally and permanently disabled he may, even if on leave of absence without pay, receive the value of his total shares.

Subd. 2. If a qualified person becomes totally and permanently disabled he may, at his option, even if on leave of absence without pay, receive:

- (1) The value of his total shares;
- (2) The value of the employee shares and an annuity based on the value of the employer shares; or
- (3) An annuity based on the value of his total shares.

Subd. 3. The annuity payable under this section shall begin to accrue the first day of the month following the date of disability and shall be based on the qualified person's age when the annuity begins to accrue. The shares shall be valued as of the end of the month following authorization of payments.

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Subd. 4. The benefits payable under this section shall not be reduced by amounts received or receivable under applicable workmen's compensation laws.

Subd. 5. An unclassified employee who returns to covered service after receiving benefits under this section shall not be required or allowed to repay such benefits.

Sec. 9. Minnesota Statutes 1971, Chapter 352D, is amended by adding a section to read:

[352D.075] DEATH BENEFITS. Subdivision 1. If either a participant in the unclassified program who is not a qualified person or a former participant who is not a qualified person but has employee shares to his credit dies, the value of his total shares shall be paid to his named beneficiary, or if none, to his spouse, but if no beneficiary has been named and there is no spouse then to the estate of such deceased participant.

Subd. 2. If a qualified person dies leaving a spouse and no beneficiary is named or the spouse is named beneficiary, the spouse may receive:

(1) The value of his total shares;

(2) The value of his employee shares and beginning at age 58 or thereafter receive an annuity based on the value of the employer shares, provided that if the spouse dies before receiving any annuity payments the value of said shares shall be paid to the estate of the spouse; or

(3) Beginning at age 58 or thereafter receive an annuity based on the value of the total shares, provided that if the spouse dies before receiving any annuity payments the value of said shares shall be paid to the estate of the spouse; and further provided, if said spouse dies after receiving annuity payments but before receiving payments equal to the value of the employee shares, the value of the employee shares remaining shall be paid to the estate of the spouse.

Subd. 3. If a qualified person dies and has named a beneficiary, the value of the total shares shall be paid to such beneficiary, but if such beneficiary dies before receiving payment, or if no beneficiary has been named, the value of said shares shall be paid to the estate of such qualified person.

Sec. 10. Minnesota Statutes 1971, Chapter 352D, is amended by adding a section to read:

[352D.085] COMBINED SERVICE. Subdivision 1. Service under the unclassified program for which the employee has em-

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ployee shares to his credit, may be used for the limited purpose of qualifying for benefits under sections 352.115, 352.72, subdivision 1, and 352.113; provided such service may not be used to qualify for a disability benefit under section 352.113 if a participant was under the unclassified program at the time of the disability, and provided further that the years of service and salary paid while such participant was in the unclassified program shall not be used in determining the amount of benefits.

Subd. 2. Years of service under the regular fund may not be used in determining rights under the unclassified program, except that a person whose unclassified service, regular fund service, and combined service, under section 352.72, subdivision 1 equals 10 years or more shall be deemed to be a qualified person with respect to all unclassified service for which he has employee's shares to his credit.

Sec. 11. Minnesota Statutes 1971, Section 352D.09, is amended to read:

352D.09 ADMINISTRATION. Subdivision 1. The provisions of sections 352D.01 to 352D.09 shall be administered by the Minnesota state retirement system. ~~The board of directors of the Minnesota state retirement system shall possess the powers and duties granted by the provisions of chapter 352, shall govern~~ in all instances where not inconsistent with the provisions of sections 352D.01 to 352D.09.

Subd. 2. Whenever redemption or purchases from the supplemental retirement fund are required to be made, the executive director shall make them.

Subd. 3. The executive director shall annually distribute the prospectus prepared by the supplemental fund, by July 1 or when received from such fund, whichever is later, to each participant in covered employment.

Subd. 4. Whenever benefits or withdrawals are authorized or required to be paid, payment shall be made only after receipt of an application signed by the person or representative authorized to receive the benefit or withdrawal; such application shall be made only on forms authorized by the executive director.

Subd. 5. If the beneficiary, surviving spouse or estate has not made application for benefits within ten years after the date of death of a participant the value of the shares shall be appropriated to the regular fund and provisions of section 352.12, subdivision 12 shall govern. If a former participant fails to make a claim for benefits within five years after termination of covered service or by age 70, whichever is later, the value of the shares shall be appropriated to the regular fund and the provisions of section 352.22, subdivision 8 shall apply.

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Subd. 6. The monthly annuities payable under this chapter may be paid by a single installment at the beginning of a calendar year, for annuities accrued in the previous year, when requested by the annuitant and approved by the executive director.

Subd. 7. One-tenth of one percent of salary shall be deducted from the employee contributions authorized by section 352.04, subdivision 2, and one-tenth of one percent of salary from the employer contributions authorized by section 352.04, subdivision 3(1) to pay the administrative expenses of the unclassified program.

Sec. 12. [352D.10] ADDED EMPLOYER CONTRIBUTIONS. Any added percentage of payroll contributions attributable to earnings of an employee who has elected to participate in the unclassified employees program established pursuant to Minnesota Statutes, Chapter 352D, which is paid by the employer shall be limited to the amount required to eliminate any currently existing deficit as of June 30, 1971. If such deficit is increased due to additional benefits to employees not participating in the unclassified employees program or due to a change in the actuarially assumed interest rate, the appropriate amount of employer contribution shall be paid toward the purchase of units in the account of each individual member of the unclassified employees program.

Sec. 13. Minnesota Statutes 1971, Sections 352D.07 and 352D.08, are repealed.

Sec. 14. This act is effective July 1, 1973.

Approved May 23, 1973.

CHAPTER 625—H.F.No.1635

[Not Coded]

An act relating to Bois Forte Indian Reservation at Nett Lake; providing for the retrocession to the United States of America of all criminal jurisdiction in that area of Indian country.

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

Section 1. BOIS FORTE INDIAN RESERVATION; CRIMINAL JURISDICTION; RETROCESSION TO UNITED STATES; STATEMENT OF FACTS. The state of Minnesota was, by the Act of Congress of August 15, 1953, generally known as Public Law 280, given full civil and criminal jurisdictions over all of the Indians

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