

any moneys in the state treasury not otherwise appropriated, such moneys as are required to meet the deficiencies. The amount of the appropriation made by these provisions shall be certified by the executive director of the higher education coordinating commission to the state auditor whenever the appropriation shall be necessary.

Sec. 4. The sum of \$100,000 is hereby appropriated from the general fund of the state treasury to the higher education coordinating commission for the biennium beginning July 1, 1973. The appropriation shall be used for a reserve fund for repayment of cancelled or uncollectible loans made in accordance with the provisions of this act.

Sec. 5. **[147.33] RECOMMENDATIONS; AREAS OF NEED; APPLICANTS.** The state board of medical examiners shall make recommendations to the commission with respect to areas of need and applicants for assistance.

Sec. 6. This act is effective the day following final enactment.
Approved May 24, 1973.

CHAPTER 728—H.F.No.358

[Coded in Part]

An act relating to teachers retirement association; amending Minnesota Statutes 1971, Sections 136.80, Subdivision 1; 136.82, Subdivision 2; 354.05, Subdivision 25; 354.07, Subdivision 1; 354.09, Subdivision 3; 354.31; 354.32; 354.33, Subdivisions 1, 5, 7, and 8; 354.39; 354.41, Subdivision 3; 354.42, Subdivisions 2, 3 and 5; 354.44, Subdivisions 2, 6 and 7; 354.45, Subdivision 2; 354.46, Subdivision 1; 354.48, Subdivision 3; 354.50, by adding a subdivision; 354.55, Subdivisions 3 and 8, and by adding subdivisions; 354.62, Subdivisions 2 and 5; 354.63, Subdivision 2; and 11.25, by adding a subdivision; repealing Minnesota Statutes 1971, Section 354.09, Subdivision 5.

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

Section 1. Minnesota Statutes 1971, Section 136.80, Subdivision 1, is amended to read:

136.80 RETIREMENT; TEACHERS; SUPPLEMENTAL RETIREMENT. Subdivision 1. A supplemental retirement plan for personnel employed by the state college board and the state

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junior college board who are in the unclassified service of the state commencing ~~with service under their third July 1 following the completion of the second year of their full time contract~~ shall be covered under the terms and conditions of sections 136.81 to 136.86.

Sec. 2. Minnesota Statutes 1971, Section 136.82, Subdivision 2, is amended to read:

Subd. 2. A person having shares to the credit of his employee's share account record, who is authorized to request redemption of such shares pursuant to paragraphs (1) or (2) of subdivision 1 of this section, or a surviving spouse of such person who is authorized to request redemption of such shares pursuant to paragraph (3) of subdivision 1 of this section, may, if he requests redemption within one year before or after the date on which the person or spouse is entitled to request such redemption, redeem all or part of such shares, and for the purpose of purchasing an annuity as herein provided (and such election to purchase an annuity may be made only once by any individual) deposit the cash realized on such redemption with the board of trustees of the teachers retirement fund and receive in exchange therefor an annuity for life or an optional annuity as hereinafter provided. In the event such election is made prior to the date on which he is entitled to such redemption, the redemption shall not be made prior to date upon which he would be entitled thereto. The annuity purchase rates shall be based on ~~the 1937 standard annuity table of mortality set back two years,~~ an appropriate annuity table of mortality with interest at the rate of three and one half percent, and shall be calculated separately as to sex as provided in section 354.07, subdivision 1. The amount of the annuity for life is an amount equal to the annuity which could be purchased with the cash realized on the redemption of the shares. The board of trustees of the teachers retirement fund shall establish an optional joint and survivor annuity, an optional annuity payable for a period certain and for life thereafter, and an optional guaranteed refund annuity paying the annuitant a fixed amount for life with the guarantee that in the event of death the balance of the cash realized from the redemption of shares will be paid to the designated beneficiary. Such optional forms of annuity shall be actuarially equivalent to the normal annuity for life. In establishing these optional forms the board of trustees shall obtain the written recommendation of an approved actuary and these recommendations shall be a part of the permanent records of the board of trustees.

Sec. 3. Minnesota Statutes 1971, Section 354.05, Subdivision 25, is amended to read:

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

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(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

(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. For purposes of this subdivision, the maximum contribution allowable after July 1, 1967, shall be defined as the maximum in effect immediately prior to such date, and/or

(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, 354.42, and 354.51.

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

Sec. 4. Minnesota Statutes 1971, Section 354.07, Subdivision 1, is amended to read:

354.07 POWERS OF THE BOARD. Subdivision 1. The board shall have, and is hereby granted, power to frame bylaws for its own government and for the management of the fund not inconsistent with the laws of the state and to modify them at pleasure; to adopt, alter, and enforce reasonable rules and regulations not inconsistent with the laws of the state for the administration and management of the fund, for the payment and collection of payments from members, and for the payment of withdrawals and benefits; to pass upon and allow or disallow all applications for membership in the fund and for credit for teaching service; to pass upon and allow or disallow all claims for withdrawals, pensions, or benefits payable from the fund; to adopt an appropriate mortality

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table based on experience of the fund as recommended by the association actuary, with interest at the rate of five percent; to provide for the payment out of the fund of all necessary expenses for the administration thereof and of all claims for withdrawals, pensions, or benefits allowed.

Sec. 5. Minnesota Statutes 1971, Section 354.09, Subdivision 3, is amended to read:

Subd. 3. ~~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 appropriate 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 year prior to July 1, 1965, such payment shall not exceed \$288 and for any year prior to July 1, 1967, payment shall not exceed \$432 and for any subsequent year payment shall be made pursuant to section 354.32, subdivision 1 and section 354.42, subdivision 2 This payment must be made within one year following termination of leave of absence. 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. A sabbatical leave for the purpose of this subdivision must be compensated by a minimum of one third of the salary the member received during the prior fiscal year. If the employee contributions during the period of the leave are less than the contributions based on the salary received during the year immediately preceding the leave, his formula service credit shall be prorated according to section 354.05, subdivision 25, clause (4).~~

Sec. 6. Minnesota Statutes 1971, Section 354.31, is amended to read:

354.31 SCOPE AND APPLICATION. Sections 354.31 to 354.39 apply to any member of the teachers retirement association included in any agreement or modification made between the state and secretary of health, education and welfare, making the provisions of the federal old age and survivors insurance act applicable to such members. Sections 354.31 to 354.39 also apply to any school

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district or institution employing such member. Except as otherwise specifically provided in sections 354.31 to 354.39, the provisions of sections 354.05 to 354.14 354.145 and 354.41 to 354.55, and acts amendatory thereof, shall apply.

Sec. 7. Minnesota Statutes 1971, Section 354.32, is amended to read:

354.32 CONTRIBUTIONS BY EMPLOYER AND EMPLOYEE. Subdivision 1. The employee contribution to the teachers retirement fund shall be an amount equal to ~~three and one half~~ four percent of the salary of every member. This contribution shall be made by deduction from salary. Where any portion of a member's salary is paid from other than public funds, such member's employee contribution shall be based on the entire salary received. For the purposes of financing the various options related to the variable annuity division, employee variable annuity contributions will be credited in accordance with section 354.62, subdivision 2.

Subd. 2. Prior to July 1, 1975 the employer contribution to the fund shall be an amount equal to three and one half percent of the salary of each member. Effective July 1, 1975 the employer contribution to the fund shall be an amount equal to four percent of the salary of each member. For purposes of financing the various options related to the variable annuity division employer contributions equal to the employee variable annuity contributions prescribed in section 354.62, subdivision 2, will be allocated at the same time to the employer variable annuity contribution account in section 354.62, subdivision 3.

Subd. 3. Prior to July 1, 1975 an additional employer contribution of two percent shall be made to the fund based on the salary of each member for the purpose of amortizing the deficit in the fund. Effective July 1, 1975 an additional employer contribution shall be made in the amount of two and one-half percent of the salary of each member for the purpose of amortizing the deficit in the fund.

Sec. 8. Minnesota Statutes 1971, Section 354.33, Subdivision 1, is amended to read:

354.33 COMPUTATION OF RETIREMENT ANNUITIES. Subdivision 1. (1) The amount of the retirement annuity is an amount equal to the annuity which could be purchased by the member's accumulated deductions, the employer's contribution, and interest. The retirement purchase rates shall be based on ~~the 1937 standard annuity table of mortality set back two years,~~ an appropriate annuity table of mortality with interest at ~~the rate of three and one half percent and calculated separately as to sex as~~

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provided in section 354.07, subdivision 1. The accumulated deductions, employer's contribution and interest earned shall be computed as follows:

(a) double the member's accumulated deductions plus interest to July 1, 1957, and

(b) the member's accumulated deductions plus interest credited to the member's account from July 1, 1957 to date of retirement, plus 20 percent of this sum, and

(c) the employer's contributions in an amount equal to the member's accumulated deductions from July 1, 1957, to date of retirement plus interest credited to the member's account from July 1, 1957, to date of retirement.

(2) Each member who is covered under clause (1) of this subdivision who elects the variable annuity option shall have the sum of any benefits provided herein and the variable annuity benefits provided in section 354.62, subdivision 5.

Sec. 9. Minnesota Statutes 1971, Section 354.33, Subdivision 5, is amended to read:

Subd. 5. Notwithstanding the provisions of ~~subdivision 1~~ section 354.55, subdivision 3, when any person retires after the effective date of this act who (a) ~~on July 1, 1959~~ had ~~has~~ ten or more years of allowable service, and (b) does not have any retroactive social security coverage by reason of his position in the retirement system, and (c) does not qualify for old age and survivor primary benefits at the time of retirement, the annuity shall be computed under section 354.44, subdivision 2 of the law in effect on June 30, 1969, except that accumulations after June 30, 1957, shall be calculated using the same mortality table and interest assumption used to transfer the required reserves to the Minnesota adjustable fixed benefit fund.

Sec. 10. Minnesota Statutes 1971, 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.

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~~(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 formula service prior to that date.~~

~~(b) For each year all years of formula service credit subsequent to June 30, 1957, "average salary" of a member for the purpose of determining his the member's retirement annuity means his the average 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 for the highest five consecutive years within the last ten years of formula service credit.~~

(2) The average salary as defined in clause (1) hereof, of any member multiplied by ~~the applicable percentages indicated below one percent per year of formula service credit for the first ten years and 1.5 percent for each subsequent year of formula service credit 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

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- ~~(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 except that for any member who has 30 or more years of allowable service credit, such reduction shall be applied only for each month such member is under age 62.

Sec. 11. Minnesota Statutes 1971, Section 354.33, Subdivision 8, is amended to read:

Subd. 8. The benefits provided in this subdivision are the sum of the benefits provided by the following:

(1) The benefits provided in subdivision 7 for formula service credit to the effective date of the election of this subdivision; and

(2) The benefits for service credit subsequent to the effective date of the election of this subdivision shall be the average salary as defined in subdivision 7, clause (1) of any member multiplied by the applicable percentages indicated below: .5 percent per year of formula service credit for the first ten years and .75 percent for each subsequent year of formula service credit.

(a) Years of Formula Service Credit Earned Subsequent to the date of the election of this subdivision	Percentages at the Rate of:
(1) First ten years	.36 percent per year of service
(2) Second ten years or fractional part thereof less than such period	.8 percent per year of service
(3) Third ten years or fractional part thereof less than such period	1.1 percent per year of service
(4) Subsequent years or fractional part thereof	1.4 percent per year of service

and (3) the benefits provided in section 354.62, subdivision 5.

Sec. 12. Minnesota Statutes 1971, Section 354.39, is amended to read:

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354.39 EFFECTIVE DATE; APPLICATION. Sections 354.31 to 354.39 take effect on the date any agreement or modification is made between the state and the secretary of health, education and welfare making such agreement or modification applicable to service performed in positions covered by the teachers retirement association. Sections 354.31 to 354.39 shall apply to any coverage group consisting of members of the teachers retirement association included in any such agreement or modification except that after July 1, 1971, any member of the teachers retirement association employed in a new state college and other new institutions of higher learning not included in any agreement or modification made between the state and the secretary of health, education and welfare, making the provisions of the federal old age and survivors insurance act applicable to such members, shall be covered under the provisions of sections 354.31 to 354.39.

Sec. 13. Minnesota Statutes 1971, 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 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) 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 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). 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.

(3) Teachers retirement deductions made prior to July 1, 1973 from the salary of any annuitant who was qualified for membership in the fund under clause (1) of this subdivision at the time such deductions were made, shall be applicable to the computation of an annuity as provided under clause (1) of this subdivision even if the written notice required in clause (2) of this subdivision has not been filed. The teaching service related to such retirement

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deductions shall be deemed to be allowable service credit which is applicable to the completion of the five years of allowable service required in clause (2) of this subdivision.

Sec. 14. Minnesota Statutes 1971, Section 354.42, Subdivision 2, is amended to read:

Subd. 2. The employee contribution to the fund shall be an amount equal to ~~seven~~ eight percent of the salary of every member. This contribution shall be made by deduction from salary ~~in the manner provided in subdivision 4.~~ Where any portion of a member's salary is paid from other than public funds, such member's employee contribution shall be based on the entire salary received. For purposes of financing the various options related to the variable annuity division, employee variable annuity contributions will be credited in accordance with section 354.62, subdivision 2.

Sec. 15. Minnesota Statutes 1971, Section 354.42, Subdivision 3, is amended to read:

Subd. 3. Prior to July 1, 1975 the employer contribution to the fund shall be an amount equal to seven percent of the salary of every member. Effective July 1, 1975 the employer contribution to the fund shall be an amount equal to eight percent of the salary of each member. This contribution shall be made in the manner provided in section 354.43. For purposes of financing the various options related to the variable annuity division employer contributions equal to the employee variable annuity contributions prescribed in section 354.62, subdivision 2, will be allocated at the same time to the employer variable annuity contribution account in section 354.62, subdivision 3.

Sec. 16. Minnesota Statutes 1971, Section 354.42, Subdivision 5, is amended to read:

Subd. 5. Prior to July 1, 1975 an additional employer contribution shall be made in the amount of two percent of the salary of each member for the purpose of amortizing the deficit in the fund. Effective July 1, 1975 an additional employer contribution shall be made in the amount of two and one half percent of the salary of each member for the purpose of amortizing the deficit in the fund. This contribution shall be made in the manner provided in section 354.43.

Sec. 17. Minnesota Statutes 1971, Section 354.44, Subdivision 2, is amended to read:

Subd. 2. **COMPUTATION OF MONEY PURCHASE ANNUITY.** The amount of retirement annuity is an amount equal to double the annuity which could be purchased by the member's

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accumulated deductions plus interest thereon. The annuity shall be determined by the member's age, his sex, double the amount of his accumulated deductions, double the interest earned on the accumulated deductions, and the appropriate mortality tables and interest rates. For the purpose of determining the amount of the annuity, the accumulated deductions prior to July 1, 1957, and the accumulated deductions subsequent to July 1, 1957, shall be considered separately.

(1) For service rendered prior to July 1, 1957, the accumulated deductions for any member shall be carried forward at a fixed amount which is shown credited to his account as of that date. That fixed amount shall also include any payments in lieu of salary deductions which are to be made in the future and are actually so made pursuant to an agreement executed between the member and the board as authorized by section 354.50 or any other authorized payments made by the member to the fund. The annuity granted with respect to such period shall be determined by the following:

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

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

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

(a) accumulated deductions for such period;

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

(c) interest credited on accumulated deductions including prior credited interest provided in paragraph (1) from July 1, 1957, to the date of retirement;

(d) after the amount available for an annuity granted with respect to such person is determined in accordance with the provisions of this subdivision, an additional amount equal to 20 percent of the sum of clause (2) (a) plus interest credited to members account from July 1, 1957 to date of retirement is to be added. This added amount is not to be doubled as provided for other amounts determined in this subdivision;

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~~(e) annuity purchase rate based on the 1937 standard annuity table of mortality set back two years and calculated separately as to sex, an appropriate annuity table of mortality with an interest assumption of three and one half percent as provided in section 354.07, subdivision 1.~~

(3) Each member who is covered under this subdivision who elects a variable annuity option shall have the sum of any benefits provided herein and the benefits provided in section 354.62, subdivision 5.

Sec. 18. Minnesota Statutes 1971, 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 formula service prior to that date.~~

~~(b) For each year all years of formula service credit subsequent to June 30, 1957, "average salary" of a member for the purpose of determining his the member's retirement annuity means his the average 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 for the highest five consecutive years within the last ten years of formula service credit.~~

(2) The average salary as defined in clause (1), of any member multiplied by ~~the applicable percentages indicated below~~ two percent per year of formula service credit for the first ten years and 2.5 percent for each subsequent year of formula service credit shall determine the amount of the annuity to which the member qualifies therefor is entitled ÷.

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(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 except that for any member who has 30 or more years of allowable service credit, such reduction shall be applied only for each month such member is under age 62.~~

Sec. 19. Minnesota Statutes 1971, Section 354.44, Subdivision 7, is amended to read:

Subd. 7. The benefits provided in this subdivision are the sum of the benefits provided by the following:

(1) The benefits provided in subdivision 6(2) for formula service credit to the effective date of the election of this subdivision, and

(2) The benefits for service credit subsequent to the effective date of the election of this subdivision shall be the average salary

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as defined in subdivision 6, clause (1) of any member multiplied by the applicable percentages indicated below: one percent per year of formula service credit for the first ten years and 1.25 percent for each subsequent year of formula service credit.

(a) Years of Formula Service Credit Earned Subsequent to the date of the election of this subdivision	Percentages at the Rate of:
(1) First ten years	.6 percent per year of service
(2) Second ten years or fractional part thereof less than such period	1.2 percent per year of service
(3) Third ten years or fractional part thereof less than such period	1.5 percent per year of service
(4) Subsequent years or fractional part thereof	1.8 percent per year of service

and (3) the benefits provided in section 354.62, subdivision 5.

Sec. 20. Minnesota Statutes 1971, Section 354.45, Subdivision 2, is amended to read:

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 the rate of interest currently being used in determining the amount of optional annuities and paid in one sum to the estate of the member. Upon the death of 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 the rate of interest currently being used in determining the amount of optional annuities and paid in one sum to the estate of such designated beneficiary.

Sec. 21. Minnesota Statutes 1971, Section 354.48, Subdivision 3, is amended to read:

Subd. 3. **COMPUTATION OF BENEFITS.** (1) The amount of the disability benefit granted to members covered under section 354.44, subdivision 2, clause (1) and (2) or clause (3) is an amount equal to double the annuity which could be purchased by the member's accumulated deductions plus interest thereon computed as though the teacher were age 65 at the time the benefit begins to accrue and in accordance with the law in effect when the disability application is received.

The benefit granted shall be determined by the following:

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- (a) The amount of the accumulated deductions;
- (b) Interest actually earned on these accumulated deductions to the date the benefit begins to accrue;
- (c) Interest for the years from the date the benefit begins to accrue to the date such member attains age 65 at the rate which is the average rate credited for the five years prior to the date the benefit begins to accrue;
- (d) Annuity purchase rates based on ~~the 1937 standard annuity table of mortality set back two years and calculated separately as to sex~~ an appropriate annuity table of mortality with interest assumption of three and one half percent as provided in section 354.07, subdivision 1.

In addition a supplementary monthly benefit shall be paid in accordance with the following table:

Age When Benefit Begins to Accrue	Supplementary Benefit
Under Age 56	\$50
56	45
57	40
58	35
59	30
60	25
61	20
62	15
63	10
64	5

(2) The disability benefit granted to members covered under section 354.44, subdivision 6 or 7 shall be computed in the same manner as the annuity provided in subdivision 6 of the same section. The disability benefit shall be the formula annuity without the reduction for each month the member is under age 65 at the time the benefit begins to accrue.

(3) The optional annuity benefit provided in section 354.34 and section 354.45 does not apply to this section.

(4) For the purposes of computing a retirement annuity when the member becomes eligible, the amounts paid for disability benefits shall not be deducted from the individual member's accumulated deductions. If the disability benefits provided in this subdivision exceed the monthly average salary of the disabled member, the disability benefits shall be reduced to an amount equal to the disabled member's average salary. Any member who began to receive disability benefits between July 1, 1957, and June 30, 1959, shall receive the supplementary monthly benefit provided in

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accordance with the foregoing table and such supplementary monthly benefit shall begin to accrue after June 30, 1959, and shall continue as long as disability benefits are paid to such member.

Sec. 22. Minnesota Statutes 1971, Section 354.50, is amended by adding a subdivision to read:

Subd. 4. Notwithstanding the three year service requirement provided in subdivision 1 of this section, any person who has received a refundment from the teachers retirement association and who is a member of any public retirement fund referred to in section 354.60 may repay such refundment with interest to the teachers retirement association. Repayment of the refundments under the provisions of this subdivision will be in accordance with all the provisions of this section except for the three year service requirement provided in subdivision 1.

Sec. 23. Minnesota Statutes 1971, 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, 1968~~ 1957, who left his accumulated deductions in the fund for the purpose of receiving when eligible, a retirement annuity in accordance with the law in effect at the date such service terminated, shall have his annuity computed in accordance with the law in effect at the date he ceased teaching service.

Sec. 24. Minnesota Statutes 1971, Section 354.55, Subdivision 8, is amended to read:

Subd. 8. Any person who ceased teaching service prior to July 1, 1968 who left his accumulated deductions in the fund and is not covered under the provisions of section 354.145, subdivision 1, clause (1) and subdivision 2, clause (1) may upon resumption of teaching service for at least 170 days elect to have his benefits at retirement calculated under the provisions of sections 354.33, subdivisions 1, 7, 8, or 9, 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 ~~must be if 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 is effective July 1 of the fiscal year following the fiscal year in which the election is made or date of retirement, whichever is earlier.~~

Sec. 25. Minnesota Statutes 1971, Section 354.55, is amended by adding subdivisions to read:

Changes or additions indicated by underline, deletions by strikeout.

Subd. 12. Except as provided in section 354.145, any person who ceased teaching service prior to July 1, 1968, who has ten years or more of allowable service and left his accumulated deductions in the fund for the purpose of receiving when eligible a retirement annuity, shall have his annuity computed in accordance with the law in effect on June 30, 1969, except that the portion of his annuity based on accumulations after June 30, 1957, under the provisions of section 354.44, subdivision 2, and all accumulations under the provisions of section 354.33, subdivision 1, shall be calculated using the same mortality table and interest assumption used to transfer the required reserves to the Minnesota adjustable fixed benefit fund.

Subd. 13. All annuities payable from the Minnesota adjustable fixed benefit fund which are in effect on June 30, 1973 shall be increased in the same ratio that the actuarially computed reserve for such annuities determined by using an interest assumption of three and one half percent bears to the actuarially computed reserve for such annuities determined by using an interest assumption of five percent. The reserves upon which such increases shall be based shall be the actuarially determined reserves for all Minnesota adjustable fixed benefit fund annuities which were in effect on June 30, 1972, in accordance with the mortality assumptions then in effect and at interest assumptions of three and one half percent and five percent. Such ratio of increase computed to the last full 1/100 of one percent shall be applied to all annuities payable from the Minnesota adjustable fixed benefit fund which are in effect on June 30, 1973. Notwithstanding the provisions of section 356.18, increases in annuity payments pursuant to this subdivision 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.

Subd. 14. Notwithstanding the maximum benefit provisions of Minnesota Statutes, Section 354.46, Subdivision 1, all benefits and annuities payable pursuant to Minnesota Statutes, Sections 354.37; 354.48; 354.46, Subdivision 1 and Laws 1915, Chapter 199, as amended, which are in effect on June 30, 1973 shall be increased 25 percent. Such increase shall begin to accrue January 1, 1974. Notwithstanding the provisions of section 356.18, increases in benefit and annuity payments pursuant to this subdivision 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.

Subd. 15. Any member who ceased to render teaching service during the 1972-73 fiscal year whose application for retirement becomes effective after June 30, 1973, shall be eligible to receive the new retirement benefits provided in sections 8, 10, 11, 17, 18 and 19 of this act.

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

Sec. 26. Minnesota Statutes 1971, Section 354.62, Subdivision 2, is amended to read:

Subd. 2. **INDIVIDUAL ELECTION.** Each member of the teachers retirement association may elect to participate in the variable annuity division by filing a written notice with the board of trustees on forms provided by the board.

(1) Employee variable annuity contributions to the variable annuity division shall be:

(a) Pursuant to the options available in section 354.33, subdivision 1, clause (2), and section 354.33, subdivision 8, the employee variable annuity contribution shall be an amount equal to ~~one and one-half~~ two percent of the salary of every member.

(b) Pursuant to the options available in section 354.44, subdivision 2, clause (3), and section 354.44, subdivision 7, the employee variable annuity contributions shall be an amount equal to ~~three~~ four percent of the salary of every member.

(c) Pursuant to the option available in section 354.33, subdivision 9, the employee variable annuity contribution shall be an amount equal to ~~three and one-half~~ four percent of the salary of every member.

(2) Employer variable annuity contributions shall be an amount equal to the employee variable annuity contributions provided in clause (1). The deficiency in equal employer variable annuity contributions which shall exist prior to July 1, 1975 shall be recovered from the additional employer contributions made prior to July 1, 1975 pursuant to section 7, subdivision 3 and section 16, subdivision 5 of this act.

(3) Said election shall be made in accordance with section 354.145, subdivisions 1 and 2. Said election once made is irrevocable.

(4) There shall be provided for members participating in the variable annuity division a separate account for each member which will show his variable account accumulations as defined in section 354.05, subdivision 23. The board shall establish such other accounts in the variable annuity division as it deems necessary for the operation of this provision.

Sec. 27. Minnesota Statutes 1971, Section 354.55, is amended by adding subdivisions to read:

Subd. 16. (1) Teachers who retire after June 30, 1973 and who failed to make an election pursuant to section 354.145, subdivision 1, clause (1) shall have their annuity at retirement

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computed under section 354.33, subdivision 1 or subdivision 7, whichever is larger.

(2) Teachers who retire after June 30, 1973 and who failed to make an election pursuant to section 354.145, subdivision 2, clause (1) shall have their annuity at retirement computed under section 354.44, subdivision 2 or subdivision 6, whichever is larger.

Subd. 17. (1) Teachers who retired after June 30, 1972 and before July 1, 1973 who failed to make an election pursuant to section 354.145, subdivision 1, clause (1) shall have their annuity recomputed under the law in effect on June 30, 1973 under the provisions of either section 354.33, subdivision 1 or subdivision 7, whichever is larger.

(2) Teachers who retired after June 30, 1972 and before July 1, 1973 and who failed to make an election pursuant to section 354.145, subdivision 2, clause (1) shall have their annuity recomputed under the law in effect on June 30, 1973 under the provisions of either section 354.44, subdivision 2 or subdivision 6, whichever is larger.

Sec. 28. Minnesota Statutes 1971, Section 354.62, Subdivision 5, is amended to read:

Subd. 5. **VARIABLE RETIREMENT ANNUITY.** (1) At retirement the amount of the member's variable 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~~ an appropriate annuity table of mortality with an interest assumption of three and one half percent as provided in section 354.07, subdivision 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.

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(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, 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). An amount equal to the lump sum refund made in this clause shall be transferred from the employer contribution account to the variable annuity turnover account.

(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 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.

(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 this subdivision.

(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 this subdivision. The annuity elected in accordance with Minnesota Statutes 1967, Sections 354.33, 354.34, 354.44, and 354.45 shall be the annuity applicable to this subdivision.

(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

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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. 29. Minnesota Statutes 1971, 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 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~~ 1973 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. ~~The 1937 standard annuity table of mortality set back two years and calculated separately as to sex, An appropriate annuity table of mortality with an interest assumption of three and one half percent as provided in section 354.07, subdivision 1,~~ will be used to determine the amount to be transferred.

(3) Annuity payments shall be adjusted in accordance with the provisions of section 11.25, subdivisions 12 and 13.

(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. 30. Minnesota Statutes 1971, Section 11.25, is amended by adding a subdivision to read:

Subd. 16. All assets in the annuity stabilization reserve and suspense account shall be credited proportionately to the individual retirement funds' participation in the Minnesota adjustable fixed benefit fund, except that the share attributable to the municipal employees' retirement fund of Minneapolis shall be used to increase benefits or may at the discretion of its board of trustees be returned to such fund.

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Effective January 1, 1974 each participating fund in the Minnesota adjustable fixed benefit fund, except the municipal employees retirement fund, shall increase the benefits in effect on June 30, 1973 by an amount that when added to the increase granted to such benefits effective July 1, 1973, equals 25 percent. The increase shall apply to the accrual of benefits commencing January 1, 1974 and shall be in lieu of the adjustment provided by section 11.25, subdivisions 12 and 13 scheduled to take effect January 1, 1974.

The actuary for each participating fund, except the municipal employees retirement fund of Minneapolis, shall calculate the reserve required to support the benefits in effect on June 30, 1973 as increased July 1, 1973 and herein. As of December 31, 1973, each participating fund shall transfer to or from the Minnesota adjustable fixed benefit fund assets so that its participation equals the total of such required reserves and the reserve for benefits authorized on or after July 1, 1973.

The increased benefits accruing as of January 1, 1974 shall be considered the "originally determined benefits" for the purpose of future adjustments.

Sec. 31. Minnesota Statutes 1971, Section 354.46, Subdivision 1, is amended to read:

354.46 PAYMENTS AFTER DEATH. Subdivision 1. **BENEFITS FOR SPOUSE AND CHILDREN OF TEACHER.** Upon the death of a member before retirement or upon the death of a former member who was disabled and receiving disability benefits pursuant to section 354.48 at the time of his death, who has had at least 18 months of allowable service, his surviving dependent spouse and dependent children under the age of 18 shall receive the monthly benefit provided below. Where a member died on or after July 1, 1955, leaving any dependent child, such dependent child shall receive the benefits provided in this subdivision commencing from and after the effective date of Extra Session Laws 1957, Chapter 16.

(a) Surviving
dependent

spouse 30 percent of the member's monthly average
salary ~~not to exceed \$65 per month~~
in effect over the last full six
months of allowable service
preceding death

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- (b) Each dependent child 20 10 percent of the member's monthly average salary not to exceed \$45 per month in effect over the last full six months of allowable service preceding death

~~In addition to the amounts provided in (a) and (b) hereof, 10 percent of the member's monthly average salary not to exceed \$20 per month shall be paid to be divided equally among the dependent children. Payments for the benefit of any dependent child under the age of 18 years shall be made to the surviving parent, or if there be none, to the legal guardian of such child. The maximum monthly benefit shall not exceed \$250 \$400 for any one family. The surviving dependent spouse benefit shall terminate upon his or her remarriage, and the dependent children's benefit shall be reduced pro tanto when any child is no longer dependent.~~

If the member and the surviving dependent spouse are killed in a common disaster and if the total of all survivors benefits paid under this subdivision is less than the accumulated deductions plus interest payable, the surviving children shall receive the difference in a lump sum payment.

Any survivor of a member whose average salary was less than \$75 per month shall not be entitled to the benefits provided in this subdivision. If the survivor benefits provided in this subdivision exceed in total the monthly average salary of the deceased member, these benefits shall be reduced to an amount equal to the deceased member's monthly average salary.

Effective January 1, 1973, the surviving dependent spouse's benefit provided herein may be waived but the benefits of a dependent child can only be waived by order of the district court.

Sec. 32. Minnesota Statutes 1971, Section 354.09, Subdivision 5, is repealed.

Sec. 33. Except as otherwise provided, the effective date of this act is July 1, 1973.

Approved May 24, 1973.

CHAPTER 729—H.F.No.377

[Coded in Part]

An act relating to the department of human rights; unfair discriminatory practices; amending Minnesota Statutes 1971, Sec-

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