

Sec. 8. The senate and house committees on governmental operations shall study the benefit levels, administration and funding level of police and firefighter relief associations. They shall report their findings and recommendations in the form of proposed legislation to the legislature on or before January 1, 1980. *

Sec. 9. AUSTIN POLICE AND FIRE RELIEF ASSOCIATIONS; EXCEPTION TO MINIMUM MEMBER CONTRIBUTION REQUIREMENT. Notwithstanding any contrary provisions of Minnesota Statutes, Section 69.77, Subdivision 2, Clause (1), the required contribution for members of the Austin police relief association or the Austin firefighters' relief association shall not exceed six percent of the maximum rate of salary from which retirement and survivorship credits and amounts of benefits are determined.

Sec. 10. EFFECTIVE DATE. Section 1 of this act shall be effective January 1, 1981. Sections 2, 3, 4 and 5 of this act shall be effective upon approval by the city council of St. Cloud and upon compliance with Minnesota Statutes, Section 645.021. Section 6 of this act shall be effective upon approval by the city council of the city of Bloomington and upon compliance with Minnesota Statutes, Section 645.021. Section 7 of this act shall be effective upon approval by the city council of the city of St. Anthony and upon compliance with Minnesota Statutes, Section 645.021. Section 8 of this act is effective upon final enactment. Section 9 of this act is effective upon approval by the city council of the city of Austin and upon compliance with the provisions of Minnesota Statutes, Section 645.021.

Approved February 7, 1980

* See the amendment to section 8 in Laws 1980, Chapter 618, Section 7.

CHAPTER 342—S.F.No. 960

An act relating to retirement; various retirement funds; providing for a proportionate annuity at age 65 or older with one year of service; indexing the re-employed annuitant earnings maximum to the social security benefit recipient earnings maximum; clarifying applications for refunds from the Minnesota state retirement system; providing an occupational disability benefit in the Minnesota state retirement system correctional employees retirement plan; establishing qualifications for the executive director of the teachers retirement association; requiring annuitants and benefit recipients of the teachers retirement association to file quarterly evidence of receipt cards; removing the requirement for dependency for entitlement to certain refunds from the teachers retirement association; clarifying the amortization obligation of the metropolitan transit commission to the Minnesota state retirement system; calculating service credit for certain part time transit operating division employees covered by the Minnesota state retirement system; clarifying the provision of minimum disability coverage by the metropolitan transit commission; providing a retirement annuity from the Minnesota state retirement system to certain former transit operating division employees; providing for a purchase of service credit of certain military service leaves of absence for transit oper-

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ating division employees; amending Minnesota Statutes 1978, Sections 352.01, Subdivisions 11 and 16; 352.115, Subdivision 10; 352.22, Subdivisions 1 and 10; 352.95; 352.37, Subdivision 1; 354.05, Subdivision 2; 354.06, Subdivision 2; 354.44, Subdivisions 1, 5, and by adding a subdivision; 354.47, Subdivision 1; 354A.21; 356.32, Subdivision 1; 473.417; 473.418; and Laws 1978, Chapter 538, Section 21; repealing Minnesota Statutes 1978, Section 352.22, Subdivision 11; and Laws 1978, Chapter 562, Section 35.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 1978, Section 352.01, Subdivision 11, is amended to read:

Subd. 11. **ALLOWABLE SERVICE.** "Allowable service" means:

(1) Any service rendered by an employee for which on or before July 1, 1957, he was entitled to allowable service credit on the records of the system by reason of employee contributions in the form of salary deductions, payments in lieu of salary deductions, or in any other manner authorized by Minnesota Statutes 1953, Chapter 352, as amended by Laws 1955, Chapter 239, or

(2) Any service rendered by an employee for which on or before July 1, 1961, he elected to obtain credit for service by making payments to the fund pursuant to Minnesota Statutes 1961, Section 352.24, or

(3) Except as provided in clause (11), any service rendered by an employee after July 1, 1957, for any calendar month in which he is paid salary from which deductions are made, deposited and credited in the fund, including deductions made, deposited and credited as provided in section 352.041, or

(4) Except as provided in clause (11), any service rendered by an employee after July 1, 1957 for any calendar month for which payments in lieu of salary deductions are made, deposited and credited in the fund, as provided in section 352.27 and Minnesota Statutes 1957, Section 352.021, Subdivision 4.

(For purposes of paragraphs (3) and (4) of this subdivision, any salary paid for a fractional part of any calendar month is deemed the compensation for the entire calendar month. The board of directors of the Minnesota state retirement system shall establish rules governing the accrual of allowable service credit for less than full time employment.) or

(5) The period of absence from their duties by employees who by reason of injuries incurred in the performance thereof are temporarily disabled and for which disability the state is liable under the workers' compensation law until the date authorized by the director for the commencement of payments of a total and permanent disability benefit from the retirement fund, or

(6) The unused portion of an employee's annual leave allowance for which he is paid salary, or

(7) Any employee who made payment in installments in order to obtain additional service credit but failed to make the final payment on or before July 1, 1962 shall be entitled to have credit for all service for which the payments he

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made will entitle him under the provisions of Minnesota Statutes 1961, Section 352.24. In determining "the service for which the payments he made will entitle him" service credit shall extend retroactively from the latest service for which he made payment, or

(8) Former state employees who hold numbered certificates of deferred annuity who again become state employees shall surrender such certificates and shall be entitled to full credit for the service covered by the surrendered certificates, or

(9) Any service covered by refundment repaid as provided in section 352.23 but does not include service rendered as an employee of the adjutant general for which the person has credit with the federal civil service retirement system, or

(10) Any service prior to the effective date of Laws 1978, Chapter 538 by an employee of the transit operating division of the metropolitan transit commission or by an employee on an authorized leave of absence from the transit operating division of the metropolitan transit commission who is employed by the labor organization which is the exclusive bargaining agent representing employees of the transit operating division which was credited by the metropolitan transit commission—transit operating division employees retirement fund or any of its predecessor plans or funds as past, intermediate, future, continuous or allowable service as defined in the metropolitan transit commission—transit operating division employees retirement fund plan document in effect on December 31, 1977-₂ or

(11) Any service by an employee of the metropolitan transit commission-transit operating division who is employed part time for less than 32 hours per week or 1,664 hours per year for which the employee is paid salary from which deductions are made, deposited and credited in the fund, including deductions made, deposited and credited as provided in section 352.041 or for which payments in lieu of salary deductions are made, deposited and credited in the fund as provided in section 352.27 shall be credited on a fractional basis either weekly or annually based upon the relationship that the number of hours of service bears to either 40 hours per week or 2,080 hours per year, with any salary paid for the fractional service credited on the basis of the rate of salary applicable for a full time week or a full time year.

Sec. 2. Minnesota Statutes 1978, Section 352.01, Subdivision 16, is amended to read:

Subd. 16. **YEAR OF ALLOWABLE SERVICE.** "Year of allowable service" for any employee other than an employee of the metropolitan transit commission-transit operating division who is employed part time for less than 32 hours per week or 1,664 hours per year means any 12 calendar months not necessarily consecutive in which an employee is entitled to allowable service credit. It also means 12 months credit each calendar year for teachers in the state universities and state institutions who may or may not receive compensation in every month in the calendar year. For an employee of the metropolitan transit commis-

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sion-transit operating division who is employed part time for less than 32 hours per week or 1,664 hours per year the term means at least 1,664 hours of employment by the metropolitan transit commission-transit operating division during a year of 12 consecutive calendar months in which an employee is entitled to allowable service credit.

Sec. 3. Minnesota Statutes 1978, Section 352.115, Subdivision 10, is amended to read:

Subd. 10. **RE-EMPLOYMENT OF ANNUITANT.** Should any retired employee again become entitled to receive salary or wages from the state, or any employer who employs state employees as that term is defined in section 352.01, subdivision 2, other than salary or wages received as a temporary employee of the legislature during a legislative session, ~~his~~ the annuity or retirement allowance shall cease when ~~he~~ the retired employee has earned ~~\$3,000~~ an amount equal to the annual maximum earnings allowable for that age for the continued receipt of full benefit amounts monthly under the federal old age, survivors and disability insurance program as set by the secretary of health, education and welfare pursuant to the provisions of 42 U.S.C., Section 403, in any calendar year. The annuity shall be resumed when state service terminates, or, if the retired employee is still employed at the beginning of the next calendar year, at the beginning of such calendar year, and payment shall again terminate when ~~he~~ the retired employee has earned ~~\$3,000~~ the applicable re-employment earnings maximum specified in this subdivision. No payroll deductions for the retirement fund shall be made from the earnings of ~~such~~ a re-employed retired employee. If ~~such~~ the retired employee is granted a sick leave without pay, but not otherwise; the annuity or retirement allowance shall be resumed during the period of sick leave. No change shall be made in the monthly amount of such annuity or retirement allowance because of such employment.

Sec. 4. Minnesota Statutes 1978, Section 352.22, Subdivision 1, is amended to read:

352.22 **REFUND OR DEFERRED ANNUITIES.** Subdivision 1. **SERVICE TERMINATION.** Any employee who ceases to be a state employee by reason of termination of state service, shall be entitled to a ~~refundment~~ refund provided in subdivision 2 or a deferred retirement annuity as provided in subdivision 3. Application for a ~~refundment~~ refund may be made ~~60~~ 30 or more days after the termination of state service if the applicant has not again become a state employee required to be covered by the system ~~÷ except that employees who attain mandatory retirement age and are required to retire and who are not eligible to receive an annuity under sections 352.115 or 352.72, may apply for refundment without any waiting period.~~

Sec. 5. Minnesota Statutes 1978, Section 352.22, Subdivision 10, is amended to read:

Subd. 10. **OTHER REFUNDS.** Former employees covered by the system who are or who shall become members of the highway patrolmen's retirement association; the state police officers retirement fund; , the state teacher's retire-

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ment association or employees of the University of Minnesota excluded from coverage under the system by action of the board of regents; or labor service employees, excluded from coverage under section 352.01, subdivision 2B, (26); or employees of the adjutant general who under federal law effectually elect membership in a federal retirement system; or officers or employees of the senate or house of representatives, excluded from coverage under section 352.01, subdivision 2B(8), shall be entitled to a refundment without any waiting period, in an amount equal to their respective accumulated contributions without interest ~~make application for a refund of their accumulated contributions plus interest as provided in subdivision 2, upon the expiration of 30 days or more after their coverage ceases,~~ notwithstanding their continuance in state service but in positions not covered by this chapter.

Sec. 6. Minnesota Statutes 1978, Section 352.95, is amended to read:

352.95 **DISABILITY BENEFITS.** An employee who becomes totally and permanently disabled while in a covered correctional position shall have his disability benefit rights determined under section 352.113 except that when such person becomes 55 years of age he shall be deemed to be retired and shall be entitled to receive the benefit provided under section 352.113, subdivision 3, whether or not disabled at such age. An employee who receives a disability benefit shall not be entitled to an annuity under section 352.93, even though otherwise qualified, until reemployed in a covered correctional position for a period of at least one year. Subdivision 1. Any covered correctional employee less than 55 years of age who shall become disabled and physically unfit to perform the duties of the position as a direct result of an injury, sickness, or other disability incurred in or arising out of any act of duty which shall render the employee physically or mentally unable to perform the duties, shall be entitled to a disability benefit based on covered correctional service only, in an amount equal to 50 percent of the average salary defined in section 352.93, plus an additional two percent for each year of covered correctional service in excess of 20 years prorated for completed months, to a maximum monthly benefit of 75 percent of the average monthly salary.

Subd. 2. Any covered correctional employee who after not less than five years of covered correctional service, before reaching the age of 55 shall become disabled and physically unfit to perform the duties of the position because of sickness or injury occurring while not engaged in covered employment, shall be entitled to a disability benefit based on covered correctional service only. The disability benefit shall be computed as provided in section 352.93, subdivisions 1 and 2, and computed as though the employee had at least ten years of covered correctional service.

Subd. 3. No application for disability benefits shall be made until after the last day physically on the job. The disability benefit shall begin to accrue the day following the last day for which the employee is paid sick leave or annual leave, but in no event earlier than 60 days prior to the date the application is filed.

Subd. 4. The director shall have the employee examined by at least two licensed physicians designated by the medical advisor. These physicians shall

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make written reports to the director concerning the employee's disability, including medical opinions as to whether he or she is disabled within the meaning of this section. The director shall also obtain written certification from the employer stating whether the employee is on sick leave of absence because of a disability which will prevent further service to the employer, and as a consequence the employee is not entitled to compensation from the employer. If upon the consideration of the reports of the physicians and such other evidence as may have been supplied by the employee or others, the medical advisor finds the employee disabled within the meaning of this section, he shall make appropriate recommendation to the director in writing, together with the date from which the employee has been disabled, and the director shall thereupon determine the propriety of authorizing payment of a disability benefit as provided in this section. Unless payment of a disability benefit has terminated because the employee is no longer disabled, or because he or she has reached age 62, the disability benefit shall cease with the last payment received by the disabled employee or which had accrued in his or her lifetime. During the time that disability benefits are paid, the director shall have the right at reasonable times to require the disabled employee to submit proof of the continuance of the disability claimed. If any examination indicates to the medical advisor that the employee is no longer disabled, the disability payment shall be discontinued upon reinstatement to state service or within 60 days of such finding, whichever is sooner.

Subd. 5. The disability benefit paid to an employee hereunder shall terminate when the employee reaches age 62. At that time he or she shall be deemed to be a retired employee and may then elect to receive a normal retirement annuity computed in the manner provided in section 352.115 or an optional annuity as provided in section 352.116, subdivision 3, based on the same length of service as used in the calculation of the disability benefit. The reduction for retirement prior to age 65 as provided in section 352.116, subdivision 1, shall not be applicable. The savings clause provision of section 352.93, subdivision 3, shall be applicable.

Subd. 6. If the employee is entitled to receive a disability benefit as provided in subdivision 1 or 2 and has credit for less covered correctional service than the length of service upon which the correctional disability benefit is based, and also has credit for regular plan service, the employee shall be entitled to a disability benefit or deferred retirement annuity based on the regular plan service only for that service which when combined with the correctional service exceeds number of years on which the correctional disability benefit is based. The disabled employee who also has credit for regular plan service must in all respects qualify under the provisions of section 352.113 to be entitled to receive a disability benefit based on the regular plan service, except that the service may be combined to satisfy length of service requirements. Any deferred annuity to which the employee may be entitled based on regular plan service shall be augmented as provided in section 352.72 while the employee is receiving a disability benefit under this section.

Subd. 7. Should the disabled employee resume a gainful occupation and his or her earnings are less than the salary received at the date of disability or the

salary currently paid for similar positions, or should the employee be entitled to receive workers' compensation benefits, the disability benefit shall be continued in an amount which when added to such earnings and workers' compensation benefits does not exceed the salary received at the date of disability or the salary currently paid for similar positions, whichever is higher, provided the disability benefit in such case does not exceed the disability benefit originally authorized and in effect.

Sec. 7. Minnesota Statutes 1978, Section 353.37, Subdivision 1, is amended to read:

353.37 PUBLIC RE-EMPLOYMENT OF ANNUITANT. Subdivision 1. **EFFECT ON ANNUITY.** The annuity of a person otherwise eligible therefor under this chapter shall be suspended if ~~he~~ the person re-enters and for as long as he the person remains in public service as a non-elective employee of a governmental subdivision, if ~~his~~ he earned compensation for ~~such~~ the re-employment service equals or exceeds \$3,000 the annual maximum earnings allowable for that age for the continued receipt of full benefit amounts monthly under the federal old age, survivors and disability insurance program as set by the secretary of health, education and welfare pursuant to the provisions of 42 U.S.C., Section 403, in any calendar year. The suspension of the annuity shall commence as of the first of the month in which the maximum permitted compensation is exceeded as herein provided, but shall ~~not~~ only apply to ~~any~~ those months in which the annuitant is ~~not~~ actually employed in non-elective service in a position covered by this chapter. Any annuitant of the association ~~who~~ is elected to public office after ~~his~~ retirement shall be entitled to hold such office and receive ~~his~~ the annuity otherwise payable from the public employees retirement association. Upon proper showing by an annuitant that ~~this ineligibility~~ the reason for the suspension of the annuity payments no longer exists, the monthly annuity payments shall be resumed. Public service performed by an annuitant subsequent to ~~his~~ retirement under this chapter ~~does~~ shall not increase or decrease the amount of any annuity when ~~payments thereof are~~ payment of the annuity is resumed. The annuitant is shall not ~~be~~ required to make any further contributions to the retirement fund by reason of this subsequent public service.

Sec. 8. Minnesota Statutes 1978, Section 354.05, Subdivision 2, is amended to read:

Subd. 2. **TEACHER.** The word "teacher" includes any person who has rendered, is rendering, or shall hereafter render, service as a teacher, supervisor, principal, superintendent, or librarian in the public schools of the state, located outside of the corporate limits of the cities of the first class, in the state universities, 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 university system and state community college system, but excluding the university of Minnesota, 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

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systems, or the officers of common, independent, special, or associated school districts, or unorganized territory. The term shall also include an employee of the teachers retirement association employed subsequent to July 1, 1969, and 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 universities. 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 case 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 a school or institution as an independent contractor. ~~During any fiscal year.~~ The term also does not mean a person who works for a school or institution on a part time basis ~~where~~ provided: (1) the person was not required to make contributions to the fund during the current fiscal year; (2) the person has certified that he has established and is contributing to an individual retirement account ~~and is made~~ provided that based on non-teaching employment; and (3) the certification is made annually ~~and is made~~ on a form prescribed by the executive director. The term shall not include any person employed in subsidized on-the-job training, work experience or public service employment as an enrollee under the federal comprehensive employment and training act from and after March 30, 1978, unless the person has as of the later of March 30, 1978 or the date of employment sufficient service credit in the retirement fund to meet the minimum vesting requirements for a deferred retirement annuity, or the employer agrees in writing on forms prescribed by the executive director to make the required employer contributions, including any employer additional contributions, on account of that person from revenue sources other than funds provided under the federal comprehensive training and employment act, or the person agrees in writing on forms prescribed by the executive director to make the required employer contribution in addition to the required employee contribution.

Sec. 9. Minnesota Statutes 1978, Section 354.06, Subdivision 2, is amended to read:

Subd. 2. **OFFICERS; EMPLOYEES; EXPENSES OF FUND.** The board shall annually elect one of its members as president ~~and~~. It shall elect an executive director, and fix his salary ~~and~~. The executive director shall serve during the pleasure of the board and be the executive officer of the board, with such duties as the board shall prescribe. The board shall employ all other clerks and employees necessary to properly administer the fund. The cost and expense of administering the provisions of sections 354.05 to 354.10 this chapter shall be paid by the fund. The executive director shall be appointed by the board on the basis of fitness, experience in the retirement field and leadership ability. The executive director shall have had at least five years of experience on the administrative staff of a major retirement system.

Sec. 10. Minnesota Statutes 1978, Section 354.44, Subdivision 1a, is amended to read:

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Subd. 1a. **MANDATORY RETIREMENT.** Notwithstanding the provisions of sections 43.30 or 197.45 to 197.48, a member shall terminate employment on August 31, 1976, or at the end of the academic year in which the member reaches the age of 65, whichever is later. For purposes of this subdivision, an academic year shall be deemed to end August 31. A member who terminates employment at any time during the academic year at the end of which such person is ~~required to terminate employment pursuant to this subdivision~~ age 65 or older shall, for the purpose of determining eligibility for a proportionate retirement annuity, be considered to have been required to terminate employment at age 65 or ~~earlier~~ older pursuant to this subdivision section 356.32. Nothing contained in this subdivision shall preclude an employer unit covered by this chapter from employing a retired teacher as a substitute or part time teacher; provided, no teacher required to terminate employment by this subdivision shall resume membership in the retirement association by virtue of employment as a substitute or part time teacher; provided further that upon having earned \$3,000 an amount equal to the annual maximum earnings allowable for that age for the continued receipt of full benefit amounts monthly under the federal old age, survivors and disability insurance program as set by the secretary of health, education and welfare pursuant to the provisions of 42 U.S.C., Section 403, in any academic year from employment as a substitute or part time teacher, any person over the age of 65 years shall terminate employment for the remainder of that academic year.

Sec. 11. Minnesota Statutes 1978, Section 354.44, Subdivision 5, is amended to read:

Subd. 5. **RESUMPTION OF TEACHING.** ~~A teacher~~ Any person who retired under any provision of any retirement law applicable to schools and institutions covered by the provisions of this chapter and has thereafter resumed teaching in any school or institution to which such sections apply shall continue to receive payments in accordance with such annuity except that during any quarter in which ~~his the person's~~ the person's income from ~~such the~~ teaching service exceeds the sum of \$800 is in an amount equal to or greater than the quarterly maximum earnings allowable for that age for the continued receipt of full benefit amounts monthly under the federal old age, survivors and disability insurance program as set by the secretary of health, education and welfare pursuant to the provisions of 42 U.S.C., Section 403; the amount in excess of \$800 the applicable re-employment income maximum specified in this subdivision shall be deducted from the annuity payable for the quarter immediately following the quarter in which the excess amount was earned. After a ~~member person~~ person has reached the age of 72 ~~he~~ the person shall receive ~~his the~~ the annuity in full regardless of the amount of income.

Sec. 12. Minnesota Statutes 1978, Section 354.44, is amended by adding a subdivision to read:

Subd. 8. Payment of an annuity or benefit for a given month shall be mailed during the first week of that month. Evidence of receipt of the check issued in payment of an annuity or benefit shall be submitted quarterly by the payee or a banking institution on a form prescribed by the executive director. In

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the event the required evidence of receipt form is not submitted, future annuities or benefits will be withheld until the form is submitted.

Sec. 13. Minnesota Statutes 1978, Section 354.47, Subdivision 1, is amended to read:

354.47 REFUND 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 to the survivors of a basic member, 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, nor the benefit described in section 354.46, subdivision 1 is payable to the survivors of a basic member, 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 plus interest at the rate of 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. 14. Minnesota Statutes 1978, Section 354A.21, is amended to read:

354A.21 MANDATORY RETIREMENT; PROPORTIONATE ANNUITY. Notwithstanding the provisions of sections 197.45 to 197.48 or 354A.05, a teacher subject to the provisions of this chapter shall terminate employment on August 31, 1976, or at the end of the academic year in which such teacher reaches the age of 65, whichever is later. For purposes of this section, an academic year shall be deemed to end August 31. A teacher who terminates employment at any time during the academic year at the end of which such person is required to terminate employment pursuant to this section and who has less than the minimum required number of years of service to otherwise qualify for a retirement annuity shall be entitled upon application to a proportionate retirement annuity based on service prior to termination. Nothing contained in this subdivision shall preclude a district from employing a retired teacher as a substitute teacher; provided, no teacher required to terminate employment by this section shall resume membership in the retirement association by virtue of employment as a substitute teacher; provided further that upon having earned ~~\$3,000~~ an amount equal to the annual maximum earnings allowable for that age for the continued receipt of full benefit amounts monthly under the federal old age, survivors and disability insurance program as set by the secretary of health, education and welfare pursuant to the provisions of 42 U.S.C., Section 403, in any academic year from employment as a substitute

teacher, any person over the age of 65 years shall terminate employment for the remainder of that academic year.

Sec. 15. Minnesota Statutes 1978, Section 356.32, Subdivision 1, is amended to read:

356.32 PROPORTIONATE ANNUITY AT AGE 65. Subdivision 1. **PROPORTIONATE RETIREMENT ANNUITY.** Notwithstanding any provision to the contrary of the laws governing any of the retirement funds referred to in subdivision 2, any person who is employed in a position covered by an active member of any such applicable fund, who has credit for at least three years one year but less than ten years of allowable service in such fund or a combination of such one or more of the applicable funds, and who is required to terminate service pursuant to a mandatory retirement statute, or who terminates active service at age 65 or older for any reason shall be entitled upon making written application on the form prescribed by executive director or executive secretary of the fund to a proportionate retirement annuity from each such applicable fund in which he the person has allowable service credit. The proportionate annuity shall be calculated under the applicable laws governing annuities based upon his allowable service credit at the time of mandatory retirement provided, however, that and the person's average salary for the highest five successive years of allowable service or the average salary for the entire period of allowable service if less than five years. Nothing in this section shall prevent the actuarial imposition of the appropriate early retirement reduction of an annuity for which application is made commences prior to normal retirement age.

Sec. 16. Minnesota Statutes 1978, Section 473.417, is amended to read:

473.417 ADDITIONAL EMPLOYER OBLIGATION TO AMORTIZE UNFUNDED ACCRUED LIABILITIES. In order to amortize the additional unfunded accrued liability incurred by the Minnesota state retirement system as a result of the consolidation of the metropolitan transit commission—transit operating division employees retirement fund, and to place the metropolitan transit commission on an equivalent basis with the other employing units and agencies having employees covered by the Minnesota state retirement system, the metropolitan transit commission shall make an annual contribution to the Minnesota state retirement system in addition to the employer contribution specified in section 352.04, subdivision 3. The additional contribution shall be an amount equal to three and eight-tenths percent of the salaries of employees of the transit operating division on each payroll abstract, commencing July 1, 1978, and payable for a period of 20 years until the unfunded accrued liability amount of \$7,260,518 plus compound interest from July 1, 1978 at the rate of six percent per annum on the average unpaid balance is amortized, as determined by the executive director of the Minnesota state retirement system.

Sec. 17. Minnesota Statutes 1978, Section 473.418, is amended to read:

473.418 DISABILITY AND SURVIVORSHIP COVERAGE. From and after the effective date of Laws 1978, Chapter 538, the metropolitan transit commission shall provide for all active employees of the transit operating division

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of the metropolitan transit commission disability and survivorship coverage which, when added to the disability benefit or the survivorship benefit payable from the Minnesota state retirement system pursuant to sections 352.113 or 352.12, subdivision 2, will at least equal the disability benefit or the survivorship benefit which that employee at the time of disability or the employee's surviving spouse at the time of the death of the employee while on active duty would have been entitled to receive under the disability benefit or survivor of active employee deceased while on active duty benefit provisions of the metropolitan transit commission—transit operating division employees retirement fund plan document in effect on December 31, 1977. The metropolitan transit commission shall not be required to provide any supplementary disability benefit coverage or benefit amount to replace the amount of any reduction in any disability payable from the Minnesota state retirement system due to the receipt of benefits under the workers' compensation law unless no offset of the amount of workers' compensation benefits from the amount of a disability benefit was required pursuant to the provisions of article 10 of the metropolitan transit commission-transit operating division employees retirement fund plan document in effect on December 31, 1977. The metropolitan transit commission may elect to provide the additional disability and survivorship coverage either through contract with an insurance carrier or through self insurance. If the commission elects to provide the coverage through an insurance contract, the chairman of the metropolitan transit commission is authorized to request bids from, or to negotiate with, insurance carriers and to enter into contracts with carriers which in the judgment of the commission are best qualified to underwrite and service this insurance benefit coverage. The commission shall consider factors such as the cost of the contracts as well as the service capabilities, character, financial position and reputation with respect to carriers under consideration, as well as any other factors which the commission deems appropriate. The disability and survivorship insurance contract with the particular insurance carrier shall be for a uniform term of at least one year, but may be made automatically renewable from term to term in absence of notice of termination by either party. The disability and survivorship insurance contract shall contain a detailed statement of benefits offered, maximums, limitations and exclusions. A summary description of the essential terms of the contract shall be provided by the commission to the labor organization which is the exclusive bargaining agent representing employees of the transit operating division of the metropolitan transit commission, and to each active employee of the transit operating division. The determination of whether the disability or survivorship insurance coverage meets the minimum requirements of this section shall be made by the commission upon consultation with the executive director of the Minnesota state retirement system. If the disability or survivorship coverage provided by the metropolitan transit commission fails at any time after the effective date of Laws 1978, Chapter 538 to meet the requirements of this section as to the level of disability or survivorship coverage to be provided, the deficiency in the actual benefits provided shall continue to be an obligation of the commission. Notwithstanding any provisions of chapter 179 to the contrary, the labor organization which is the exclusive bargaining agent representing employees of the transit operating division of the metropolitan transit commission may meet and bargain with the commission on an increase in the level of disability or survivor of active employee deceased while on

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active duty coverage to be provided by the commission at the same time that wages and other terms and conditions of employment are considered.

Sec. 18. Laws 1978, Chapter 538, Section 21, is amended to read:

Sec. 21. **RETROACTIVE EFFECT.** This act shall have retroactive application for any person who, on or after January 1, 1978, but prior to July 1, 1978,

(a) terminates active service from the transit operating division of the metropolitan transit commission with less than ten years of active service;

(b) terminates active service from the transit operating division of the metropolitan transit commission with at least ten years of active service;

(c) becomes so disabled that the person is unable to continue to perform his duties as an active employee of the transit operating division of the metropolitan transit commission within the meaning of article 10 of the most recent collective bargaining agreement in force between the metropolitan transit commission and the labor organization which is the exclusive bargaining agent representing employees of the transit operating division of the metropolitan transit commission and has at least five years of active service; or

(d) becomes the surviving spouse of a former active employee of the transit operating division of the metropolitan transit commission who dies as a result of an accident which occurs during his employment with the transit operating division.

Any person obtaining the status described in clause (a) shall be entitled, upon application, to receive either a refund of employee contributions under section 352.22, subdivision 2a or a retirement allowance computed in the manner provided in article 7 and payable at the minimum age specified in article 8 of the metropolitan transit commission-transit operating division employees retirement fund document in effect on December 31, 1977. Any retirement allowance payable pursuant to this section shall be payable on the first day of the month next following the filing of the application and the first allowance check or warrant shall include payment retroactive to the date of retirement. If any person has taken a refund of employee contributions pursuant to this section and article 12 of the metropolitan transit commission-transit operating division employees retirement fund document in effect on December 31, 1977 prior to the effective date of this act, the person shall, notwithstanding that the person is no longer an active employee, be entitled to repay the refund plus interest at the rate of six percent per annum compounded annually from the date of the refund to the date of repayment. Any person obtaining the status described in clause (b) who is at least age 55 shall be entitled to receive an annuity under section 352.115, subdivisions 2 and 3, notwithstanding that the person had not attained the minimum age specified in section 352.115, subdivision 1, at the time of the commencement of the annuity; provided, however, that the early retirement reduction factor specified in section 352.116, subdivision 1, shall apply unless the age of the person at the commencement of the annuity was at least 65 if the person had credit for ten or more years of service, or was at least age 62 if the person had credit for 30 or

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more years of service. Any person obtaining the status described in clause (c) shall be entitled to receive a benefit in an amount equal to the accrued retirement annuity computed pursuant to section 352.115, subdivisions 2 and 3, without the reduction for early commencement of the benefit set forth in section 352.116, with a minimum disability benefit of \$130 per month and a maximum disability benefit of the amount of the disability benefit which, when added to any earnings from partial or total re-employment, shall not exceed 85 percent of the current top rate of salary paid to the employment position classification held by the person at the time of the occurrence of the disability. Upon the commencement of a disability under this section, section 352.113, subdivisions 1 through 11 shall not be considered applicable to that person. Any person obtaining the status described in clause (d) shall be entitled to receive a benefit in an amount equal to the benefit provided by section 352.12, subdivision 2, notwithstanding the fact that the former active employee may not have attained one of the ages or have been credited with one of the lengths of service specified in that subdivision.

Any person entitled to receive an increase pursuant to section 10 of this act shall be entitled to receive the increase retroactively to January 1, 1978. The first payment of retirement allowances or annuities, disability benefits, survivorship annuities or survivorship benefits shall include the retroactive amounts.

Sec. 19. [352.271] **METROPOLITAN TRANSIT COMMISSION-TRANSIT OPERATING DIVISION EMPLOYEES; CREDIT FOR MILITARY SERVICE.** Any employee of the metropolitan transit commission operating division who was on a leave of absence to enter military service on July 1, 1978, who has not taken a refund of employee contributions as authorized by article 12 of the metropolitan transit commission-transit operating division employees retirement fund document or Minnesota Statutes, Section 352.22, Subdivision 2a, and who returns to service as an employee of the metropolitan transit commission-transit operating division upon discharge from military service as provided in Minnesota Statutes, Section 192.262 shall be entitled to receive allowable service credit for the period of military service. If an employee has taken a refund of employee contributions as authorized, and would otherwise be entitled to receive allowable service credit pursuant to this section, the employee shall be entitled to receive allowable service credit for the period of military service upon repayment to the executive director of the Minnesota state retirement system of the amount refunded plus interest at the rate of six percent per annum compounded annually from the date on which the refund was taken to the date of repayment. No employee shall be entitled to receive allowable service credit for any voluntary extensions of military service at the instance of the employee beyond any initial period of enlistment, induction or call to active duty.

Sec. 20. **LIMITATION ON NONFORFEITABLE ENTITLEMENT TO BENEFIT INCREASE.** No current annuitant, disabilitant or survivor benefit recipient and no active or inactive member of any retirement fund to which this act applies shall acquire a nonforfeitable interest in, or entitlement to, any modification in the benefit plan of the fund contained in this act or be entitled to bring any action based on any modification in the benefit plan of the fund contained in this act until a period of two years commencing with the date on which the benefit plan modification becomes effective has expired.

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Sec. 21. Minnesota Statutes 1978, Section 352.22, Subdivision 11, is repealed.

Sec. 22. [422A.156] LIMITATION ON CERTAIN BENEFIT PAYMENTS: From and after the effective date of this act, nothing contained in Minnesota Statutes, Section 422A.09, Subdivision 3, Clause (2) shall be construed as allowing payment of a retirement allowance or other retirement benefits other than a disability allowance pursuant to Minnesota Statutes, Section 422A.18 if otherwise eligible to any former, present or future elective officer of the city of Minneapolis who has not attained the age of at least 60 years unless the elective officer has received credit for at least 30 years of services and retires pursuant to Minnesota Statutes, Section 422A.15, Subdivision 1.

Sec. 23. Laws 1978, Chapter 562, Section 35, is repealed.

Sec. 24. This act is effective the day following final enactment.

Approved February 7, 1980

CHAPTER 343—S.F.No. 687

An act relating to banks and banking; regulating interest rates charged by state banks; amending Minnesota Statutes 1978, Chapter 48, by adding a section.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 1978, Chapter 48, is amended by adding a section read:

[48.195] INTEREST RATES; USURY LIMIT FOR STATE BANKS. Notwithstanding any law to the contrary, banks and savings banks organized under the laws of this state may charge on any loan or discount made or upon any note, bill or other evidence of debt, interest at a rate of not more than one percent in excess of the discount rate on 90 day commercial paper in effect at the federal reserve bank located in the Ninth Federal Reserve District.

Sec. 2. This act is effective the day following its final enactment.

Approved February 11, 1980

CHAPTER 344—S.F.No. 1361

An act relating to courts; providing for appeals from probate court; amending Minnesota Statutes 1978, Section 525.712; repealing Minnesota Statutes 1978, Sections 525.713; and 525.72.

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