

commissioner pursuant to section 60A.13, subdivision 1, the following information:

(a) the name which the arrangement intends to use and its business address;

(b) the name, address and nature of any separate organization which administers the arrangement on the behalf of the insurers; and

(c) the names and addresses of all providers designated by the insurer under this clause and the terms of the agreements with designated health care providers.

The commissioner shall maintain a record of arrangements proposed under this clause, including a record of any complaints submitted relative to the arrangements.

Approved June 7, 1983

CHAPTER 286 — H.F.No. 652

An act relating to public retirement funds; providing interest on refunds and removing erroneous language from the legislators plan; excluding severance pay in annuity computation and authorizing the purchase of service credit in the state retirement system for certain periods of unpaid leave; excluding severance pay in computing state patrol annuities; authorizing payment of interest on refunds to constitutional officers; excluding court reporter's fees from salary computation and reinstating retroactively an actuarial valuation reduction for certain public employees retirement association members; providing for a fiduciary obligation of trustees, clarifying the exemption of moneys from legal process, and increasing survivor benefits for first class city teachers associations; providing that moneys of public plans are for the exclusive benefit of participants; clarifying treatment of periods of duplicated public service credit; allowing certain public employees to retain service credit for disability benefit purposes upon a change in employment; conforming to federal limits on annual benefits; authorizing asset transfers between accounts and increasing survivor benefits for the Minneapolis municipal fund; clarifying the definition of separation from active service for volunteer firefighters; clarifying the period during which a disabled judge is entitled to full salary; correcting erroneous dates in a buyback authorization for a Crookston police officer; amending Minnesota Statutes 1982, sections 3A.03, subdivision 2; 3A.11, subdivision 1; 352.01, subdivision 13; 352B.08, subdivision 2; 352C.09, subdivision 2; 353.01, subdivision 10; 353.27, subdivision 9; 353.30, by adding a subdivision; 354A.011, subdivision 4; 354A.021, by adding a subdivision; 354A.11; 354A.32; 354A.35, subdivision 2; 356.30, subdivision 1; 356.301; 356.61; 356.65, subdivision 1; 422A.05, subdivision 1; 422A.05, by adding a subdivision; 422A.23, subdivision 2; 424A.02, subdivision 1; 490.124, subdivision 4; amending Laws 1983, chapter 84, section 1; proposing new law coded in Minnesota Statutes, chapter 356; repealing Minnesota Statutes, sections 422A.05, subdivision 7; 422A.23, subdivision 3; and Laws 1982, chapter 519, section 4.

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

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

Section 1. Minnesota Statutes 1982, section 3A.03, subdivision 2, is amended to read:

Subd. 2. ~~REFUNDMENT REFUND.~~ (1) Any person who has made contributions pursuant to subdivision 1 who is no longer a member of the legislature and ~~has less than eight years service as a member of the legislature and is not receiving, has not received, or is not entitled to receive any allowance or benefit under this chapter~~ is entitled to receive upon application to the director a refundment refund of all contributions credited to his the member's account without with interest thereon at the rate of 3-1/2 percent per annum compounded annually after the third year of service.

(2) The refundment refund of contributions as provided in clause (1) above terminates all rights of a former member of the legislature or his or her survivors under this chapter. Should the former member of the legislature again be a member of the legislature after having taken a refundment refund as provided above, he or she shall be considered a new member. However, ~~such~~ a new member may reinstate the rights and credit for service forfeited, provided the new member repays all refundments refunds taken plus interest thereon at six percent per annum compounded annually.

(3) No person shall be required to apply for or accept a refundment re-fund.

Sec. 2. Minnesota Statutes 1982, section 3A.11, subdivision 1, is amended to read:

Subdivision 1. The reserves necessary to fund the retirement allowance granted pursuant to section 3A.02 to a former legislator upon retirement ~~and any survivor benefits which may become payable,~~ shall be transferred by the director to the Minnesota post-retirement investment fund as of the date benefits begin to accrue in accord with section 11A.18. The amount of the transfer made hereunder shall be determined by an approved actuary as defined in section 352.01, subdivision 15, in accord with an appropriate mortality table using an interest assumption set at the rate specified in section 356.215, subdivision 4, clause (4).

Sec. 3. Minnesota Statutes 1982, section 352.01, subdivision 13, is amended to read:

Subd. 13. **SALARY.** "Salary" means any compensation paid to any employee including wages, allowances, and fees, but excluding amounts of severance pay.

Sec. 4. Minnesota Statutes 1982, section 352B.08, subdivision 2, is amended to read:

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Subd. 2. The annuity shall be paid in monthly installments equal to that portion of the average monthly salary of the member multiplied by 2-1/2 percent for each year and pro rata for completed months of service not exceeding 25 years and two percent for each year and pro rata for completed months of service in excess of 25 years. "Average monthly salary" shall mean the average of the monthly salaries for the five highest successive years of service as a member. The monthly salary for the period prior to July 2, 1969 shall be deemed to be \$600. The term "average monthly salary" shall not include any amounts of severance pay or any reduced salary paid during the period the person is entitled to benefit payments from the workers' compensation court of appeals for temporary disability. In lieu of the single life annuity herein provided, the member or former member with ten years or more of service may elect a joint and survivor annuity, payable to a designated beneficiary for life, adjusted to the actuarial equivalent value of the single life annuity. The joint and survivor annuity elected by a member may also provide that the elected annuity be reinstated to the single life annuity herein provided, if after drawing the elected joint and survivor annuity, the designated beneficiary dies prior to the death of the member. This reinstatement shall not be retroactive but shall be in effect for the first full month subsequent to the death of the designated beneficiary. This additional joint and survivor option with reinstatement clause shall be adjusted to the actuarial equivalent value of a regular single life annuity.

Sec. 5. Minnesota Statutes 1982, section 352C.09, subdivision 2, is amended to read:

Subd. 2. (1) Any person who has made contributions pursuant to subdivision 1 who is no longer a constitutional officer or commissioner ~~and is not receiving and has not received, or is not entitled to receive any allowance or benefit under the provisions of this chapter~~ is entitled to receive upon application to the director a refund of all contributions credited to his or her account ~~without interest thereon at the rate of 3-1/2 percent per annum compounded annually after the third year of service.~~

(2) The refund of contributions as provided in clause (1) above terminates all rights of a former constitutional officer or commissioner or his or her survivors under the provisions of this chapter. Should the former constitutional officer or commissioner again hold such office after having taken a refund as provided above, ~~he or she shall be considered a new member for all purposes and such refund may not be repaid for any credit or benefit whatever and may reinstate the rights and credit for service forfeited provided he or she repays all refunds previously taken plus interest at six percent per annum compounded annually.~~

(3) No person shall be required to apply for or accept a refund.

Sec. 6. Minnesota Statutes 1982, section 353.01, subdivision 10, is amended to read:

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Subd. 10. **SALARY.** "Salary" means the periodical compensation of any public employee, before deductions for deferred compensation or supplemental retirement plans, and also means "wages" and includes net income from fees. Fees paid to district court reporters shall not be considered a salary. Lump sum annual leave payments and severance payments shall not be deemed to be salary. Prior to the time that all sick leave has been used, amounts paid to an employee pursuant to a disability insurance policy or program where the employer paid the premiums shall be considered salary, and after all sick leave has been used, the payment shall not be considered salary. Workers' compensation payments shall not be considered salary.

Sec. 7. Minnesota Statutes 1982, section 353.27, subdivision 9, is amended to read:

Subd. 9. **FEE OFFICERS; CONTRIBUTIONS; OBLIGATIONS OF EMPLOYERS.** Any appointed or elected officer of a governmental subdivision who was or is a "public employee" within the meaning of section 353.01 and was or is a member of the fund and whose salary was or is paid in whole or in part from revenue derived by fees and assessments, shall pay his employee contribution in the amount, at the time, and in the manner provided in subdivisions 2 and 4. This subdivision shall not apply to district court reporters. The employer contribution as provided in subdivision 3, and the additional employer contribution as provided in subdivision 3a, and section 353.36, subdivision 2a, with respect to such service shall be paid by the governmental subdivision. This subdivision shall have both retroactive and prospective application as to all such members; and every employing governmental subdivision is deemed liable, retroactively and prospectively, for all employer and additional employer contributions for every such member in its employ. Delinquencies under this section shall be governed in all respects by section 353.28.

Sec. 8. Minnesota Statutes 1982, section 353.30, is amended by adding a subdivision to read:

Subd. 1b. Any person with 30 years or more of allowable service credit, who elects early retirement under subdivision 1, shall receive an annuity reduced by one-quarter of one percent for each month that the member is under age 62 at the time of retirement.

Sec. 9. Minnesota Statutes 1982, section 354A.011, subdivision 4, is amended to read:

Subd. 4. **ALLOWABLE SERVICE.** "Allowable service" means any service rendered by a member during a period in which the member receives salary from which employee contribution salary deductions are made to and credited by the teachers retirement fund association or any service rendered by a person during any period where assessments or payments in lieu of salary deductions were made if authorized by any law or provision of the association's

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articles of incorporation or bylaws then in effect or pursuant to section 354A.091, 354.092, 354.093, or 354.094 ~~354A.092, 354A.093, or 354A.094.~~

Sec. 10. Minnesota Statutes 1982, section 354A.021, is amended by adding a subdivision to read:

Subd. 6. TRUSTEES' FIDUCIARY OBLIGATION. It is the duty of the trustees or directors of each teachers retirement fund association to administer each fund in accordance with the applicable portions of this chapter, of the articles of incorporation, and of the bylaws. They shall act as trustees with a fiduciary obligation to the state of Minnesota which created the fund, the taxpayers which aid in financing it, and the teachers who are its beneficiaries. The purpose of this subdivision is to establish each teachers retirement fund association as a trust under the laws of the state of Minnesota for all purposes related to section 401(a) of the Internal Revenue Code of the United States, including all amendments.

Sec. 11. Minnesota Statutes 1982, section 354A.11, is amended to read:

354A.11 CERTAIN MONEYS AND CREDITS OF TEACHERS EX-EMPT.

All moneys deposited by a teacher or member or deposited by any other person or corporation, municipal or private, to the credit of a teacher or member of a teachers retirement fund association organized pursuant to this chapter, and all moneys, rights, and interests or annuities due or to become due to a teacher, member, or annuitant, or their beneficiaries, from any association shall not be assignable, shall be exempt from garnishment, attachment, and execution or sale on any final process issued from any court and every other legal process whatsoever including, but not limited to, ~~divorce process to collect court awards relating to marriage dissolution,~~ legal separation, and child support, and shall not be subject to the estate tax provisions of this state. This section does not make the moneys nonmarital property.

Sec. 12. Minnesota Statutes 1982, section 354A.32, is amended to read:

354A.32 OPTIONAL RETIREMENT ANNUITIES.

The boards of the Minneapolis and the St. Paul teachers retirement fund associations shall each establish for the coordinated program and the board of the Duluth teachers retirement fund association shall establish for the new law coordinated program an optional retirement annuity which shall take the form of a joint and survivor annuity. Each board may also in its discretion establish an optional annuity which shall take the form of an annuity payable for a period certain and for life thereafter. Each board shall also establish an optional retirement annuity which shall take the form of a guarantee that in the event of death the balance of the accumulated deductions shall be paid to a designated beneficiary. All optional forms shall be the actuarial equivalent of the normal

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forms provided in section 354A.31. In establishing these optional forms, the board shall obtain the written recommendation of an approved actuary and the recommendation shall be a part of the permanent records of the board.

In the event of the death of the designated beneficiary of a retired member who had elected an optional annuity, the member shall thereafter receive the unreduced amount of the earned benefit computed pursuant to 354A.31.

Sec. 13. Minnesota Statutes 1982, section 354A.35, subdivision 2, is amended to read:

Subd. 2. DEATH WHILE ELIGIBLE TO RETIRE; SURVIVING SPOUSE OPTIONAL ANNUITY. The surviving spouse of any coordinated member who has attained the age of at least 55 years and has credit for at least 20 years of service or has credit for at least 30 years of service regardless of age shall be entitled to elect a joint and survivor annuity covering the spouse of the member. If a coordinated member has elected a joint and survivor annuity pursuant to this subdivision and the member dies prior to retirement, coverage in the event of death of the member prior to retirement. The member's surviving spouse shall be paid a joint and survivor annuity as provided in section 354A.32 and computed pursuant to section 354A.31. The benefits shall be payable for life.

Sec. 14. Minnesota Statutes 1982, section 356.30, subdivision 1, is amended to read:

Subdivision 1. ELIGIBILITY; COMPUTATION OF ANNUITY. (1) Notwithstanding any provisions to the contrary of the laws governing the funds enumerated in subdivision 3, a person who has met the qualifications of clause (2) may elect to receive a retirement annuity from each fund in which the person has at least six months allowable service, based on the allowable service in each fund, subject to the provisions of clause (3).

(2) A person may receive upon retirement, in lieu of any augmentation of deferred annuities provided by laws governing the funds enumerated in subdivision 3, a retirement annuity from each fund in which the person has at least six months allowable service if

(a) the person has allowable service totaling ten or more years in any two or more of such the enumerated funds and;

(b) the person has at least six months of allowable service with the last such fund earned during his the last period of employment; and

(c) the person has not begun to receive an annuity from any such funds, may, upon retirement, in lieu of any augmentation of deferred annuities provided by the laws of such funds, elect to receive a retirement annuity enumerated fund or the person has made application for benefits from all funds within a six-month period.

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(3) The retirement annuity from each fund in which he has allowable service, shall be based upon the allowable service in each fund, except that:

(a) The laws governing annuities shall be the law in effect on the date of his final termination from the last public service under a covered fund;

(b) The "average salary" on which the annuity from each covered fund in which the employee has credit in a formula plan shall be based on the employee's highest five successive years of covered salary during his the entire service in covered funds;

(c) The formula percentages to be used by each fund shall be those percentages prescribed by each fund's formula as continued for the respective years of allowable service from one fund to the next, recognizing all previous allowable service with the other covered funds; and.

(d) Allowable service in all the funds shall be combined in determining eligibility for and the application of each fund's provisions in respect to actuarial reduction in the benefit amount for retirement prior to normal retirement.

(e) The benefit amount payable for any allowable service under a nonformula plan of a covered fund shall not be affected but such service and covered salary shall be used in the above calculation.

(f) This section shall not apply to any person whose final termination from the last public service under a covered fund is prior to May 1, 1975.

(g) For the purpose of computing benefits under this section the formula percentages used by any covered fund shall in no event exceed two and one-half percent per year of service for any year of service or fraction thereof.

(h) Any period of time for which a person has credit in more than one of the covered funds shall be used only once for the purpose of determining total allowable service. Such period shall be used in the computation of the benefit by the fund having primary and principal coverage prior to and following the period. However, if such dual coverage is the result of two part time employments each fund shall apply a pro rata fraction of its formula.

(i) If the period of duplicated service credit is more than six months, or the person has credit for more than six months with each of the funds, each fund shall apply its formula to a prorated service credit for the period of duplicated service based on a fraction of the salary on which deductions were paid to that fund for the period divided by the total salary on which deductions were paid to all funds for the period.

(j) If the period of duplicated service credit is less than six months, or when added to other service credit with that fund is less than six months, the

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service credit shall be ignored and a refund of contributions made to the person in accord with that fund's refund provisions.

Sec. 15. Minnesota Statutes 1982, section 356.301, is amended to read:

356.301 RECOGNITION OF MULTIPLE RETIREMENT FUND COVERAGE FOR DISABILITY BENEFIT ENTITLEMENT.

Notwithstanding any provisions to the contrary of the laws governing the funds enumerated in section 356.30, subdivision 3, in determining the length of service for the purpose of meeting the service requirement for entitlement for a disability benefit, but not for the purpose of establishing service credit for the calculation of the amount of a disability benefit, service covered by any retirement fund as defined in section ~~356.60~~, subdivision 1, clause (a) 356.61, shall be recognized.

If the law governing any fund enumerated in section 356.30, subdivision 3 requires a specified length of allowable service under that fund since the last termination of covered employment to be eligible for a disability benefit, an employee transferring from a covered position under one fund to a covered position under another fund within a 30-day period shall be considered to have been employed continuously for the purpose of qualifying the employee for a disability benefit.

Sec. 16. Minnesota Statutes 1982, section 356.61, is amended to read:

356.61 LIMITATION ON PUBLIC EMPLOYEE RETIREMENT ANNUITIES.

Notwithstanding any provision of law, bylaws, articles of incorporation, retirement and disability allowance plan agreements or retirement plan contracts to the contrary, no person who has pension or retirement coverage by a public pension plan shall be entitled to receive a monthly retirement annuity or disability benefit which, at the time of commencement of the retirement annuity or disability benefit, exceeds the lesser of:

(a) the amount of the final monthly salary of the person; or

(b) one-twelfth of the amount of the annual benefit permitted by the terms of section 415 of the Internal Revenue Code with respect to a participant in a plan qualified under section 401(a) of the Internal Revenue Code, as amended through December 31, 1982.

A public pension plan is any Minnesota public pension plan or fund which provides pension or retirement coverage for public employees other than volunteer firefighters, including any plan or fund enumerated in sections 356.20, subdivision 2, or 356.30, subdivision 3, any local police or firefighter's relief association to which section 69.77 applies, or any retirement or pension plan or fund, including a supplemental retirement plan or fund, established, maintained

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or supported by any governmental subdivision or public body whose revenues are derived from taxation, fees, assessments or from other public sources. Final monthly salary is the hourly rate of compensation received by the person on account of the most recent public employment for the final pay period occurring prior to retirement multiplied by 174.

The figure for the monthly retirement annuity or disability benefit to be used for the calculation of this limitation shall not include any reduction or adjustment required for retirement prior to the normal retirement age or required for the election of an optional annuity.

If the figure for the monthly retirement annuity or disability benefit exceeds the limit contained in this section, the annuity or benefit payable shall be reduced appropriately.

The managing board of each public pension plan from which a retirement annuity or disability benefit is payable shall, at the time that the retirement annuity or disability benefit commences, contact all other public pension plans to determine whether or not the recipient of the retirement annuity or disability benefit is also receiving or is entitled to receive a retirement annuity or disability benefit from any other public pension plan. If a person is entitled to receive or is receiving a retirement annuity or disability benefit from more than one public pension plan, all retirement annuities or disability benefits from all public pension plans shall be totalled in determining whether or not the limitation shall apply; provided however, that the limitation shall be based on the highest final monthly salary received by the individual from any plan. Any reduction in the amount of the retirement annuity or disability benefit required pursuant to this section shall be made by the public pension plan which provided retirement coverage for the most recent period of service.

Sec. 17. Minnesota Statutes 1982, section 356.65, subdivision 1, is amended to read:

Subdivision 1. **DEFINITIONS.** For purposes of this section, unless the context clearly indicates otherwise, the following terms shall have the meanings given to them:

(a) "Public pension fund" means any public pension plan as defined in section ~~356.60, subdivision 1, clause (a)~~ 356.61 and any Minnesota volunteer firefighters relief association which is established pursuant to chapter 424A and governed pursuant to sections 69.771 to 69.776.

(b) "Unclaimed public pension fund amounts" means any amounts representing accumulated member contributions, any outstanding unpaid annuity, service pension or other retirement benefit payments, including those made on warrants issued by the commissioner of finance, which have been issued and delivered for more than six years prior to the date of the end of the fiscal year applicable to the public pension fund, and any applicable interest to the credit of:

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(1) an inactive or former member of a public pension fund who is not entitled to a defined retirement annuity and who has not applied for a refund of those amounts within five years after the last member contribution was made;

(2) a deceased inactive or former member of a public pension fund if no survivor is entitled to a survivor benefit and no survivor, designated beneficiary or legal representative of the estate has applied for a refund of those amounts within five years after the date of death of the inactive or former member.

Sec. 18. Minnesota Statutes 1982, section 422A.05, subdivision 1, is amended to read:

Subdivision 1. ~~Except as otherwise provided by law~~ The members of the retirement board shall be the trustees and custodians of the several funds created by sections 422A.01 to 422A.25 and shall have exclusive control and management of these funds, and power to invest them and to hold, purchase, sell, assign, transfer, or dispose of any of the securities and investments in which any of the funds created by sections 422A.01 to 422A.25 shall have been invested as well as the proceeds of the investments, and of the money belonging to these funds.

Sec. 19. Minnesota Statutes 1982, section 422A.05, is amended by adding a subdivision to read:

Subd. 2d. Notwithstanding any law to the contrary, the retirement board, subject to the standards of subdivision 2a of this section, may transfer assets between accounts established by section 422A.06.

Sec. 20. Minnesota Statutes 1982, section 422A.23, subdivision 2, is amended to read:

Subd. 2. Upon the death of a contributing member after having been in the city service not less than 18 months but before the effective date of retirement, the board shall in lieu of the settlement hereinbefore provided pay to the surviving ~~dependent~~ spouse and/or ~~dependent~~ children of the member under the age of 18, or under the age of 22 if a full-time student at an accredited school, college or university, and single, the following monthly benefit:

(a) Surviving spouse \$150 \$325 per month, except for benefits beginning after July 1, 1983, which shall be 30 percent of member's average salary in effect over the last six months of allowable service preceeding the month in which the death occurred.

(b) Each ~~dependent~~ surviving child \$100 \$150 per month, except for benefits beginning after July 1, 1983, which shall be ten percent of the member's average salary in effect over the last six months of allowable service preceeding the month in which the death occurred. 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 a total of \$450 \$750.

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Sec. 21. Minnesota Statutes 1982, section 424A.02, subdivision 1, is amended to read:

Subdivision 1. **AUTHORIZATION.** Any volunteer firefighters' relief association or volunteer firefighters' division or account of a partially salaried and partially volunteer firefighters' relief association organized and incorporated under chapter 317 and any laws of the state and directly associated with a fire department established by municipal ordinance or any separate incorporated volunteer firefighters' relief association subsidiary to and providing service pension and retirement benefit coverage for members of an independent nonprofit firefighting corporation organized under the provisions of chapter 317 and operating exclusively for fire fighting purposes, whether or not the nonprofit firefighting corporation qualifies for fire state aid pursuant to chapter 69, when its articles of incorporation or bylaws so provide, may pay out of the assets of the special fund of the volunteer firefighters' relief association or volunteer firefighters' account, a service pension to each of its members who separates from active service with the fire department or the independent nonprofit firefighting corporation, who reaches the age of 50 years and who completes at least ten years of active service as an active member of the municipal fire department to which the relief association is associated or of the independent nonprofit firefighting corporation to which the relief association is subsidiary, and who completes at least ten years of active membership with the volunteer firefighters' relief association or volunteer firefighters' account prior to separation from active service and who complies with any additional conditions as to age, service and membership which are prescribed by the bylaws of the relief association. In the case of a member who has completed at least ten years of active service as an active member of the municipal fire department to which the relief association is associated or of the independent nonprofit firefighting corporation to which the relief association is subsidiary on the date that the volunteer firefighters' relief association is established and incorporated, the requirement that the member complete at least ten years of active membership with the volunteer firefighters' relief association or volunteer firefighters' account prior to separation from active service may be waived by the board of trustees of the relief association if the member completes at least ten years of inactive membership with the volunteer firefighters' relief association or volunteer firefighters' account prior to the payment of the service pension. During the period of inactive membership, the member shall not be entitled to receive any disability benefit coverage, shall not be entitled to receive any additional service credit towards computation of a service pension, and shall be deemed to have the status of a person entitled to a deferred service pension pursuant to subdivision 7.

No municipality or nonprofit firefighting corporation is authorized to delegate the power to take final action in setting a service pension or retirement benefit amount or level to the board of trustees of the volunteer firefighters relief association or to approve in advance a service pension or retirement benefit

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amount or level equal to the maximum amount or level which this chapter would allow rather than a specific dollar amount or level.

No volunteer firefighters' relief association or volunteer firefighters' division or account of a partially salaried and partially volunteer firefighters' relief association is authorized to pay a service pension or disability benefit to any former member of the relief association if that person has not separated from active service with the fire department to which the volunteer firefighters' relief association is directly associated or with the independent nonprofit firefighting corporation to which the volunteer firefighters' relief association is subsidiary.

For the purposes of this chapter, "to separate from active service" means to cease to perform fire suppression duties and to cease to supervise fire suppression duties.

Sec. 22. Minnesota Statutes 1982, section 490.124, subdivision 4, is amended to read:

Subd. 4. **DISABILITY RETIREMENT.** From and after disability retirement date, a disabled judge shall be entitled to ~~(a)~~ continuation of ~~his~~ the judge's full salary payable by the judge's employer, as if ~~his~~ the judge's office were not vacated by retirement, for a period of up to two full years, and (b) but in no event beyond the judge's mandatory retirement date. Thereafter a disability retirement annuity computed as provided in subdivision 1 shall be paid, provided that ~~such~~ the judge shall receive a minimum annuity of 25 percent of ~~his~~ the judge's final average compensation.

Sec. 23. **[356.001] PURPOSE OF PUBLIC PLANS.**

Subdivision 1. EXCLUSIVE BENEFIT OF MEMBERS AND BENEFICIARIES. The public plans and funds specified in subdivision 4 are established to provide for the retirement of their members and to provide funds for the beneficiaries of members in the event of death of a member. The public plans and funds are established and shall be maintained for the exclusive benefit of the members and the beneficiaries of the members. Except as provided in subdivisions 2 and 3, no part of the moneys of the plans and funds shall revert to the plan or fund or be used for or diverted to purposes other than the exclusive benefit of the members or their beneficiaries.

Subd. 2. ALLOWABLE EXPENSES. The necessary, reasonable, and direct expenses of maintaining, protecting, and administering the public plan or fund, as authorized in the laws governing the plan or fund, shall be considered as expenditures for the exclusive benefit of the members or their beneficiaries.

Subd. 3. EFFECT OF AMENDMENTS OR TERMINATION. If a public plan or fund as defined in subdivision 4 is terminated or the plan or fund provisions are amended, no part of the moneys held in the plan or fund shall be

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used for or diverted to any purpose other than the exclusive benefit of the members or their beneficiaries, except as provided in this subdivision.

If a plan or fund is terminated, all affected members have a nonforfeitable interest in their benefits accrued and funded to date. The value of the accrued benefits to be credited to the account of each affected member shall be calculated as of the date of termination and the funding ratio of the plan or fund applied to the accrued benefit of each affected member.

The board of trustees of the plan or fund shall then, as soon as administratively feasible, pay each eligible member or beneficiary on behalf of a member the amount in the member's account in a lump sum. In the case of a member whose whereabouts is unknown, the board shall notify the member at the last known address by certified mail with return receipt requested advising the member of the member's right to a pending distribution. If the member cannot be located in this manner, the board shall establish a custodial account for the member's benefit in a federally insured bank, savings and loan association, or credit union in which the member's account balance shall be deposited. If the board receives proof of death of a member that is satisfactory to the board, the account balance shall be paid to the beneficiary of the member.

Subd. 4. COVERED PLANS AND FUNDS. This section applies to all public pension and retirement plans and funds established pursuant to the laws of the state of Minnesota that receive contributions from moneys derived from taxation.

Subd. 5. CONSTRUCTION. Nothing contained in this section shall be construed to authorize, or otherwise imply, a legislative policy or intent favoring the termination of any plan or fund to which this section applies.

Sec. 24. AUTHORITY TO PURCHASE SERVICE CREDIT FOR PERIODS OF VOLUNTARY UNPAID LEAVES OF ABSENCE.

Any employee in the executive branch of state government who took an unpaid leave of absence as authorized by Laws 1982, Third Special Session chapter 1, article 2, section 8, shall be entitled to service credit for the period of the leave of absence upon payment to the fund before July 1, 1984. The amount of the payment shall include the applicable employee, employer and employer additional contributions in effect for the period of leave. The payment shall be based on the member's average monthly salary upon return to service following the leave and shall be without interest. Repayment shall be accompanied by a copy of the approval of leave by the appointing authority.

The executive director of the retirement system may require additional documentation as necessary.

Sec. 25. Laws 1983, chapter 84, section 1, is amended to read:

Section 1. **PENSION COVERAGE.**

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

Notwithstanding Minnesota Statutes, section 353.64, subdivision 1, or any other general or special law to the contrary, a person employed by the county of Polk as a deputy sheriff, on the effective date of this act shall be deemed to have been a member of the public employees police and fire fund established by Minnesota Statutes, sections 353.63 to 353.68 and not of the Crookston police relief association for the period from January 4, 1953 November 1, 1952 to December 31 January 15, 1957, when that person was employed as an officer by the Crookston police department. The amount and manner of payment shall be governed by the provisions of Laws 1982, chapter 578, article II, section 2, subdivisions 1 to 3, as amended. Any employee contributions made to the Crookston policeman's relief association shall be transferred to the public employees police and fire fund as a portion of the employee payment. Upon receipt of the required amounts by the public employees police and fire fund, credit shall be given to the officer for service as a member for the period ~~from January 4, 1953 to December 31, 1957~~ specified.

Sec. 26. **REPEALER.**

Minnesota Statutes, sections 422A.05, subdivision 7; and 422A.23, subdivision 3; and Laws 1982, chapter 519, section 4, are repealed.

Sec. 27. **EFFECTIVE DATE; LOCAL APPROVAL.**

This act is effective the day following final enactment, subject to the following conditions. Sections 1 and 5 apply to applications for refunds filed after July 1, 1983. Section 8 and the repeal of Laws 1982, chapter 519, section 4, are retroactive to July 1, 1982. Sections 10, 16, and 23 are retroactive to January 1, 1983. Sections 18, 19, and 20 are effective upon approval by the Minneapolis city council and compliance with Minnesota Statutes, section 645.021.

Approved June 7, 1983

CHAPTER 287 — H.F.No. 575

An act relating to labor; providing for a competitive state insurance fund; ratifying changes in the state employee bargaining unit composition schedule; ratifying state and University of Minnesota labor agreements, compensation plans, and plans for early retirement incentives; appropriating money; amending Minnesota Statutes 1982, section 179.741, subdivision 1, and by adding a subdivision; proposing new law coded as Minnesota Statutes, chapter 176A.

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

Article 1

Section 1. Minnesota Statutes 1982, section 179.741, subdivision 1, is amended to read:

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