

administration of the provisions of this act shall be allotted by him for use by other departments of state, and which shall be receipted therefor.

Sec. 11. This act shall take effect and be in force from and after its passage.

Approved April 25, 1931

CHAPTER 406—H. F. No. 491

An act to establish a teachers' retirement fund, to authorize the payment of annuities and benefits therefrom to retired teachers of public schools and other educational, correctional and charitable institutions supported wholly or in part by the State of Minnesota, to prescribe the means for the creation, management and disbursement thereof, to provide for the transfer and liquidation of the teachers' insurance and retirement fund created by Chapter 199, Laws 1915, and to repeal Chapter 199, Laws 1915, as amended by Chapter 404, Laws 1925, except as specifically provided.

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

Section 1. **Definitions.**—Unless the context indicates a different meaning, the following words and terms shall, wherever used in this act, have the meaning set after the same viz.:

1. The word "teacher" shall include 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 teachers' colleges, or in any charitable institution 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 teachers' colleges but excluding the state university, whether the position be a public office or an employment, not including, however, members of any general governing or managing board or body connected with such system, or the officers of common, independent, special, or county school districts.

2. The word "teaching" shall mean and include the service performed by any person coming within the definition "teacher" as hereinbefore set forth.

3. The term "fund" shall mean the Teachers' Retirement Fund, hereinafter referred to.

4. The term "member of fund" shall mean every teacher who shall join and contribute to the Teachers' Retirement Fund as hereinafter provided.

5. The term "board" shall mean and refer to the Board of Trustees of the Teachers' Retirement Fund.

6. The feminine gender shall mean and include the masculine gender, and vice versa.

7. Wherever the plural of any of the above words or terms is used in this act, the plural shall have the same meaning as the singular as hereinbefore defined.

Sec. 2. Teachers' retirement fund.—For the purpose of improving educational service, better compensating teachers, making the occupation of teaching in this state more attractive to qualified persons encouraging savings and rewarding faithful and continued service, there is hereby established and created a fund to be known as the "Teachers' Retirement Fund". Said fund shall be derived from the following sources:

First: From payments made by teachers who become members of said fund, as herein provided, which payments and the accumulated interest thereon shall be designated as "teachers' savings".

Second: From donations, gifts, legacies, devises and bequests made to or for the benefit of said fund.

Third: From all interest derived from the investment or earnings of the moneys belonging to said fund.

Fourth: From the transfer to it of the assets of the present Teachers' Insurance and Retirement Fund as hereinafter provided.

Fifth: From moneys contributed by the state as hereinafter provided.

Sec. 3. Board of trustees created.—The management of the fund shall be vested in a board of five trustees, to be known as the board of trustees of the Teachers' Retirement Fund. Said board shall be composed of the following persons. The commissioner of education, the state auditor, the commissioner of insurance, and two members of the fund who shall be elected by the members of the fund at the time and place of their annual meeting, hereinafter provided for. At the first election of said members of the fund one trustee shall be elected to serve for one year and one for two years. Thereafter the terms of said elective members shall begin on the first Monday in January next succeeding their election. Vacancies in the case of said elective members shall be filled by appointment by the remainder of the board, the appointee to serve until the members of the fund have elected a trustee to serve for the unexpired term caused by such vacancy. No person shall be appointed by the board or elected by the members of the fund as a trustee who is not a member of the fund in good standing at the time of such appointment or election.

Said board shall annually elect one of its members as president, shall elect a secretary and fix his salary, who shall serve during the pleasure of the board and be the executive officer of said board with such duties as the board shall prescribe. The board shall employ all other clerks and employes necessary to properly administer said fund. One half of the cost and expense of administering the provisions of this act shall be paid by the fund and the balance thereof by the state.

The state treasurer shall be ex-officio treasurer of said fund and his general bond to the state shall cover any liabilities for his acts as treasurer of said fund. He shall receive all moneys payable to said fund and pay out the same only on warrants issued by the state auditor, upon vouchers signed by the president and secretary of the board. Said treasurer shall give receipts for all moneys received by him for said fund, shall keep a full, correct and separate account of the financial transactions connected therewith, and shall make an annual report to the board at its annual meeting of the receipts and disbursements and other financial transactions connected with said fund.

All members of said board shall serve without compensation, but shall receive necessary expenses while attending all meetings of said board, to be paid out of said fund.

The board hereby created shall meet on the first Monday in January, 1932, or as soon thereafter as practicable, at a time and place to be fixed by the commissioner of education, for the purpose of organizing, electing a secretary and adopting by-laws, rules and regulations as hereinafter provided. Thereafter the board shall meet regularly at its office at such times as it shall determine. Special meetings may be held at any time at the call of the president of the board or of any three members thereof.

The first fiscal year of the fund hereby created shall begin on January 1st, 1932, and end on June 30, 1932. Thereafter the fiscal year of the fund shall begin on the first day of July of each year and end on the 30th day of June of the following year.

A suitable office, with suitable furniture and office supplies, shall be provided by the state, through the proper officer, for the use of said board and its secretary.

Sec. 4. Powers of board.—Said board shall have and is hereby granted power to frame by-laws for its own government and for the management of said fund, not inconsistent with the laws of the state, and to modify them at pleasure; to adopt, alter and enforce reasonable rules and regulations, not inconsistent with the laws of the state, for the administration and management of said fund, for the payment and collection of payments from members and for the payment of withdrawals and benefits; to pass upon and allow or disallow all applications for membership in the fund, and for credit for teaching service; to pass upon and allow or disallow all claims for withdrawals, pensions or benefits payable from said fund; to provide for the payment out of said fund of all necessary expenses for the administration thereof and of all claims for withdrawals, pensions or benefits allowed.

In passing upon all applications and claims said board may summon, swear, hear and examine witnesses, and in the case of claims for disability benefits, may require the claimant to submit to a medical examination by a physician of the board's choice, at the expense of the claimant, as a condition precedent to the passing on said claim, and in the case of all applications and claims, may conduct investigations necessary to determine the validity and merit of the same.

The board may sue or be sued in the name of the board of trustees of the Teachers' Retirement Fund, and in all actions brought by or against it said board shall be represented by the attorney general.

It shall be the duty of said board from time to time to certify to the State Board of Investment for investment as much of the funds in its hands as shall not be needed for current purposes. The State Board of Investment shall thereupon invest the sum so certified in such securities as are now or may hereafter be duly authorized legal investments for savings banks and trust companies, and all such securities so purchased shall be deposited with the state treasurer; but in case of necessity such securities shall be sold by said State Board of Investment upon request of said board in order to raise money for current purposes. All interest from said investments shall be credited to the fund and shall be used for current purposes, except as hereinafter provided.

The board shall keep a record of the receipts and disbursements of said fund and a separate account with each member of said fund. It shall determine annually the net annual interest earnings of said fund by deducting the expenses of said fund from the gross interest earnings. Five per cent of the net annual interest earnings shall annually be set aside as a contingency reserve until said contingency reserve equals five per cent of the assets of the fund. The contingency reserve so created shall be disbursed only by specific direction of the board. The remaining portion of the net annual interest earnings shall be apportioned and credited to the separate accounts of the members of the fund in proportion to the total amount to their credit therein.

The board shall present annually to the members of the fund at its annual meeting a report of the condition of said fund for the last preceding fiscal year, which shall include a statement of the receipts and disbursements of said fund, a list of the securities in which said fund is invested, and such other information as may be necessary or desirable.

One copy of said report shall be filed in the office of the commissioner of education, one with the governor, and other copies filed or distributed as the board may determine. Said report shall also be published in the biennial report of the commissioner of education.

Sec. 5. Members of fund.—Members of the fund shall include all teachers who render any teaching service, as herein defined, after August 1, 1931, in any of the schools or institutions to which this act applies, except:

1. Those who at the time of rendering such service have not attained the age of twenty-five years, but any such teacher who renders any teaching service after September first after attaining such age shall automatically become a member, and, providing further, that any such teacher who has not attained such age shall be admitted as a member upon written application to the board.

Any member of the fund who rendered teaching service before attaining the age of twenty-five years and who has not received credit therefor, may upon written application receive credit for such service and may pay into the fund five per cent of the annual salary received during such service, with interest at four per cent per annum from the time of rendering such service.

2. Those who have rendered teaching service prior to August 1, 1931, in any of the schools or institutions to which this act applies, but any such teacher shall be admitted as a member upon written application to the board made within two years after rendering the first teaching service subsequent to August 1, 1931.

Sec. 6. Payments by members.—Each member of the fund shall pay into the fund a sum equivalent to five per cent of her annual salary, no payment, however, to exceed \$100.00 per year, payable in the manner and at the times hereinafter provided. Said payments shall be credited to the account of the teacher paying the same.

It is hereby made the duty of each person, officer, board of education or managing body required by law to draw the warrants or orders for payment of salaries to teachers to deduct and withhold from each month's salary due to every teacher who is a member of the fund the amount which such teacher is required to pay into said fund, as herein provided, and at the time of such deduction a statement showing the amount thereof shall be furnished to such teacher.

Such officer, board of education or other managing body of each school district or institution shall, between the first and fifteenth day of January and between the fifteenth and thirtieth days of June of each year, forward to the treasurer of the county in which

such school or institution is situated, a statement, verified by the secretary or clerk thereof, showing the amount of money so retained from each teacher in accordance with the provisions of this act, and with said statement shall transmit the entire amount so retained to the treasurer of said county; and in case any school district is situated in more than one county the report and remittance shall be sent to the senior county. Such board of education or other managing body shall also, on or before the thirtieth day of June of each year, transmit to the county superintendent of schools a statement showing the name of each teacher, the number of months of school taught by her during the year for which the statement is made, the number of months which constitutes a school year in said district or institution, and such other information as the board may require. If no teacher in such public school or other institution comes under the provisions of this act, said report shall state such fact. Each of the foregoing reports shall be verified by the person making the same. Provided, however, that if the drawing of the warrant or order for the payment of any teacher's salary devolves upon any state officer or board, such officer or board shall make the reports herein required directly to the board of trustees and shall remit the money so deducted to the state treasurer.

Each county superintendent shall on or before the first day of September of each year report under oath to the board, giving an itemized summary of the statements received by him from the school boards and other managing bodies, including a statement of the total amount withheld from the salaries of teachers as shown by said reports.

Between the fifteenth and twenty-eighth days of February and between the fifteenth and thirtieth days of July of each year, the county treasurer of each county shall transmit to the state treasurer all moneys received from the board of education and other managing bodies of schools or institutions to which this act applies, pursuant to the provisions of this act, and shall certify under oath to the correctness of the amount so received and transmitted, and shall furnish such other information as the board shall require. The state treasurer shall credit all moneys received or withheld pursuant to the provisions of this act to the fund, and the reports and data received by him from the county treasurer shall be available for the board.

Any person wilfully failing to perform any of the duties imposed upon him by this section shall be guilty of a misdemeanor.

The state treasurer, the several county treasurers, and the treasurers of the various school districts and institutions to which this act applies shall be officially liable for the receipt, handling and disbursement of all moneys coming into their hands, belonging to said fund, and the sureties on the official bonds of each of said treasurers shall be liable for such moneys the same as for all other moneys belonging to the school funds of this state.

Sec. 7. Funds of former association transferred to new fund.

—All moneys, property and securities to the credit of or payable to the Teachers' Insurance and Retirement Fund created by virtue of Chapter 199, Laws 1915, on December 31st, 1931, shall be, and the same hereby are transferred and appropriated to the Teachers' Retirement Fund hereby created on January 1st, 1932; and the board of trustees of said Teachers' Retirement Fund, hereby created, shall keep a separate account of said moneys, property and securities so transferred and appropriated, and of moneys hereafter paid into the same, until said Teachers' Insurance and Retirement Fund is liquidated, as herein provided.

Teachers who are members of the Teachers' Insurance and Retirement Fund, as created by Laws 1915, Chapter 199, who do not become members of the Teachers' Retirement Fund, as herein provided, shall upon written application to the board made after January 1, 1932, and not later than January 1, 1934, each be paid in cash an amount equal to the sums of money which they have theretofore paid into said Teachers' Insurance and Retirement Fund.

Teachers whose accounts are so transferred to the new fund shall have the right to pay into such fund and receive similar credit therefor at the time paid any additional sum, either in cash or in installments, which payment or payments so made together with the amount which the teacher has previously paid shall not be in excess of five per cent of the teacher's average yearly salary for the five years of service immediately preceding multiplied by the number of years of previous service for which the teacher has been given credit. Provided, that in the case of any teacher who has rendered more than fifteen years of service there shall be assigned to the teacher's credit from state funds, as a part of such teacher's savings, for each year of service beyond fifteen, five per cent of the total additional amount that such teacher has a right to pay as hereinbefore provided, not, however, exceeding the amount paid by such teacher under such right, and in no event more than fifty per

cent of the total additional amount which may be paid. The amount so assigned from state funds shall reduce to the extent thereof the total amount which the teacher may pay in addition to the funds transferred. Any moneys so contributed by the state shall be used only to purchase an annuity as hereinafter provided, and may not be withdrawn in cash as a part of the teacher's savings.

Teachers who in January 1, 1932, are then drawing annuities shall be members of the Teachers' Retirement Fund, hereby created, and shall receive in full satisfaction of all rights under Chapter 199, Laws 1915, an annuity equal to the annuity being paid to her or to which she would be entitled under said Chapter 199 on the basis of pro-rating by the board in effect on the 31st day of December, 1931.

Teachers who are members of the Teachers' Insurance and Retirement Fund, including annuitants, and who become members of the Teachers' Retirement Fund, hereby created, shall each have credited to her account in the records of the Teachers' Retirement Fund, as of January 1, 1932, an amount equal to the sums of money which they have theretofore paid into said Teachers' Insurance and Retirement Fund. After provision has been made for all obligations against said Teachers' Insurance and Retirement Fund, as may be determined by the board in accordance with the terms of this act, the balance remaining in such fund shall be apportioned to the accounts of the members of the Teachers' Retirement Fund who were members of the Teachers' Insurance and Retirement Fund, including annuitants, on the basis of the amounts which they have paid, together with the time such payments shall have been in the fund; provided that not more than four per cent compound interest shall be credited to active members of the Teachers' Retirement Fund. Any surplus remaining shall be apportioned to the accounts of the then annuitants, to be used in the payment of annuities to be paid as hereinbefore provided. Any further funds which may be needed to pay the annuities payable to such annuitants as hereinbefore provided shall be paid from state funds as hereinafter specified.

Sec. 8. Teachers from other states or other schools.—Teachers from other states or from public schools of this state to which this act does not apply who become members of the fund may be given credit for such previous teaching service by the board, and, after having acquired credit for 15 years of teaching

service in schools or institutions to which this act applies, such teachers may then pay into the fund an amount equal to five per cent of the average yearly salary, not exceeding \$2000.00, received during the five years immediately before making such payments, multiplied by the number of years of previous teaching service for which credit is given, together with interest thereon at the rate of four per cent per annum from the time of rendering such previous service.

The board shall provide in its rules and regulations the method and means for re-instatement as members of the fund of teachers who have withdrawn therefrom and who afterwards re-enter teaching service.

In computing the time of service of a teacher, the length of a legal school year in the district or institution where such service was rendered shall constitute a year under this act, provided such year is not less than the legal minimum school year of this state. No person shall be allowed credit for more than one year of teaching service for any calendar year. If a teacher teaches for only a fractional part of any year, credit shall be given for such fractional part of the year as the term of service rendered bears to the legal school year in such district or institution, but in no case shall the legal year be less than the minimum school year of this state.

Sec. 9. May withdraw fund when.—When any teacher who is a member of this fund shall cease to render teaching service, as herein defined, in any school or institution to which this act applies, all moneys to the credit of such teacher as teacher's savings, shall, upon written application to the board, be paid to such teacher in cash. In case of the death of a member, before an annuity shall have been drawn, the amount to her credit as teacher's savings shall be payable to any beneficiary or beneficiaries designated in writing and filed with the board, and, if no beneficiary or beneficiaries be so designated, to her estate.

A teacher ceasing to render teaching service as in the preceding section provided, who shall have at said time to her credit 30 years or more of teaching service or has at such time attained the age of fifty-five years, may, in lieu of said cash payment, use the moneys to her credit as teachers' savings as follows:

1. To purchase from the fund a life annuity in such an amount as the teacher's age, the amount to her credit as teachers' savings and the mortality and interest tables in use by the board shall permit; or

2. To purchase from the fund an annuity for a term of fifteen, twenty or twenty-five years, in such an amount as the teacher's age, the amount to her credit as teachers' savings and the mortality and interest tables in use by said fund will permit.

If such teacher shall elect to purchase a life or term annuity, as hereinbefore provided, the state shall at the time of the payment of such annuity pay to said teacher an amount equivalent to such annuity, to be paid from state funds hereinafter provided; provided, however, that in case of a term annuity such payments by the state shall not continue after the death of such teacher. Provided further that the amount of the annuities so paid by the state shall not exceed in amount the term or life annuities which such annuitant could purchase with the moneys to her credit as teachers' savings for the first thirty-five years of teaching service, if she has a teaching service credit in excess of thirty-five years.

Annuities to be paid under the provisions hereof shall be payable quarterly on the first days of January, April, July, and October.

If, during the fifteenth or any subsequent year of teaching service, any member of the fund shall become totally disabled and the board shall determine that such member is premanently disqualified to render teaching service, as herein provided, such member shall, on written application to the board, be paid the amount to her credit as teachers' savings, or may use said amount to purchase from the fund a life or term annuity as above provided. If such teacher shall elect to purchase a life or term annuity, as hereinbefore provided, the state shall at the time of the payment of such annuity pay to said teacher an amount equivalent to such annuity, to be paid from the state funds hereinafter provided; provided, however, that in case of a term annuity such payments by the state shall not continue after the death of such teacher.

Every teacher retired under said total disability provision shall, if required by the board, submit to an annual physical examination by a physician designated by the board, who shall report his findings to the board, and the board's decision as to the teacher's continued total disability and right to further benefits under said total disability provision shall be final.

A teacher who receives total disability benefits, as hereinbefore provided, shall have the amount of said benefits, exclusive of the payments made from state funds, charged against the amount credit to her account as teachers' savings.

Sec. 10. Rights not assignable.—The right of a teacher to avail herself of the benefits of this act is a personal right only and shall not be assignable. All moneys to the credit of a teacher's account in the fund, or any moneys payable to her from the fund shall belong to the State of Minnesota until actually paid to the teacher, or her beneficiary, pursuant to the provisions of this act. Any assignment or attempted assignment of a teacher's interest in said fund or of a beneficiary's interest therein by a teacher, or her beneficiary, shall be null and void and the same shall be exempt from garnishment or levy under attachment or execution. Any beneficiary designated by a teacher under the terms of this act may be changed or revoked by the teacher at her pleasure in such manner as the board may prescribe. In case a designated beneficiary dies before the teacher designating him dies and a new beneficiary is not designated, the teacher's estate shall be the beneficiary.

Sec. 11. Teachers to elect members of board.—At the time and place of the next annual meeting of the Minnesota Education Association, or its delegate assembly, those teachers who are members of the present Teachers' Insurance and Retirement Fund and who have theretofore filed application in writing with the commissioner of education to become members of the Teachers' Retirement Fund, hereby created, shall meet at the call of the commissioner of education for the purpose of electing two members of the board of trustees of the fund, hereby created, and annually thereafter at the time and place of the annual meeting of the Minnesota Education Association, or its delegate assembly, the members of said fund shall also meet at a time and place to be designated by the commissioner of education for the purpose of electing one or more members of said board of trustees, as hereinbefore provided, hearing the annual report of said board, and of transacting any other business that may properly come before them.

Sec. 12. Board to certify to state auditor.—The board shall from time to time determine the amount of money necessary and presently needed to meet the state's obligations as in this act provided, and shall certify the amount so determined to the state

auditor. In so certifying, the board shall certify separately the amount required to pay annuities to annuitants whose accredited teaching service was rendered for and in behalf of the state at large, together with the amount necessary to meet any operating cost for which the state is liable, and the amount required to pay annuities to annuitants whose accredited teaching service was rendered for and in behalf of the schools and institutions located outside of the cities of the first class. In case any annuitant has rendered accredited teaching service in part for the state at large and in part for the schools and institutions located outside of said cities of the first class, the amount certified for the payment of her annuity shall be pro-rated on the basis of the respective amounts contributed by such annuitant to her teachers' savings while rendering such respective teaching service.

The auditor is hereby directed to include in each annual state tax levy the amount or amounts so certified and not included in a previous levy, which amount or amounts are hereby annually levied against the taxable property of the state as herein further provided; provided, however, that the levy against the taxable property outside of cities of the first class shall not in any year exceed fifteen one-hundredth of a mill on each dollar of assessed valuation. In certifying the rate to the several county auditors, the state auditor shall certify, subject to the maximum levy hereinbefore prescribed, the amount required for annuities for teaching service rendered for the state at large, together with the amount required for the state's share of operating costs, against all the taxable property of the state, and shall certify the amount required for annuities for teaching service rendered for the schools and institutions outside of cities of the first class against all of the taxable property located outside of said cities. The proceeds of the tax levies so made are hereby appropriated for the payment of the certificates provided for in the following section.

Sec. 13. Auditor may sell tax anticipation certificates.—The auditor, upon receiving from the board any certificate or certificates as in the preceding section provided, is hereby authorized and directed, in anticipation of the taxes levied or to be levied as in the preceding section provided, to issue and sell certificates of indebtedness of the state in the aggregate amount of such certificate or certificates, not, however, exceeding the amount which will be produced by the maximum levy hereinbefore authorized, such certificates of indebtedness to be numbered serially and to be of such denominations and to bear such rate of interest, not exceeding five

per cent per annum, as the auditor shall determine, and to mature at such date as the auditor shall fix, not later, however, than the thirty-first day of December of the year following the next annual tax levy made after the date of issue. The interest on such certificates of indebtedness shall be payable with the principal thereof, and both principal and interest shall be payable exclusively from the proceeds of tax levies made as provided in the preceding section. Said certificates shall be in such form and upon such terms and conditions, not inconsistent with the terms of this act, as the state auditor shall determine, shall be signed by the governor and attested by the state auditor, and shall be sold for not less than par. Such certificates may be purchased by the state board of investment for the permanent school fund, swamp land fund, internal improvement fund, or any other trust fund of the State of Minnesota, and shall be deemed "authorized securities" within the provisions of section 7714, General Statutes 1923, and laws amendatory thereof and supplemental thereto.

The proceeds of the sale of certificate of indebtedness shall be used for the payment of the state's obligations under this act, provided, that if said proceeds in any year shall be insufficient to pay said obligations in full the amount available for the payment of annuities shall be prorated thereto.

Sec. 14. Application.—This act shall not apply to any city of the first class of this state, except as provided in Section 1 hereof.

Sec. 15. Law repealed.—Chapter 199, Laws of 1915, as amended by Laws 1925, Chapter 404, Section 1, is hereby repealed, except as hereinbefore provided; provided, that the present board of trustees of the Teachers' Insurance and Retirement Fund shall continue to serve and function as now provided by law until the board of trustees of the Teachers' Retirement Fund, hereby created, assumes its duties as herein provided.

Sec. 16. Effective August 1, 1931.—This act shall take effect and be in force from and after August 1st, 1931, except as hereinbefore provided.

Approved April 25, 1931