

of iron range resources and rehabilitation. The conveyance shall be made for no monetary consideration, and by quitclaim deed in a form approved by the attorney general.

Approved March 25, 1986

CHAPTER 458—H.F.No. 229

An act relating to retirement; public plans generally; extending the time for termination of service to qualify for early retirement without reduction of annuities; providing health insurance benefits for certain retired teachers; changing eligibility requirements for surviving spouse benefits; regulating coverage under the unclassified employees retirement program; amending Minnesota Statutes 1984, sections 62E.14, subdivision 1; 352.12, subdivision 2; 352.91, by adding a subdivision; 352D.01; 352D.015, subdivision 5; 352D.02; 352D.06, subdivision 1; 352D.065, subdivision 5; 352D.085, subdivision 1; 353.32, subdivision 1a; 354.05, subdivisions 2 and 26; 354.44, subdivision 4; 354.46, subdivision 2; and 354A.35, subdivision 2; Minnesota Statutes 1985 Supplement, sections 136C.50, subdivision 7; 353.01, subdivision 2a; 353.657, subdivision 2d; 354.55, subdivision 11; 356.215, subdivision 4d; and 356.70, subdivision 1; Laws 1985, First Special Session chapter 7, section 31, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 62E.

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

Section 1. **[62E.081] HEALTH INSURANCE FOR RETIRED TEACHERS.**

Subdivision 1. TEACHERS ELIGIBLE FOR HEALTH INSURANCE. A teacher who retired before May 1, 1974, from the basic plan of the Minneapolis teachers retirement fund association and who is not currently eligible for the health insurance benefits of the federal Medicare Program of the Social Security Act is entitled to have health insurance premiums paid and to receive the benefits of a number two qualified plan offered by the Minnesota comprehensive health association under sections 62E.01 to 62E.17. The premium payments must be made through contributions from employed teachers in special school district No. 1 and from special school district No. 1 in the manner described in subdivision 2. To qualify for a benefit under this subdivision a retiree shall permit the school district to verify with the Social Security Administration that the retiree does not qualify for Medicare. The permission must be granted on a form prescribed by the school district.

Subd. 2. DETERMINATION OF PREMIUM. Before June 30 of each year, the writing carrier for the Minnesota comprehensive health association under section 62E.13 shall notify the school district of the total premium payment for the following school year required for coverage of the eligible teachers enrolled under subdivision 1 in the comprehensive health insurance plan. The school district shall remit the required premium payment on a monthly basis thereafter to the writing carrier. The employer contribution to the required

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premium payment must be one-half of the total premium payment and must be paid from the school district's general fund. The school district shall calculate the percentage of total annual payroll for teachers necessary to raise one-half of the total premium payment. The school district shall withhold the appropriate amount from each teacher's paychecks.

Sec. 2. Minnesota Statutes 1984, section 62E.14, subdivision 1, is amended to read:

Subdivision 1. **CERTIFICATE, CONTENTS.** The comprehensive health insurance plan shall be open for enrollment by eligible persons. An eligible person shall enroll by submission of a certificate of eligibility to the writing carrier. The certificate shall provide the following:

(a) Name, address, age, and length of time at residence of the applicant;

(b) Name, address, and age of spouse and children if any, if they are to be insured;

(c) Evidence of rejection, a requirement of restrictive riders, a rate up, or a pre-existing conditions limitation on a qualified plan, the effect of which is to substantially reduce coverage from that received by a person considered a standard risk, by at least one association members within six months of the date of the certificate, or other eligibility requirements adopted by rule by the commissioner which are not inconsistent with this chapter and which evidence that a person is unable to obtain coverage substantially similar to that which may be obtained by a person who is considered a standard risk; ~~and~~

(d) Evidence that the applicant meets the eligibility requirements of section 1, subdivision 1, of this act; and

(e) A designation of the coverage desired.

An eligible person may not purchase more than one policy from the state plan. Upon ceasing to be a resident of Minnesota a person is no longer eligible to purchase or renew coverage under the state plan.

Sec. 3. Minnesota Statutes 1985 Supplement, section 136C.50, subdivision 7, is amended to read:

Subd. 7. **STAFF.** The council may employ an executive director and other staff needed to carry out its duties. The executive director shall serve in the unclassified service and may be paid an allowance not to exceed \$2,000 annually for miscellaneous expenses in connection with duties of the office. The council may contract with professional, technical, and clerical consultants and interns needed to carry out its functions.

Sec. 4. Minnesota Statutes 1984, section 352.12, subdivision 2, is amended to read:

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Subd. 2. **SURVIVING SPOUSE BENEFIT.** If an employee or former employee who has attained the age of at least ~~55~~ 50 years and has credit for not less than ten years allowable service or who has credit for not less than 30 years of allowable service, regardless of age attained, dies before an annuity or disability benefit has become payable, notwithstanding any designation of beneficiary to the contrary, his or her surviving spouse may elect to receive, in lieu of the refund with interest provided in subdivision 1, an annuity equal to the joint and 100 percent survivor annuity which the employee could have qualified for had he or she terminated service on the date of death. The surviving spouse may apply for the annuity at any time after the date on which the deceased employee would have attained the required age for retirement based on the employee's allowable service. The annuity shall be computed as provided in section 352.115, subdivisions 1, 2, and 3, and section 352.116, subdivisions 1 and 3. Sections 352.22, subdivision 3, and 352.72, subdivision 2, apply to a deferred annuity payable under this subdivision. The annuity shall cease with the last payment received by the surviving spouse in his or her lifetime. An amount equal to the excess, if any, of the accumulated contributions which were credited to the account of the deceased employee over and above the total of the benefits paid and payable to the surviving spouse shall be paid to the deceased employee's last designated beneficiary or, if none, to the surviving children of the deceased spouse in equal shares or, if none, to the surviving parents of the deceased spouse or, if none, to the representative of the estate of such deceased spouse. Any employee may request in writing that this subdivision not apply and that payment be made only to his designated beneficiary as otherwise provided by this chapter.

Sec. 5. Minnesota Statutes 1984, section 352D.01, is amended to read:

352D.01 ESTABLISHMENT.

There is hereby established within the Minnesota state retirement system a retirement program for certain ~~unclassified~~ public employees ~~in state service~~ to be known as the Minnesota unclassified employees retirement program, which shall be administered by the Minnesota state retirement system.

Sec. 6. Minnesota Statutes 1984, section 352D.015, subdivision 5, is amended to read:

Subd. 5. "Covered employment" means employment covered by ~~chapter 352,~~ or this chapter.

Sec. 7. Minnesota Statutes 1984, section 352D.02, as amended by Laws 1985, First Special Session chapter 10, section 88, is amended to read:

352D.02 COVERAGE.

Subdivision 1. **COVERAGE.** The following employees, if they are in the unclassified service of the state and are eligible for coverage under the ~~Minnesota~~ state employees retirement system fund, shall participate in the unclassified

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program unless an employee gives notice to the executive director of the state retirement system within one year following the commencement of employment in the unclassified service that the employee desires coverage under the regular employee plan. For the purposes of this chapter, an employee who does not file notice with the executive director shall be deemed to have exercised the option to participate in the unclassified plan.

(1) any employee in the office of the governor, lieutenant governor, secretary of state, state auditor, state treasurer, attorney general or the state board of investment,

(2) the head of any department, division, or agency created by statute in the unclassified service, an acting department head subsequently appointed to the position, or any employee enumerated in section 15A.081, subdivision 1 or 15A.083, subdivision 4,

(3) any permanent, full-time unclassified employee of the legislature or any commission or agency of the legislature or a temporary legislative employee having shares in the supplemental retirement fund as a result of former employment covered by this chapter, whether or not eligible for coverage under the Minnesota state retirement system,

(4) any person employed in a position established pursuant to section 43A.08, subdivision 1, clause (c), or subdivision 1a or in a position authorized under a statute creating or establishing a department or agency of the state, which is at the deputy or assistant head of department or agency or director level,

(5) the chair, chief administrator, and not to exceed nine positions at the division director or administrative deputy level of the metropolitan waste control commission as designated by the commission; the chair, executive director, and not to exceed three positions at the division director or assistant to the chair level of the regional transit board; a chief administrator who is an employee of the metropolitan transit commission; and the chair, executive director, and not to exceed nine positions at the division director or administrative deputy level of the metropolitan council as designated by the council; provided that upon initial designation of all positions provided for in this clause, no further designations or redesignations shall be made without approval of the board of directors of the Minnesota state retirement system,

(6) the executive director, associate executive director, and not to exceed nine positions of the higher education coordinating board in the unclassified service, as designated by the higher education coordinating board; provided that upon initial designation of all positions provided for in this clause, no further designations or redesignations shall be made without approval of the board of directors of the Minnesota state retirement system,

(7) the clerk of the appellate courts appointed pursuant to Article VI, Section 2, of the Constitution of the state of Minnesota,

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(8) the chief executive officers of correctional facilities operated by the department of corrections and of hospitals and nursing homes operated by the department of human services,

(9) any employee whose principal employment is at the state ceremonial house,

(10) employees of the Minnesota educational computing corporation, and

(11) any employee of the world trade center board.

Subd. 1a. The following employees if they are eligible for coverage under the state employees retirement fund, or the teachers retirement association, or would have been eligible for coverage under those funds but for this subdivision, shall participate in the plan, subject to the provisions of subdivision 5 and section 36, and have social security coverage under the agreement between the state and the secretary of health and human services: the chancellor, university presidents, and unclassified managerial employees in the state university system employed at the level of dean or higher.

Subd. 1b. Any person who on the day before June 30, 1982 is a participant in the state unclassified employees retirement program, whose position is placed in the classified service pursuant to Laws 1982, Chapter 560, may elect to maintain membership in the unclassified program as long as the person holds the position or a position in a higher class in the same agency. When an unclassified position which entitles a person to participate in the unclassified retirement program is placed in the classified service, the commissioner of employee relations shall send written notice to the incumbent of the position, and to the director of the Minnesota state retirement system. This notice shall state the incumbent's option under this subdivision. A person eligible to maintain membership in the unclassified plan shall notify the executive director of the state retirement system of the person's election to maintain membership in the unclassified plan within 60 days of the date on which the commissioner sends the notice stating that the position has been placed in the classified service. A person who does not file this notice shall be deemed to have waived the right to remain in the unclassified plan.

Subd. ~~1b~~ 1c. An employee covered by the regular plan who is subsequently employed as a permanent, full-time unclassified employee of the legislature or any commission or agency of the legislature may elect to transfer accumulated employee and matching employer contributions, as provided in section 352D.03.

Subd. 2. A person becoming a participant in the unclassified program by virtue of employment in a position specified in subdivision 1, clause (2) and remaining in the unclassified service shall remain a participant in the program even though the position the person occupies is deleted from any of the sections referenced in subdivision 1, clause (2) by subsequent amendment, except that a person shall not be eligible to elect the unclassified program after separation from unclassified service if on the return of the person to service, that position

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is not specified in subdivision 1, clause (2). Any person employed in a position specified in subdivision 1 shall cease to participate in the unclassified program in the event his position is placed in the classified service.

Subd. 3. An election to not participate is irrevocable during any period of covered employment. An employee with employee shares to his credit in the unclassified program, after acquiring credit for ten years of allowable service but prior to termination of covered employment, may, notwithstanding other provisions of this subdivision, elect to terminate his participation in the unclassified plan and be covered by the regular plan by filing such election with the executive director. The executive director shall thereupon redeem the employee's total shares and shall credit to the employee's account in the regular plan the amount of contributions that would have been so credited had the employee been covered by the regular plan during his entire covered employment. The balance of moneys so redeemed and not credited to the employee's account shall be transferred to the state contribution reserve of the state employees retirement fund, except that the employee contribution paid to the unclassified plan in excess of that required by the general employee plan shall be refunded to the employee as provided in section 352.22.

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

Subd. 5. An employee in a position with retirement coverage under the basic program in the teachers retirement association is not entitled to participate in the plan unless the employee leaves the position and begins employment more than 30 days later in a position with retirement coverage under the plan.

Sec. 8. Minnesota Statutes 1984, section 352D.06, subdivision 1, is amended to read:

Subdivision 1. When a participant attains at least age 58, is retired from covered service, and applies for a retirement annuity, the cash value of his shares shall be transferred to the Minnesota post-retirement investment fund and used to provide an annuity for the retired employee based upon his age when the benefit begins to accrue according to the reserve basis used by the ~~regular state employees retirement~~ fund in determining pensions and reserves.

Sec. 9. Minnesota Statutes 1984, section 352D.065, subdivision 5, is amended to read:

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

Sec. 10. Minnesota Statutes 1984, section 352D.085, subdivision 1, is amended to read:

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Subdivision 1. Service under the unclassified program for which the employee has employee shares to his credit, may be used for the limited purpose of qualifying for benefits under sections 352.115, 352.72, subdivision 1, ~~and 352.113, 354.44, 354.45, 354.48, and 354.60~~; provided such service may not be used to qualify for a disability benefit under section 352.113, or 354.48 if a participant was under the unclassified program at the time of the disability, and provided further that the years of service and salary paid while ~~such~~ the participant was in the unclassified program shall not be used in determining the amount of benefits.

Sec. 11. Minnesota Statutes 1985 Supplement, section 353.01, subdivision 2a, is amended to read:

Subd. 2a. **INCLUDED EMPLOYEES.** The following persons are included in the meaning of "public employee":

- (a) Elected or appointed officers and employees of elected officers.
- (b) District court reporters.
- (c) Officers and employees of the public employees retirement association.
- (d) Employees of the League of Minnesota Cities.
- (e) Officers and employees of public hospitals, owned or operated by or an integral part of, any governmental subdivision or governmental subdivisions.
- (f) Employees of a school district who receive separate salaries for driving their own buses.
- (g) Employees of the Association of Minnesota Counties.
- (h) Employees of the Metropolitan Inter-County Association.
- (i) Employees of the Minnesota Municipal Utilities Association.
- (j) Employees of the metropolitan airports commission if employment initially commences on or after July 1, 1979.
- (k) Employees of the Minneapolis employees retirement fund, if employment initially commences on or after July 1, 1979.

(l) Employees of the Range Association of Municipalities and Schools.

(m) Employees of the soil and water conservation districts.

(n) Employees of a county historical society who are county employees.

Sec. 12. Minnesota Statutes 1984, section 353.32, subdivision 1a, is amended to read:

Subd. 1a. **SURVIVING SPOUSE OPTIONAL ANNUITY.** If a member or former member who has attained the age of at least ~~55~~ 50 years and has credit

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for not less than ten years of allowable service, or who has credit for not less than 30 years of allowable service, regardless of age attained, dies before the annuity or disability benefit has become payable, notwithstanding any designation of beneficiary to the contrary, the surviving spouse may elect to receive, in lieu of a refund with interest provided in subdivision 1, or survivor benefits otherwise payable pursuant to section 353.31, an annuity equal to the 100 percent joint and survivor annuity which the member could have qualified for had the member terminated service on the date of death. The surviving spouse may apply for the annuity at any time after the date on which the deceased employee would have attained the required age for retirement based on the employee's allowable service. The annuity shall be computed as provided in sections 353.29, subdivisions 2 and 3; and 353.30, subdivisions 1, 1a, 1b and 1c. Sections 353.34, subdivision 3, and 353.71, subdivision 2, apply to a deferred annuity payable under this subdivision. No payment shall accrue beyond the end of the month in which entitlement to the annuity has terminated. An amount equal to the excess, if any, of the accumulated contributions which were credited to the account of the deceased employee over and above the total of the annuities paid and payable to the surviving spouse shall be paid to the deceased member's last designated beneficiary or, if none, to the legal representative of the estate of the deceased member. Any member may specify in writing that this subdivision shall not apply and that payment shall be made only to the designated beneficiary, as otherwise provided by this chapter.

Sec. 13, Minnesota Statutes 1985 Supplement, section 353.657, subdivision 2a, is amended to read:

Subd. 2a. If a member who has attained the age of at least ~~55~~ 50 years and has credit for not less than ten years allowable service dies before public service has terminated, or if an employee who has filed a valid application for an annuity or disability benefit prior to termination of public service dies before the annuity or benefit has become payable, notwithstanding any designation of beneficiary to the contrary, the surviving spouse may elect to receive, in lieu of a refund with interest provided in section 353.32, subdivision 1, or survivor benefits otherwise payable pursuant to subdivisions 1 and 2, an annuity equal to the 100 percent joint and survivor annuity which the member could have qualified for on the date of death, computed as provided in sections 353.651, subdivisions 2 and 3, and 353.30, subdivision 3. The surviving spouse may apply for the annuity at any time after the date on which the deceased employee would have attained the required age for retirement based on the employee's allowable service. Sections 353.34, subdivision 3, and 353.71, subdivision 2, apply to a deferred annuity payable under this subdivision. No payment shall accrue beyond the end of the month in which entitlement to such annuity has terminated. An amount equal to the excess, if any, of the accumulated contributions which were credited to the account of the deceased employee over and above the total of the annuities paid and payable to the surviving spouse shall be paid to the deceased member's last designated beneficiary or, if none, to the legal representative of the estate of such deceased member. Any member may request in writing that this subdivision not apply and that payment be made only to the designated beneficiary, as otherwise provided by this chapter.

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Sec. 14. Minnesota Statutes 1984, section 354.05, subdivision 2, is amended to read:

Subd. 2. **TEACHER.** "Teacher" includes any person who renders 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 as those cities were so classified on January 1, 1979, or 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 is 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 the 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 unless the employee is covered by the Minnesota state retirement system by virtue of prior employment by the association, and any nurse, counselor, social worker, therapist or psychologist who renders 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 cases, the teachers retirement association shall have the authority to determine whether all or none of the combined employment shall be covered by the teachers retirement association. The term does not include an employee described in section 352D.02, subdivision 1a, clause (1), who is hired after the effective date of this act. The term does not mean any person who works for a school or institution as an independent contractor. 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. The term shall not include any person holding a part time adult supplementary vocational-technical school license who renders part time teaching service in a vocational-technical school if (1) the service is incidental to the regular nonteaching occupation of the person; and (2) the applicable vocational-technical school stipulates annually in advance that the part time teaching service will not exceed 300 hours in a fiscal year; and (3) the part time teaching service actually does not exceed 300 hours in a fiscal year. The term also shall not include a person exempt from licensure pursuant to section 125.031 or any person who was excluded from

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membership prior to January 1, 1981 pursuant to Laws 1978, chapter 556, section 1 and Laws 1980, chapter 342, section 8, if the person annually certifies on a form prescribed by the executive director that the person has established and is contributing to an individual retirement account which is based on non-teaching employment.

Sec. 15. Minnesota Statutes 1984, section 354.05, subdivision 26, is amended to read:

Subd. 26. **POST RETIREMENT INVESTMENT FUND ANNUITY.** "Post retirement investment fund annuity" means the payments made by the fund to an annuitant after retirement in accordance with the provisions of section 354.63. It also means that the payments made by the fund shall never be an amount less than the amount originally determined on the date of retirement ~~or as adjusted~~ on each succeeding January 1, 1974 ~~whichever is later but not including the adjustments provided~~ in section 11A.18.

Sec. 16. Minnesota Statutes 1984, section 354.44, subdivision 4, is amended to read:

Subd. 4. **TIME AND MANNER OF PAYMENTS.** A member may make application to the board for a retirement annuity any time after the member has satisfied the age and service requirements of this chapter for retirement except that no application for retirement may be made more than 60 days before termination of teaching service. The annuity payment shall begin to accrue after the termination of teaching service, or after the application for retirement has been filed with the board, whichever is later, as follows:

(a) on the sixteenth day of the month of termination or filing if the termination or filing occurs on or before the fifteenth day of the month or

(b) on the first day of the month following the month of termination or filing if the termination or filing occurs on or after the sixteenth day of the month ~~but in no event shall an annuity begin to accrue more than one month prior to the date of final salary receipt.~~

If an application for retirement is filed with the board during the 90-day period immediately following the termination of teaching service, the annuity may begin to accrue as if the application for retirement had been filed with the board on the date teaching service terminated. In no event may an annuity begin to accrue more than one month before the date of final salary receipt.

Sec. 17. Minnesota Statutes 1984, section 354.46, subdivision 2, is amended to read:

Subd. 2. **DEATH WHILE ELIGIBLE DESIGNATED BENEFICIARY BENEFIT.** The surviving spouse of any member or former member who has attained the age of at least ~~55~~ 50 years and has credit for at least ten years of allowable service or who has credit for at least 30 years of allowable service

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irrespective of age shall be entitled to joint and survivor annuity coverage in the event of death of the member prior to retirement. If the surviving spouse does not elect to receive a surviving spouse benefit provided pursuant to subdivision 1, if applicable, or does not elect to receive a refund of accumulated member contributions provided pursuant to sections 354.47, subdivision 1, or 354.62, subdivision 5, clause (3), whichever is applicable, the surviving spouse shall be entitled to receive, upon written application on a form prescribed by the executive director, a benefit equal to the second portion of a 100 percent joint and survivor annuity as provided pursuant to section 354.45 and computed pursuant to section 354.44, subdivisions 2, 6 or 7, whichever is applicable. The surviving spouse may apply for the annuity at any time after the date on which the deceased employee would have attained the required age for retirement based on the employee's allowable service. Sections 354.44, subdivisions 6 and 7, and 354.60 apply to a deferred annuity payable under this section. If the member was a participant in the variable annuity division, the applicable portion of the benefit shall be computed pursuant to section 354.62, subdivision 5, clause (1). The benefit shall be payable for life.

Sec. 18. Minnesota Statutes 1985 Supplement, section 354.55, subdivision 11, is amended to read:

Subd. 11. Any person covered under section 354.44, subdivisions 6 and 7, who ceases to render teaching service may leave the person's accumulated deductions in the fund for the purpose of receiving a deferred annuity at retirement. Eligibility for an annuity under this subdivision shall be governed pursuant to section 354.44, subdivision 1, or 354.60.

The amount of the deferred retirement annuity shall be determined by section 354.44, subdivisions 6 and 7, and augmented as provided herein. The required reserves related to that portion of the annuity which had accrued at the time the member ceased to render teaching service shall be augmented by interest compounded annually from the first day of the month following the month during which the member ceased to render teaching service to the effective date of retirement. There shall be no augmentation if this period is less than three months or if this period commences prior to July 1, 1971. The rates of interest used for this purpose shall be five percent commencing July 1, 1971, until January 1, 1981, and three percent thereafter. If a person has more than one period of uninterrupted service, a separate average salary determined under section 354.44, subdivision 6, must be used for each period and the required reserves related to each period shall be augmented by interest pursuant to this subdivision. The sum of the augmented required reserves so determined shall be the basis for purchasing the deferred annuity. If a person does not render teaching service in any one or more consecutive fiscal years and then resumes teaching service, the formula percentages used from date of resumption will be those applicable to new members. The mortality table and interest assumption contained therein used to compute the annuity shall be determined by the law in effect at the time of the member's retirement. A period of uninterrupted service for the purposes of this subdivision shall mean a period of covered teaching

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service during which the member has not been separated from active service for more than one fiscal year.

The provisions of this subdivision shall not apply to variable account accumulations as defined in section 354.05, subdivision 23.

In no case shall the annuity payable herein be less than the amount of annuity payable pursuant to section 354.44, subdivisions 6 and 7.

The requirements and provisions for retirement prior to age 65 contained in section 354.44, subdivision 6, clause (2) shall also apply to an employee fulfilling the requirements with a combination of service as provided in section 354.60.

The augmentation provided by this subdivision shall not apply to any period in which a person is on an approved leave of absence from an employer unit covered by the provisions of this chapter.

Sec. 19. Minnesota Statutes 1984, 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~~ 50 years and has credit for at least ~~20~~ ten years of service or has credit for at least 30 years of service regardless of age shall be entitled to joint and survivor annuity coverage in the event of death of the member prior to retirement. The surviving spouse may apply for the annuity at any time after the date on which the deceased employee would have attained the required age for retirement based on the employee's allowable service. 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. Sections 354A.37, subdivision 2, and 354A.39 apply to a deferred annuity payable under this section. The benefits shall be payable for life.

Sec. 20. Minnesota Statutes 1985 Supplement, section 356.215, subdivision 4d, is amended to read:

Subd. 4d. **INTEREST ASSUMPTIONS.** For funds governed by chapters 3A, 352, 352B, 352C, 353, 354 (except the variable annuity fund, which is governed by section 354.62), and 490, a preretirement interest assumption of eight percent, a postretirement interest assumption of five percent, and an assumption that in each future year the salary on which a retirement or other benefit is based is 1.065 multiplied by the salary for the preceding year must be used. For funds governed by chapter 354A, preretirement and postretirement assumptions of eight percent and an assumption that in each future year the salary on which a retirement or other benefit is based is 1.065 multiplied by the salary for the preceding year, but the payment of postretirement adjustments to retirees shall be based on the methods specified in the bylaws of the fund as approved by the legislature. For all other funds, a preretirement interest assumption of five percent, a postretirement interest assumption of five percent, and an assumption

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that in each future year the salary on which a retirement or other benefit is based is 1.035 multiplied by the salary for the preceding year must be used.

Sec. 21. Minnesota Statutes 1985 Supplement, section 356.70, subdivision 1, is amended to read:

Subdivision 1. **COMBINED AGE AND SERVICE REQUIREMENT.** Any member of a retirement plan established pursuant to chapter 352, 353, 354, or 354A who by January 1, 1987, has attained the age of at least 55 years and whose attained age plus credited allowable service totals at least 85, is entitled, upon valid application and termination of service prior to January 1, 1987, to the normal retirement annuity provided in these chapters without any reduction in annuity by reason of such early retirement.

Sec. 22. Laws 1985, First Special Session chapter 7, section 31, subdivision 2, is amended to read:

Subd. 2. **ELIGIBLE EMPLOYEES.** From the public employees retirement association, a member who is currently employed by independent school district No. 281, who was absent from employment due to illness between April 22, March 20, 1981, and September 4, April 17, 1981, and between June 13, 1981, and October 23, 1981, and who did not have the required deductions made from income received between July 4, 1981, and September 4, 1981 during those two periods of absence, shall be entitled to pay the voluntary assessments.

Sec. 23. **BUHL POLICE SURVIVOR BENEFITS.**

Notwithstanding the limitations in Minnesota Statutes, section 423.58, or any other law, the bylaws of the Buhl police relief association may be amended to provide for the payment of a survivor benefit to the surviving spouse of a deceased member, or the surviving children equally if there is no surviving spouse, in an amount equal to 85 percent of the pension the deceased member was to receive on the date of his death. Benefits calculated in accordance with this section must continue until the surviving spouse remarries or until a dependent child reaches the age of 18 years or, if a full-time student, 22 years, and may be made retroactive to June 30, 1985.

Sec. 24. **EVELETH POLICE AND FIREFIGHTERS; BENEFIT INCREASE.**

Notwithstanding any general or special law to the contrary, in addition to other benefits payable, retirement benefits payable to retired police officers and firefighters and their surviving spouses by the Eveleth police and fire trust fund may be increased by \$25 a month. Increases may be made retroactive to January 1, 1986.

Sec. 25. **ANDOVER FIREFIGHTERS BYLAW AMENDMENT.**

Notwithstanding any provision of Minnesota Statutes, sections 69.771 to 69.776 or chapter 424A, the Andover firefighters relief association may amend its bylaws to allow computation of service pensions utilizing a member's period of service as an active member of the municipal fire department during the period prior to incorporation of the relief association.

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

Sec. 26. FALLS NURSING HOME EMPLOYEES.

Subdivision 1. REFUND OF CONTRIBUTIONS. A member of the public employees retirement association who was employed by the Falls nursing home on the date the nursing home was taken over by a private corporation or organization must be paid a refund of accumulated employee and employer contributions made by or on behalf of the employee to the association, plus interest at the rate of six percent a year. If an employee has previously received a refund of employee contributions, only the employer contributions plus the total interest must be refunded. No employer additional contributions may be refunded.

Subd. 2. DEFERRED ANNUITY. If an employee described in subdivision 1 had at least five years of allowable service credit, the employee may elect to receive, in lieu of the refund, a deferred annuity under section 353.34, subdivision 3, notwithstanding the length of service requirements contained in that subdivision. An employee eligible for a deferred annuity who has previously received a refund of employee contributions may reinstate his or her eligibility for a deferred annuity by repaying the amount refunded, including any interest received, to the association.

Subd. 3. DEADLINE. Refunds must be paid or options exercised and repayments of refunds made before July 1, 1987.

Sec. 27. PURCHASE OF PRIOR SERVICE CREDIT BY CERTAIN EMPLOYEES.

Notwithstanding the limitations in Minnesota Statutes, section 353.36, subdivision 2, or any other law, a person who was employed by the Becker county highway department from May, 1952, to June, 1954, and who does not have the required number of years of allowable service credit to qualify for early retirement under section 356.70, subdivision 1, solely because of prior public service for which salary deductions were not taken out for the association, and who otherwise meets the requirements of section 353.36, subdivision 2, may, by paying before December 31, 1986, an amount calculated in accordance with section 353.36, subdivision 2, purchase the period of prior public service necessary to bring the person's total allowable service to the minimum required for retirement under section 356.70, subdivision 1, although the person's public service did not terminate before July 1, 1982.

Sec. 28. PURCHASE OF PRIOR SERVICE CREDIT.

Notwithstanding any provision of law to the contrary, a person who was employed as a public health nurse by the suburban Hennepin county public health nursing service from June, 1957, to February, 1961, and who is currently employed by the city of Bloomington as a health administrator, may purchase prior service credit from the public employees retirement association for the period from June 10, 1957, to February 26, 1961.

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

Sec. 29. PAYMENT.

The provisions of Laws 1982, chapter 578, article II, section 2, govern the amount and manner of payment for the purchase of prior service credit. Payment may be made either by the city of Bloomington or by the person entitled to purchase prior service.

Sec. 30. PAYMENT OF VOLUNTARY ASSESSMENTS.

Subdivision 1. Notwithstanding Minnesota Statutes, section 353.01, subdivision 16, or any other law, the person described in subdivision 2 may pay the public employees retirement association voluntary assessments. The amount of the payment is governed by section 353.27, subdivision 2.

Subd. 2. A member of the public employees retirement association who is currently employed by the Hennepin county medical center who was absent from employment due to injury between December 3, 1982, and February 7, 1983, and who did not have the required deductions made from income received between December 3, 1982, and February 7, 1983, may pay the voluntary assessments.

Subd. 3. Payment of employee contributions must be made by the member, and the current employer of the person must pay the employer and additional employer contribution required by section 353.27, subdivisions 3 and 3a. All employee, employer, and employer additional contributions must include interest at the rate of six percent a year, compounded annually, from December 3, 1982. Payments must be completed by July 1, 1986.

Sec. 31. Minnesota Statutes 1984, section 352.91, is amended by adding a subdivision to read:

Subd. 3b. Covered correctional service also means service performed by certain state employees in positions usually covered by this section who were excluded by law from coverage between July 1973 and July 1980 if they were 45 years of age or over when hired, provided they are state employees on the effective date of this subdivision and provided they elect coverage. Eligible employees who elect coverage must file written notice of their election with the director prior to July 1, 1986.

Sec. 32. CONTRIBUTIONS.

State employees electing coverage under section 31 must pay employee contributions in an amount equal to the difference between employee contributions previously made and employee contributions under the correctional employee plan for the appropriate period of employment between July 1973 and July 1980. The employer of an employee electing coverage shall pay the difference in employer contributions. Employee and employer contributions paid pursuant to this section shall include interest at six percent per annum compounded annually. No service credit shall be awarded in the correctional plan until all contributions are paid.

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

Sec. 33. REFUNDS FOR COUNTY HISTORICAL SOCIETY EMPLOYEES.

Upon application prior to January 1, 1987, refunds of employee and equal employer contributions must be made to employees of a county historical society who are not county employees. Refunds must include interest at a rate of six percent a year compounded annually.

Sec. 34. MANKATO POLICE PROBATIONARY PERIOD.

Notwithstanding Minnesota Statutes, section 423.372 or any other law, a member of the Mankato police relief association who served a probationary period during which the member was not eligible for membership in the association, may elect to purchase service credit for the probationary period. A member electing to purchase service credit shall pay to the association an amount equal to the employee contribution which would have been required of a member during the probationary period plus interest thereon at a rate equal to the annual average rate of return on investments of the special fund of the association. An election to purchase service credit and all payments of contributions must be completed by December 31, 1987 or the date the member retires, if earlier.

Sec. 35. MINNEAPOLIS PUBLIC LIBRARY EMPLOYEES.

Subdivision 1. ELIGIBLE EMPLOYEES. Notwithstanding any other provision of law, a person who was employed by the Minneapolis public library in a temporary or part time position prior to July 1, 1979, and is currently a member of the public employees retirement association, may purchase prior service credit from the public employees retirement association for a period of service between 1972 and 1985 that has not been credited in the public employees retirement association. Purchase may be only for months actually employed.

Subd. 2. PAYMENT. The amount of payment will be the higher of the payment required by section 353.36, subdivision 2, or the payment required by Laws 1982, chapter 578, article II, section 2. Payments must be made prior to July 1, 1987.

Sec. 36. ELECTION OF COVERAGE; TRANSITION.

A current employee or official enumerated in Minnesota Statutes, section 352D.02, subdivision 1a, as added by section 7, may elect prospective coverage in the unclassified plan. The employee may elect to transfer prior service credit to the plan under the provisions of section 352D.12.

The executive director of the state retirement system, or teachers retirement association, as appropriate, shall notify current employees or officials of the option within six months following the effective date of this act. An employee or official eligible to elect coverage by the plan shall notify the appropriate director within six months after the date of notice. An election to participate in the plan is irrevocable during any current or subsequent period of employment.

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

Sec. 37. OPTION TO CHOOSE PLAN.

Subdivision 1. Each legislative employee who while being employed by the legislature exercised an option to retain coverage in the state employees retirement fund has an option to choose future coverage in the unclassified plan and to transfer to the unclassified plan prior service credit accrued in the state employees retirement fund.

For an employee who elects to transfer service credit, the executive director of the fund shall transfer to the unclassified plan accumulated employee and equal employer contributions with interest at six percent a year compounded annually, based on fiscal year balances. The employee must complete the application for the transfer before July 1, 1987.

Subd. 2. The legislative body for which the employee is employed has the option to pay to the employee's account in the unclassified plan an amount equal to the difference between the employer contribution that would have been deposited in the employee's account had the employee been a member of the plan and the employer contribution that was contributed to the state employees retirement fund on behalf of the employee during the period the employee retained coverage in the state employees retirement fund. The legislative body must exercise its option before July 1, 1987.

Sec. 38. INCREASE IN CERTAIN ANNUITIES.

A former member of the public employees retirement association, the state patrol retirement fund, or the state retirement system who terminated employment before July 1, 1973, or the teachers retirement association who terminated employment before July 1, 1972, and was at least 55 years of age with at least ten years of service at the time of termination, and who deferred receipt of an annuity until after June 30, 1973, must be paid the annuity increase granted to pre-1973 retirees by Laws 1973, chapter 653, sections 32 and 34; chapter 728, section 25, subdivisions 13 and 14; chapter 753, sections 2 and 36; and chapter 755, section 5, commencing with the first annuity payment made after the effective date of this section. Retirement funds covered by this section shall transfer to the post retirement fund the required reserves necessary to support the increases granted by this section.

Sec. 39. EFFECTIVE DATE.

Sections 1 and 2 are effective upon approval by the governing board of Special School District No. 1. Section 23 is effective upon approval by the Buhl city council. Section 24 is effective upon approval by the Eveleth city council. Section 25 is effective upon approval by the Andover city council. Section 34 is effective upon approval by the Mankato city council. All local approvals must comply with Minnesota Statutes, section 645.021. Sections 3 to 22, 26 to 33, and 35 to 38 are effective the day following final enactment. Sections 4, 12, 13, 17, and 19 apply to members whose deaths occur after June 30, 1985.

Approved March 25, 1986

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