

CHAPTER 383—H. F. No. 260

[Coded in Part]

An act relating to the state employees retirement association; amending Minnesota Statutes 1961, Section 352.01, Subdivisions 2, 4, 5, 6, 7, 11 and 16, and by adding a new subdivision thereto; Section 352.021 by adding new subdivisions thereto; Section 352.03; Section 352.04, Subdivisions 2, 3, 4, 5, 6, 7 and 10, and by adding new subdivisions thereto; Section 352.041, Subdivisions 1 and 3; Section 352.113, Subdivisions 2, 3, 5 and 10; Section 352.115, Subdivisions 1, 2, 3, 4 and 5, and by adding new subdivisions thereto; Section 352.116, Subdivisions 1, 2 and 3; Section 352.12, Subdivisions 1, 2, 3, 4, 5, 6, 7 and 9, and by adding new subdivisions thereto; Section 352.22, Subdivisions 1, 2, 3, 4, 5 and 6, and by adding new subdivisions thereto; Section 352.27; Section 352.28, Subdivisions 1 and 2; Section 352.38, Subdivision 3; Section 352.72, Subdivision 2; and by adding new sections; ~~repealing Minnesota Statutes 1961, Section 352.01, Subdivisions 10 and 14; Section 352.041, Subdivisions 4 and 7; Section 352.07; Section 352.08; Section 352.103, Subdivisions 1 and 2; Section 352.117, Subdivisions 1 and 2; Section 352.12, Subdivision 8; Section 352.13; Section 352.14; Section 352.17; Section 352.18; Section 352.24, Subdivisions 1, 2, 3 and 4; Section 352.241; Section 352.25, Subdivisions 1 and 2; Section 352.26, Subdivisions 1, 2 and 3; Section 352.28, Subdivisions 5 and 6; Section 352.29; Section 352.31; Section 352.33; Section 352.34; Section 352.35; Section 352.36, Subdivisions 1 and 2; Section 352.37; Section 352.38, Subdivision 2; Section 352.61, Subdivisions 1, 2 and 3; Section 352.62, Subdivisions 1 and 2; Section 352.63, Subdivisions 1, 2, 3 and 4; Section 352.64; Section 352.65; Section 352.651; Section 352.66, Subdivision 3; Section 352.67; Section 352.68 and Section 352.69.~~

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

Section 1. Minnesota Statutes 1961, Section 352.01, Subdivision 2, is amended to read:

352.01, Subd. 2. **State employees retirement association; state employee.** (1) "State employee" means any employee or officer in the classified and unclassified service of the state. ~~except any employee designated by the Civil Service Board as a Labor Service employee who is paid on an hourly basis.~~ The term also includes the special classes of persons listed in paragraph 2 of this subdivision but excludes the special classes of persons listed in paragraph 3.

(2) The following persons are included in the meaning of state employee:

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- (a) Employees of the Minnesota Historical Society.
- (b) Employees of the State Horticultural Society.
- (c) Employees of the Disabled American Veterans, Department of Minnesota, Veterans of Foreign Wars, Department of Minnesota, *if employed prior to July 1, 1963.*
- (d) *Employees of the Minnesota Crop Improvement Association.*

~~(d)~~ (e) Employees of the adjutant general who are paid from federal funds and who are not eligible to benefits from any federal civilian retirement fund.

~~(e)~~ (f) Employees of the state colleges employed under the college activities program.

(g) ~~And currently~~ *Currently* contributing members of the association who are temporarily employed by the legislature during a legislative session or any currently contributing member employed for any special service as defined in item (h) of paragraph (3).

~~(f)~~ (h) Employees of the armory building commission.

~~(g)~~ ~~Employees of Minnesota-Wisconsin-Minneapolis-St. Paul Survival Plan Project.~~

~~(h)~~ (i) Permanent employees of the legislature and persons employed or designated by the legislature or by a legislative committee or commission or other competent authority to make or conduct a special inquiry, investigation, examination or installation including permanent employees of the legislative research committee.

~~(i)~~ (j) Trainees who are employed on a full time established training program performing the duties of the classified position for which they will be eligible to receive immediate appointment at the completion of the training period.

~~(j)~~ (k) Employees of the deputy registrar of motor vehicles in the city of Minneapolis.

(3) The following persons are excluded from the meaning of state employee:

- (a) Elective state officers;
- (b) Students employed by the University of Minnesota and the state colleges unless approved for membership by the board of regents or the state college board, as the case may be;
- (c) Employees who are eligible to membership in the state

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teachers retirement fund except employees of the department of education who have elected or may elect to become members of the state employees retirement association instead of the teachers retirement fund;

(d) Employees of the University of Minnesota who are excluded from membership by action of the board of regents;

(e) Officers and enlisted men in the national guard and the naval militia except such as are assigned to permanent peacetime duty;

(f) Election officers;

(g) Persons engaged in public work for the state but employed by contractors when the performance of such contract is authorized by the legislature or other competent authority;

(h) Officers and employees of the senate and house of representatives who are temporarily employed and those employees of the legislative research committee who are intermittently employed when needed;

(i) All courts and all employees thereof, referees, receivers, jurors, and notaries public, except employees of the supreme court and referees and adjusters employed by the industrial commission;

(j) Patient and inmate help in state charitable, penal and correctional institutions including the Minnesota Soldiers Home;

(k) Persons employed for professional services where such service is incidental to regular professional duties and whose compensation is paid on a per diem basis;

(l) Employees of the Sibley House Association;

(m) Employees of the Grand Army of the Republic and employees of the ladies of the G.A.R.;

(n) Operators and drivers employed pursuant to Laws 1941, Chapter 478;

(o) Members of the board of tax appeals, the civil service board, and the members of any other state board or commission who serve the state intermittently and are paid on a per diem basis; officers and members of the state agricultural society as specified in Minnesota Statutes 1961, Section 37.04; and the secretary, secretary-treasurer, and treasurer of such boards if their compensation is \$500 or less per year;

(p) State Highway patrolmen;

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(q) Temporary employees of the Minnesota state fair employed on or after August 1 for a period not to extend beyond September 30 of the same year; also persons employed at any time or times by the state fair administration for special events held on the fairgrounds;

(r) Emergency employees in the classified service whose status shall be noted by symbol on all payroll abstracts *except that emergency employees who without interruption of service become provisional or probationary employees on other than a temporary basis, shall be deemed "state employees" retroactively to the date of their emergency appointment;*

(s) *State game wardens; State police officers as defined in section 352A.01;*

(t) All temporary employees in the classified service, and all seasonal help in the unclassified service employed by either the motor vehicle division or the department of taxation, income tax division, to perform clerical duties;

(u) Trainees paid under budget classification number 41, and other trainee employees, except those listed in paragraph 2 ~~(j)~~ (j) of this subdivision;

(v) Persons whose compensation is paid on a fee basis;

(w) State employees who in any year have credit for 12 months service as teachers in the public schools of the state and as such teachers are members of the teachers retirement association or a retirement system in St. Paul, Minneapolis, or Duluth;

(x) Temporary employees of the adjutant general employed in classified and unclassified service for opening, operating, or closing Camp Ripley for field training activities;

(y) Chaplains and nuns who have taken a vow of poverty as members of a religious order;

(z) *Labor service employees who do not have tenure under section 43.09, subdivision 7.*

Sec. 2. Minnesota Statutes 1961, Section 352.01, Subdivision 4, is amended to read:

352.01, Subd. 4. **Accumulated contributions.** "Accumulated ~~deductions~~ contributions" means the total, *exclusive of interest*, of (a) the sums deducted from the salary of a member; and (b) the total amount of payments, *including assessments*, paid by a member *him* in lieu of such *salary* deductions paid under Laws 1929,

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Chapter 191, or any amendment thereof, and credited to his individual account in the retirement fund; ~~without interest.~~

Sec. 3. Minnesota Statutes 1961, Section 352.01, Subdivision 5, is amended to read:

352.01, Subd. 5. **Retirement fund.** "The retirement fund" includes the aggregate of all "accumulated ~~deductions~~ *contributions*" ~~from the salaries~~ of members of the retirement association, ~~all assessments made by such members in lieu of such deductions,~~ and all other moneys paid into the state treasury or received by the retirement board of trustees pursuant to the provisions of Laws 1929, Chapter 191, or any amendment thereof, together with all income and profits therefrom and interest thereon, including contributions on the part of the federal government, the state and departments thereof.

Sec. 4. Minnesota Statutes 1961, Section 352.01, Subdivision 6, is amended to read:

352.01, Subd. 6. **Yearly deductions from salaries.** "Monthly ~~Yearly~~ deductions from salaries" means the actual receipts received or credited to the fund from salary deductions in any calendar ~~month.~~ *year.*

Sec. 5. Minnesota Statutes 1961, Section 352.01, Subdivision 7, is amended to read:

352.01, Subd. 7. **Prior service.** "Prior service" means the allowable service rendered before the first day of July, 1929, and includes the service during the first world war of officers, soldiers, sailors, marines, and army nurses who were state employees at the time of enlisting or being drafted into the military service of the United States, and who returned directly to the service of the state upon returning from the first world war. It also includes any temporary service or service of less than six months rendered prior to July 1, 1929, upon payment for such service credit as provided in ~~section 352.24; subdivision 2;~~ *the law in effect at the time of such payment or authorized agreement for such payment.*

Sec. 6. Minnesota Statutes 1961, Section 352.01, Subdivision 11, as amended to read:

352.01, Subd. 11. **Allowable service.** "Allowable service" means:

(1) Any service rendered by a state employee for which on or before July 1, 1957, he ~~received credit to his account in the retirement fund~~ *was entitled to allowable service credit on the records*

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of the association by reason of employee contributions in the form of salary deductions, payments in lieu of salary deductions, or in any other manner authorized by Minnesota Statutes 1953, Chapter 352, as amended by Laws 1955, Chapter 239, or

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

(3) Any service rendered by a state employee after July 1, 1957, for any ~~calendar month~~ *pay period* when the member receives salary from which deductions are made, deposited and credited in the fund, or

(4) Any service rendered by a person after July 1, 1957 for any ~~calendar month~~ *pay period* where payments in lieu of salary deductions are made, deposited and credited into the fund, as provided in sections 352.23, 352.27, and Minnesota Statutes 1957, Section 352.021, Subdivision 4

(For purposes of paragraphs (3) and (4) of this subdivision, any salary paid for a fractional part of any pay period is deemed the compensation for the entire pay period unless state service has terminated), or

(5) *The period of absence from their duties by employees who by reason of injuries incurred in the performance thereof are temporarily disabled and for which disability the state is liable under the workmen's compensation law unless for the same period they are receiving a disability benefit from the retirement fund, or*

(6) *The unused portion of a member's annual leave allowance for which he is paid salary if he does not apply for refundment. If he applies for refundment his last working day is deemed the date state service terminates and credit for such service ceases on that date.*

(7) *Any member who made payment in installments in order to obtain additional service credit but failed to make the final payment on or before July 1, 1962 shall be entitled to have credit for all service for which the payments he made will entitle him under the provisions of Minnesota Statutes 1961, Section 352.24. In determining "the service for which the payments he made will entitle him" service credit shall extend retroactively from the latest service for which he made payment.*

(8) *Former members who hold numbered certificates of deferred annuity who again become members of the retirement associa-*

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tion shall surrender such certificates and shall be entitled to full credit for the service covered by the surrendered certificates.

Sec. 7. Minnesota Statutes 1961, Section 352.01, Subdivision 16, is amended to read:

352.01, Subd. 16. **Year of allowable service.** "Year of allowable service" means any 12 calendar months not necessarily consecutive in which a member ~~received compensation from the state or was eligible to credit for service;~~ *is entitled to allowable service credit for all pay periods in such 12 calendar months.* It also means 12 months credit each calendar year for ~~employees teachers~~ *employees teachers* in the state colleges and state institutions ~~who are paid on a yearly basis and~~ *who may or may not receive compensation in every calendar month pay period in the calendar year.*

Sec. 8. Minnesota Statutes 1961, Section 352.01, is amended by adding a new subdivision to read:

352.01, Subd. [18] **"Annuity" and "benefit" synonymous.** *The words "annuity" and "benefit", wherever they appear in this chapter, are synonymous.*

Sec. 9. Minnesota Statutes 1961, Section 352.021, is amended by adding new subdivisions to read:

352.021, Subd. [4] **Re-entering service after refundment.** *Whenever a former member who has withdrawn his accumulated contributions re-enters employment entitling him to membership in the state employees retirement association, he shall become a member of the association on the same basis as a new employee and shall not be entitled to credit for any former service, nor shall the annuity rights forfeited at the time of taking a refundment be restored, except as provided in this chapter.*

[Subd. 5] **Continuing membership.** (a) *Any member who has made contributions to the retirement fund for a period of one year and who, thereafter continuing in state service, becomes eligible to membership in the state teachers retirement association shall have the option of continuing as a member of the state employees retirement association by filing with this association his written election therefore. If he exercises this option, he shall not thereafter be entitled to membership in the teachers retirement association. This option shall also extend to any member of the state employees retirement association who has been required to become a member of the state teachers retirement association subsequent to June 30, 1957; and when the option is exercised as in this subdivision provided, the*

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teachers retirement association shall upon application refund to such person the sum to his credit in that fund.

(b) Employee contributions accepted under (a) of this subdivision by the state employees retirement association before July 1, 1961 shall entitle the paying member to the allowable service reflected by such contributions.

Sec. 10. Minnesota Statutes 1961, Chapter 352, is amended by adding a new section to read:

[352.028] **Membership termination.** *Membership of any person in the retirement association shall terminate upon his ceasing to be a "state employee".*

Sec. 11. Minnesota Statutes 1961, Section 352.03, is amended to read:

352.03 Board of trustees; composition, duties, powers.
Subdivision 1. Management. The management of the state employees retirement fund is hereby vested in a board of seven members, who shall be known as the board of trustees. This board shall consist of the state auditor, the state treasurer, the insurance commissioner, and four state employees who shall be elected by the members of the retirement association at a time and in a manner to be fixed by the board of trustees. Two board members, whose terms of office shall begin on the first Monday in March next succeeding their election, shall be elected biennially. The term of the two board members whose terms expire in 1949 and 1950 shall terminate on the first Monday in March, 1950, and the terms of the two board members whose terms expire in 1951 and 1952 shall terminate on the first Monday in March, 1952. The members of the board so elected shall hold office for a term of four years and until their successors are elected, and have qualified. A state employee on leave of absence shall not be eligible for election or re-election to membership on the board of trustees; and the term of any board member who is on leave for more than six months shall automatically terminate upon the expiration of such period.

Subd. 2. Vacancy, how filled. Any vacancy in the board caused by death, resignation, or removal of any member so elected shall be filled by the board of trustees for the unexpired portion of the term in which the vacancy occurs.

Subd. 3. Trustees serve without compensation. The members of the board of trustees shall serve without compensation, but shall be reimbursed out of the retirement fund for expenses actually and necessarily paid or incurred in the performance of their duties,

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and shall suffer no loss of salary or wages through service on the board.

Subd. 4. Chairman and other employees. The board shall elect a chairman and appoint a secretary and such other employees including actuarial services as may be necessary, and fix their compensation.

Subd. 5. Rules and regulations. The board shall, from time to time, subject to the limitations of this chapter and of the law, establish rules and regulations for the administration of the retirement and other provisions of this chapter and for the transaction of its business.

Subd. 6. Trustees' fiduciary obligation. It shall be the duty of the board of trustees to faithfully administer the law without prejudice and consistent with the expressed intent of the legislature. *They shall act as trustee with a fiduciary obligation to the state of Minnesota which created the fund, the taxpayers which aid in financing it, and the state employees who are its beneficiaries.*

Subd. 7. No increase of deductions or decrease of benefits. *Any changes or additions which may be found necessary or advisable for the management of the retirement fund may be made by a majority vote of the board of directors, provided no increase is thereby made in the amount of deductions from salaries, or decrease in the amount of benefits paid.*

Subd. 8. Power to determine employee's status. *The final power to determine the status of any individual in the employ of the state for the purposes of this chapter is vested in the board of trustees and its decision is final.*

Subd. 9. Legal adviser, attorney general. *The attorney general shall be the legal adviser of the board of trustees.*

Subd. 10. Civil service department, duties. *Upon request of the board of trustees, the civil service department shall furnish such information relative to the status of state employees as may be required by the board in the performance of its duties.*

Subd. 11. Industrial commission, duties. *The industrial commission shall furnish the board of trustees with a copy of each abstract submitted to the state auditor and to be charged to the state compensation revolving fund which shall be construed as notice to the board of trustees that the employees listed thereon have sustained injury arising out of and in the course of employment by the state of Minnesota and are entitled to credit for service on the records of the association during the time compensation is received for temporary*

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disability resulting from such injury, but shall not be used for any other purpose.

*Subd. 12. **Departmental information.** Under the direction of the board of trustees the head of each department shall furnish such information and keep such records as the board may require for the discharge of its duties.*

*Subd. 13. **Calendar year basis optional.** For all purposes except quarterly and biennial budgets the board of trustees may operate on a calendar rather than a fiscal year basis.*

Sec. 12. Minnesota Statutes 1961, Section 352.04, Subdivision 2, is amended to read:

352.04, Subd. 2. **Employee contributions.** The employee contribution to the fund *(a) by those employees whose state service is covered by the Federal Social Security Act shall be an amount equal to six three percent of the salary, of every member; and (b) by those employees whose state service is not covered by the Federal Social Security Act shall be an amount equal to six percent of salary. This contribution* These contributions shall be made by deduction from salary in the manner provided in subdivision 4. No deduction shall be made from any salary in excess of \$4,800 in any calendar year. ~~Where any portion of a member's salary is paid from other than state funds; such member's employee contribution shall be based on the entire salary received limited to \$4,800 in any calendar year.~~

Sec. 13. Minnesota Statutes 1961, Section 352.04, Subdivision 3, is amended to read:

352.04, Subd. 3. **Employer contributions.** The employer contribution to the fund shall be (1) an amount equal to the total amount deducted from the salaries of members on each payroll abstract, plus (2) *(a) an additional two-thirds of the amount of such deductions for employees paying three percent contributions; or (b) an additional one-sixth of the amount of such deductions for employees paying six percent contributions.* The employer contribution shall be made in the manner provided in subdivisions 5 and 6.

Sec. 14. Minnesota Statutes 1961, Section 352.04, Subdivision 4, is amended to read:

352.04, Subd. 4. **Payroll deductions.** The head of each department shall cause employee contributions to be deducted from the salary of each member of the retirement association on every payroll abstract and shall approve one voucher payable to the state treasurer for the aggregate amount so deducted from the salaries covered by the payroll abstract. Deductions from salaries of em-

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ployees paid direct by any department, institution, or agency of the state shall be made by the officer or employee authorized by law to pay such salaries. The head of any department or agency having authority to appoint any employee who receives fees as his compensation or who receives his compensation on federal payrolls shall collect as the required *employee* contribution a sum equal to six percent of the total amount of such fees not to exceed \$4,800 in any calendar year. *the applicable amounts required in section 352.04, subdivision 2.* All such deductions from salary and amounts collected shall be remitted by him to the secretary of the association with a statement showing the amount of earnings or fees, and in the case of fees, the number of transactions, and the amount of each of such deductions and collections and the names of the employees on whose account the same have been made.

Sec. 15. Minnesota Statutes 1961, Section 352.04, Subdivision 5, is amended to read:

352.04, Subd. 5. **Payment of employer contributions.** (a) The head of each department or agency shall cause employer contributions to be made to the fund on each payroll abstract at the time each member is paid his salary in an amount equal to the total amount deducted from the salaries of members plus an additional one sixth of the amount of such deductions. *the amounts required by section 352.04, subdivision 3.* These contributions shall be charged as administrative costs. Each department shall pay these amounts from such accounts and funds from which each department or agency receives its revenue, including appropriations from the general revenue fund and from any other fund, now or hereafter existing, for the payment of salaries and in the same proportion as it pays therefrom the amounts of such salaries. The moneys necessary to provide for the administrative cost as herein provided are hereby appropriated out of such revenue sources to each department and agency in such sums as are required to make the payments herein directed.

(b) If there are insufficient moneys in any such accounts or fund or source of revenue to make the payments to the state employees retirement fund required by this section to be made by such department or agency, there is hereby appropriated to such department or agency from any moneys in the state treasury not otherwise appropriated, such moneys as are required to meet such deficiencies. The amount of such appropriation made by these provisions shall be certified by the commissioner of administration to the state auditor at such times as the state auditor shall require.

Sec. 16. Minnesota Statutes 1961, Section 352.04, Subdivision 6, is amended to read:

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352.04, Subd. 6. **Quasi-state agencies: employer contributions.** For those of their employees who are members of the state employees retirement association, the State Horticultural Society, the Disabled American Veterans, Department of Minnesota, Veterans of Foreign Wars, Department of Minnesota, the Minnesota Crop Improvement Association, the Minnesota Historical Society, and the armory building commission, and the ~~Minnesota Wisconsin Minneapolis St. Paul Survival Plan Project~~, respectively, shall also pay into the retirement fund a sum equal to the total amount deducted for the *retirement fund from the salaries paid to their employees including salaries paid from an appropriation from the general revenue fund, as herein authorized, plus an additional one sixth of the amount of such deductions for employees paying six percent contributions and two thirds of the amount of such deductions for employees paying three percent contributions.*

Sec. 17. Minnesota Statutes 1961, Section 352.04, Subdivision 10, is amended to read:

352.04, Subd. ~~40~~ 7. **Employer obligation to match employee lump sum payments.** ~~If a member makes a lump sum payment to the fund, the employer shall contribute a like amount to the fund upon~~ *Upon certification of said the required amount by the secretary of the association to the employer, to the employer by the secretary of the association, each employing state department and employing governmental subdivision shall match on a pro-rata basis all authorized employee lump sum payments for past service rendered to each state department and governmental subdivision pursuant to this section or sections 352.23 or 352.27. The employer's liability in this subdivision provided shall have both prospective and retroactive application to lump sum payments made by employees after June 30, 1961.*

Sec. 18. Minnesota Statutes 1961, Section 352.04, is amended by adding new subdivisions to read:

352.04, Subd. [10] **Certain warrants canceled.** *Any state auditor's warrant payable from the retirement fund remaining unpaid for a period of six years shall be canceled into the retirement fund and not into the general revenue fund.*

Subd. [11] **Gifts and bequests.** *The board of trustees is hereby authorized and empowered to credit to the retirement fund any moneys received in the form of donations, gifts, appropriations, bequests, or otherwise, or derived therefrom.*

Sec. 19. Minnesota Statutes 1961, Section 352.04, Subdivision 7, is amended to read:

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352.04, Subd. 7. *12.* **Fund disbursement restricted.** The retirement fund shall be disbursed only for the purposes herein provided. The expenses of the association and the retirement allowances and annuities herein provided upon retirement shall be paid only from such fund, and the amounts necessary therefor are hereby annually appropriated from said fund for said purpose.

~~Under the direction of the retirement board the head of each department shall furnish such information and keep such records as the board may require for the discharge of its duties.~~

Sec. 20. Minnesota Statutes 1961, Section 352.041, Subdivision 1, is amended to read:

352.041 **Leave of absence for employment by political subdivision.** Subdivision 1. **Allowable service credit.** Any member of the state employees retirement association who is given a leave of absence for employment by a political subdivision of the state shall continue to pay into the state employees retirement fund for the period of such leave, and upon such payment he shall be given allowable service credit as a member on the records of the association the same as though he had received salary from the state therefor. Such payments into the retirement fund shall be at the rate required in section 352.04, subdivision 2, ~~or 352.62, subdivision 1, whichever applies;~~ and shall be based upon the salary received from the political subdivision subject to the maximum amount, if any.

Sec. 21. Minnesota Statutes 1961, Section 352.041, Subdivision 3, is amended to read:

352.041, Subd. 3. **Employer contributions procedure.** The officer or employee authorized by law to pay salaries to employees of the political subdivision employing such member of the state employees retirement association shall also cause employer contributions to be made to the state employees retirement fund on each payroll abstract in ~~an~~ *the* amount equal to the total amount deducted from the salary of each member ~~plus the additional percentage provided for in section 352.04, subdivision 5; or 352.63, subdivisions 2 and 3, whichever applies. required by section 352.04, subdivision 3.~~ These contributions are to be charged as an administrative cost.

Sec. 22. Minnesota Statutes 1961, Section 352.113, Subdivision 2, is amended to read:

352.113, Subd. 2. **Accrual of benefits.** The benefit shall begin to accrue 90 days following the commencement of disability or 30 days after the application is filed ~~whichever is greater.~~ *later.* If annual or sick leave is paid for more than the said 90 or 30-day

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period, whichever applies, the benefit shall accrue from the date salary ceased.

Sec. 23. Minnesota Statutes 1961, Section 352.113, Subdivision 3, is amended to read:

352.113, Subd. 3. **Computation of benefits.** ~~This disability benefit is an amount equal to the annuity based on his age when disabled in the manner provided in section 352.116, subdivision 1, plus a supplementary monthly benefit computed in accordance with the following table:~~

Age when Disabled	Supplementary benefit
Under 56	\$50
56	45
57	40
58	35
59	30
60	25
61	20
62	15
63	10
64	5

The disability benefit shall be computed in the manner provided in section 352.115 and shall be limited to an amount not to exceed fifty percent of the salary upon which it is based. The disability benefit shall be the normal annuity without reduction for each month the member is under age 65 at the time of retirement. The optional annuities provided for in section 352.116 do not apply to this section. Members whose total and permanent disability shall have been established prior to July 1, 1961, and approved by the trustees, shall continue to receive the disability benefits provided by the law then in effect so long as the total and permanent disability continues.

Sec. 24. Minnesota Statutes 1961, Section 352.113, Subdivision 5, is amended to read:

352.113, Subd. 5. **Benefits paid under other laws.** The disability benefit shall be reduced by any amounts received or receivable by a member from the employer under applicable workmen's compensation laws. ~~If a disabled person receives disability benefits under the provisions of the federal social security act, his benefits computed under this section shall be reduced by the amount of disability benefits paid under the federal act.~~

Sec. 25. Minnesota Statutes 1961, Section 352.113, Subdivision 10, is amended to read:

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352.113, Subd. 10. **Retirement status at age 65.** The disability benefit paid to a person hereunder shall terminate when he reaches age 65 if he is still totally and permanently disabled. At that time he shall be deemed to be on retirement status. ~~and shall be paid a straight life retirement annuity as provided in section 352-115 or a straight life retirement annuity equal to the disability benefit paid to him before he reached age 65, whichever amount is greater. If his disability benefit was computed pursuant to section 352-67, at age 65 he shall be deemed to be on retirement status.~~

Sec. 26. Minnesota Statutes 1961, Section 352.115, Subdivision 1, is amended to read:

352.115 **Retirement benefits.** Subdivision 1. **Age and service requirements.** After separation from state service any person (a) who has attained the age of at least 65 years and who ~~received~~ *is entitled* to credit for not less than ten years allowable service ~~as a member of the association, or (b) any person~~ who has attained the age of at least 58 years and who ~~received~~ *is entitled* to credit for not less than 20 years allowable service ~~of which 10 years are as a member of the association~~ is entitled upon application to a retirement benefit. Retirement is not compulsory prior to attaining the age of 70.

Sec. 27. Minnesota Statutes 1961, Section 352.115, Subdivision 2, is amended to read:

352.115, Subd. 2. **Average salary.** The retirement annuity hereunder payable at age 65 or thereafter shall be computed in accordance with the applicable provisions of the formula stated in subdivision 3 hereof, on the basis of the member's average salary for the period of his allowable service. Such retirement annuity is known as the "normal" retirement annuity.

(a) For years prior to July 1, 1957, "average salary" for the purpose of determining a member's retirement annuity means the amount equivalent to the average of his highest salary upon which deductions were based for any five consecutive years prior to that date;

(b) For each year subsequent to June 30, 1957, "average salary" of a member for the purpose of determining his retirement annuity means his salary ~~not exceeding in any one year \$4,800 and for upon which he had~~ *made* contributions to the retirement fund by payroll deductions.

(c) ~~Average salary in no case shall exceed \$4,800 per year.~~

Sec. 28. Minnesota Statutes 1961, Section 352.115, Subdivision 3, is amended to read:

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352.115, Subd. 3. **Retirement annuity formula.** The *member's* average salary, as defined in subdivision 2 of any member multiplied by the applicable percentages indicated below shall determine the amount of the retirement annuity to which the member qualifying therefor is entitled:

Years of Allowable Service	Percentages at the Rate of:
(a) First ten years	$5/8$ of 1 percent per year of service
(b) Second ten years or completed months of service less than such period	$\geq 7/8$ of 1 percent per year of service
(c) Third ten years of completed service less than such period	2-1/2 1.66 percent per year of service
(d) Subsequent years of or completed months of service less than such period	3 1.75 percent per year of service

Sec. 29. Minnesota Statutes 1961, Section 352.115, is amended by adding new subdivisions to read:

352.115, Subd. [4] **Certain annuity options.** *When any person retires who on July 1, 1957, had ten or more years of allowable service as a member and who does not qualify for old age and survivors primary benefits, he shall have the option to receive (a) the annuity provided in subdivisions 2 and 3, or (b) the annuity based on salary not exceeding \$4,800 per annum provided in Minnesota Statutes 1953, Section 352.11 as amended by Laws 1955, Chapter 239, but without rights to a reversionary annuity; provided however, that in the event he becomes eligible to receive the primary social security benefit, the provisions of section 352.115, subdivisions 2 and 3, shall apply for the purpose of ascertaining his retirement benefit under this section.*

Subd. [5] **Additional annuity in certain cases.** *When any person retires who on July 1, 1957, had ten or more years of allowable service as a member, he shall receive in addition to the annuity provided in subdivisions 2 and 3, an amount which, when added to his old age survivors insurance primary benefit, equals the annuity based on salary not exceeding \$4,800 per annum, he would have received under Minnesota Statutes 1953, Section 352.11 as amended by Laws 1955, Chapter 239.*

Subd. [6] **Option before social security eligibility.** *Any*

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

member who retires before he is eligible to receive a primary social security retirement benefit, may elect to receive retirement benefits from the association in an amount greater than his normal annuity computed on the basis of his age when he retires as provided in this section. He shall exercise this option by making application to the board on a form provided by the board. This greater amount shall be the actuarial equivalent of the member's normal retirement annuity computed on the basis of his age when he retires. This greater amount shall be paid until the member receives federal social security benefits or reaches the age of 65, whichever is earlier, at which time the payment from the association shall be reduced. The annuities provided in this subdivision shall be computed by an approved actuary.

Sec. 30. Minnesota Statutes 1961, Section 352.115, Subdivision 4, is amended to read:

352.115, Subd. 4: 7. **Application for annuity.** Retirement *Application for annuity* may be made ~~upon application of~~ by the member, or of some one acting in his behalf; ~~or in the case of an employee in active service, upon the application of the head of the department in which the member is employed.~~ *upon proof of authority satisfactory to the trustees.*

Sec. 31. Minnesota Statutes 1961, Section 352.115, Subdivision 5, is amended to read:

352.115, Subd. 5: 8. **Accrual of annuity.** Each member shall fix in his application for an annuity a date for retirement. This application, however, shall not be made prior to the time the member is eligible to retire by reason of both age and service requirements. An annuity shall begin to accrue 30 days after the application is filed with the ~~retirement board of trustees~~ but in no event prior to the day following the last day for which the applicant is paid salary or prior to the termination of state service. The retirement benefits shall cease with the last payment received by a retired employee during his lifetime unless the retired employee elected a reversionary annuity or an optional annuity provided in section 352.116, subdivision 3. The reversionary annuity and joint and last survivor annuity shall cease with the last payment received by the surviving spouse or beneficiary in his or her lifetime. If a retired employee had not selected an optional annuity and leaves a spouse surviving him; such spouse shall be entitled only to the annuity payment for the calendar month in which the retired employee died. If an optional annuity is payable after the death of the retired employee, the survivor under the optional annuity shall be entitled to the annuity payment for the calendar month in which the retired employee died.

Changes or additions indicated by italics, deletions by strikeout.

Sec. 32. Minnesota Statutes 1961, Section 352.115, is amended by adding new subdivisions to read:

352.115, *Subd. 9. Annuities payable monthly. All annuities, retirement allowances and disability benefits authorized under the provisions of this chapter shall be paid in equal monthly instalments and shall not be increased, decreased, or revoked except as provided herein.*

Subd. 10. Re-employment of annuitant. Should any former member who has received an annuity or retirement allowance again be entitled to receive salary or wages from the state his annuity or retirement allowance shall cease during the period of employment if employment is for a longer period than authorized ten-day emergency appointments but no payroll deductions for the benefit of the retirement fund shall be made from the earnings of such annuitant. If such employee is granted a sick leave without pay, the annuity or retirement allowance shall be resumed without change during the period of the sick leave. Upon the termination of his employment the annuity or retirement allowance shall be resumed and there shall be no change in the amount of such annuity or retirement allowance because of such employment.

Subd. 11. Accrued annuity at death. Any annuity, retirement allowance or disability benefit which had accrued prior to the death of an annuitant shall be paid to the beneficiary whom the annuitant had last designated. If (a) no beneficiary has been so designated, or (b) the designated beneficiary should die before making claim for payment of such retirement allowance or annuity, payment shall be made to the surviving spouse or, if none, to the legal representative of such annuitant, provided that if the surviving spouse or legal representative entitled thereto does not apply for payment within five years from the date of death of the annuitant, the annuity which had accrued at the time of death shall be credited to and become a part of the retirement fund.

Sec. 33. Minnesota Statutes 1961, Section 352.116, Subdivision 1, is amended to read:

352.116 **Annuities upon retirement.** Subdivision 1. **Reduced annuity before age 65.** Where any member retires prior to age 65, he shall be paid a retirement annuity in an amount equal to the normal annuity provided in section 352.115, subdivisions 2 and 3, or ~~352.63, 352.73,~~ *subdivision 2*, as the case may be, reduced by one-half of one percent for each month that the member is under age 65 at the time of retirement.

Changes or additions indicated by italics, deletions by strikeout.

Sec. 34. Minnesota Statutes 1961, Section 352.116, Subdivision 2, is amended to read:

352.116, Subd. 2. **Normal annuity at age 65.** Where any member retires after age 65, he shall be paid an annuity determined in the manner provided in ~~section~~ *sections 352.115; or 352.73, subdivision 2, whichever applies.*

Sec. 35. Minnesota Statutes 1961, Section 352.116, Subdivision 3, is amended to read:

352.116, Subd. 3. **Optional annuities.** The ~~retirement~~ *retirement* board of trustees shall establish an optional annuity of retirement which shall take the form of a joint and survivor annuity. The ~~retirement~~ *retirement* board of trustees 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. Such optional forms shall be actuarially equivalent to the normal forms provided in sections 352.115, and 352.116; *or 352.73, subdivision 2, whichever applies.* In establishing these optional forms the board shall obtain the written recommendation of approved actuary and these recommendations shall be a part of the permanent records of the board.

Sec. 36. Minnesota Statutes 1961, Section 352.12, Subdivision 1, is amended to read:

352.12 **Refundment after death of member or former member.** Subdivision 1. **Death before termination of service.** If a member dies before his state service has terminated and neither a survivor benefit nor a reversionary annuity is payable as provided herein, a refundment shall be paid to his beneficiary or, if there be none, to the representative of his estate in an amount equal to his accumulated ~~deductions~~ *contributions* plus interest thereon to the date of death at the rate of two percent per annum compounded annually. The designated beneficiary or representative of the estate of a member who may have received a disability annuity shall not be entitled to the payment of interest upon any balance remaining to his credit in the fund at the time of death.

Sec. 37. Minnesota Statutes 1961, Section 352.12, Subdivision 2, is amended to read:

352.12, Subd. 2. **Lack, or death, of beneficiary.** If a member or former member dies ~~without having designated a beneficiary or if the beneficiary should die before~~ *(a) who did not designate a beneficiary, or (b) whose last designated beneficiary dies without making application for refundment, and if there is no refundment shall be made to his surviving spouse, and or if none to the legal representa-*

Changes or additions indicated by italics, deletions by strikeout.

tive of the estate of such member or former member, *provided that if neither the surviving spouse or, if none, such legal representative entitled thereto, does not apply for refundment within five years from the date of death of the member or former member, the accumulated ~~deductions~~ contributions to his credit at the time of death shall be credited to and become a part of the retirement fund.*

Sec. 38. Minnesota Statutes 1961, Section 352.12, Subdivision 3, is amended to read:

352.12, Subd. 3. **Refundment of \$500 or less.** *If a member or former member dies without having designated a beneficiary, or if the beneficiary should die before making application for refundment of the sum to the credit of such deceased member or former member, and the amount of the refundment is ~~does not exceed \$500 or less,~~ exclusive of interest the ~~retirement~~ board of trustees may, 90 days after the date of death of the member or former member in the absence of probate proceedings, make refundment to the surviving spouse of the deceased member or former ~~members~~ member, or, if none, to the next of kin under the laws of descent of the state of ~~Minnesota~~ the trustees may upon proper application make refundment to the next of kin of the deceased member or former member, as determined by the trustees to be entitled thereto consistent with the laws of descent and such payment shall be a bar to recovery by any other person or persons determination and payment without notice shall be conclusive and final and shall be a bar against claims of all other persons. Any annuity, retirement allowance or ~~annuity~~ disability benefit which shall have accrued at the time of death of an annuitant may be paid in like manner.*

Sec. 39. Minnesota Statutes 1961, Section 352.12, is amended by adding a new subdivision to read:

352.12, Subd. [4] **Refundment to minor beneficiary.** *If a member or former member dies having named as his beneficiary a person who is a minor at the time of the application for benefit, and the amount of the benefit does not exceed \$500, exclusive of interest, the board of trustees in the absence of guardianship or probate proceedings may make payment to the natural guardian having custody of such minor beneficiary, for the benefit of such child. Any annuity, retirement allowance or disability benefit payable at the time of death of an annuitant, which is payable to a beneficiary who is a minor, may be paid in the same manner and such payment shall be a bar to recovery by any other person or persons.*

Sec. 40. Minnesota Statutes 1961, Section 352.12, Subdivision 4, is amended to read:

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

352.12, Subd. 4: 5. **Monthly installments.** The beneficiary or surviving spouse of any deceased member or former member entitled to receive a refundment shall have the option of having the amount due him paid in monthly installments in such amounts as may be agreed upon with the state employees retirement board: *board of trustees.*

Sec. 41. Minnesota Statutes 1961, Section 352.12, Subdivision 5, is amended to read:

352.12, Subd. 5: 6. **Death after service termination.** If a former member of the association dies and he has not received an annuity, *or a retirement allowance, or a disability benefit,* a refundment shall be paid to his designated beneficiary or, if there be none, to the representative of his estate in an amount equal to his accumulated ~~deductions:~~ *contributions.*

Sec. 42. Minnesota Statutes 1961, Section 352.12, Subdivision 6, is amended to read:

352.12, Subd. 6: 7. **Absence of optional or reversionary annuity.** If an annuitant dies who at the time of retirement selected neither an optional annuity or a reversionary annuity, there shall be paid to his designated beneficiary or, if there be none, to the representative of his estate, an amount equal to the excess, if any, of the accumulated ~~deductions~~ *contributions* to the credit of the annuitant at the time of retirement over and above the aggregate of (1) all annuities, *and* retirement allowances *and disability benefits* he had received and which had accrued in his lifetime, and (2) the annuity, *retirement allowance or disability benefit* if applicable, payable to his surviving spouse under section 352.115, subdivision 5: 8, *or section 352.113, subdivision 4, for the calendar month in which the member died.*

Sec. 43. Minnesota Statutes 1961, Section 352.12, Subdivision 7, is amended to read:

352.12, Subd. 7: 8. **Optional or reversionary annuity.** If an annuitant dies who at the time of retirement selected either an optional annuity or a reversionary annuity, and the total amounts paid thereunder are less than the accumulated ~~deductions~~ *contributions* to the credit of the annuitant at the time of retirement, the balance of such accumulated ~~deductions~~ *contributions* shall be paid to the person designated by the annuitant in writing to receive the same, but if no such designation has been made by the annuitant the remaining balance of such accumulated ~~deductions~~ *contributions* shall be paid to the representative of his estate.

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

Sec. 44. Minnesota Statutes 1961, Section 352.12, Subdivision 9, is amended to read:

352.12, Subd. 9. **Beneficiary designation.** The designation of a beneficiary or person to receive any accumulated ~~salary deductions~~ *contributions* remaining to the credit of a member, a former member, or an annuitant, at the time of his death, as provided in this section, must be in writing and must be filed with the ~~retirement~~ *board of trustees* prior to the death of the member, former member, or annuitant.

Sec. 45. Minnesota Statutes 1961, Section 352.12, is amended by adding the following subdivision to read:

352.12, Subd. 10. **Death of beneficiary before refundment.** *If the last designated beneficiary or beneficiaries of (a) a deceased member or former member, or (b) an annuitant, should die before receiving a refundment of the sum to the credit of the deceased member, former member or annuitant at the time of his death, the refundment shall be made to the estate of the deceased member.*

Subd. 11. **Death of disability annuitant.** *If a member who has received a disability benefit dies, there shall be paid to his last designated beneficiary or, if there be none, to the representative of his estate, an amount equal to the excess, if any, of the accumulated contributions to the credit of the member at the time the disability benefit began to accrue over and above the aggregate of (1) all disability benefits he had received and which had accrued in his lifetime, and (2) the benefit for the month in which the disabled employee died, payable, if applicable, to his surviving spouse under section 352.113, subdivision 4, and acts amendatory thereof.*

Sec. 46. Minnesota Statutes 1961, Section 352.22, Subdivision 1, is amended to read:

352.22 **Refundment or deferred annuity.** Subdivision 1. **Service termination.** Any member who ceases to be a state employee by reason of termination of state service, ~~and who ceases to be a member by reason of his change in position covered by some other public retirement system of this state or any governmental subdivision of this state;~~ shall be entitled to a refundment provided in subdivision 2 or a deferred retirement annuity as provided in subdivision 3. Application for a refundment may be made no sooner than 90 days after the termination of state service if the applicant has not again become a state employee required to be a member of the state employees retirement association.

Changes or additions indicated by italics, deletions by strikeout.

Sec. 47. Minnesota Statutes 1961, Section 352.22, Subdivision 2, is amended to read:

352.22, Subd. 2. **Amount of refundment.** Except as provided in subdivision 3, any person who ceased to be a state employee by reason of termination of state service shall receive a refundment in an amount equal to his accumulated ~~deduction~~ *contributions* without interest.

Sec. 48. Minnesota Statutes 1961, Section 352.22, Subdivision 3, is amended to read:

352.22, Subd. 3. **Deferred annuity.** Any person with at least ten years of allowable service when such termination occurs may at his option leave his accumulated ~~deductions~~ *contributions* in the fund and thereby be entitled to a deferred retirement annuity commencing at age 65. This annuity shall be computed in the manner provided in ~~section 352.115~~ *by the law in effect at the time state service terminated*, or ~~352.63~~ *whichever applies*, on the basis of allowable service prior to termination of service, but the provisions of section 352.28, subdivision 1, and section ~~352.63~~, *352.115*, ~~subdivision subdivisions 4, 5 and 6~~ shall not apply thereto. Such deferred annuity shall begin on the first day of the calendar month following the month in which the application is filed in the office of the retirement association, but no application for a deferred annuity shall be made prior to the time the former member reaches the required age to entitle him to such annuity payment. Application for the accumulated ~~deduction~~ *contributions* left on deposit with the fund may be made at any time after 90 days following the date of his termination of service.

Sec. 49. Minnesota Statutes 1961, Section 352.22, Subdivision 4, is amended to read:

352.22, Subd. 4. **Surrender of deferred annuity certificates.** ~~Former members who hold numbered certificates of deferred annuity and who again become members of the retirement association shall surrender such certificates and shall be entitled to full credit for the service covered by the surrendered certificates. Former members who hold numbered certificates of deferred annuity may surrender them at any time prior to receiving an annuity and receive a refundment of their accumulated deductions contributions upon application. Membership in the retirement association of any person shall terminate upon his ceasing to be a "state employee" whether by resignation, dismissal, retirement or termination of temporary or provisional appointment.~~

Sec. 50. Minnesota Statutes 1961, Section 352.22, Subdivision 5, is amended to read:

Changes or additions indicated by italics, deletions by strikeout.

352.22, Subd. 5. **Refundment generally unlimited.** The right of refundment provided in ~~Laws 1957, Chapter 928, section 352.22~~ is not restricted as to time unless specifically provided and the statute of limitation does not apply thereto.

Sec. 51. Minnesota Statutes 1961, Section 352.22, Subdivision 6, is amended to read:

352.22, Subd. 6. **Specific refundment.** The board of trustees ~~shall~~ *is authorized to* pay to employees of the St. Paul-Minneapolis survival plan project who were unable to obtain retroactive coverage under social security from January 1, 1957, the sum of ~~\$70.50~~ *\$158.70* which, *inclusive of \$70.50 previously authorized,* represents the difference between the amount transferred and the maximum that would have been transferred had retroactive coverage been possible.

Sec. 52. Minnesota Statutes 1961, Section 352.22, is amended by adding new subdivisions to read:

352.22, Subd. 7. **Compulsory service termination.** *Any member qualified to do so, to whom Minnesota Statutes 1961, Section 352.24 applies, (a) who has made payment permitted by that section to obtain additional service credit as therein provided, and (b) who attains the compulsory retirement age, under either the state civil service law or the compulsory retirement age fixed by the board of regents of the University of Minnesota or the state college board, prior to the time he has acquired ten years service credit as a member of the association, and (c) who would not be entitled to any retirement benefits from the association, shall, upon application in writing, be entitled to refundment of the amount paid by him for such additional service credit.*

Subd. 8. **Refundment specifically limited.** *If a former member of the association does not apply for refundment within five years after the last deduction was taken from his salary for the retirement fund, and the total amount of his accumulated contributions is not over \$25, such accumulated contributions shall be credited to and become a part of the retirement fund. In the event the former member should return to state service and become a member of the retirement association, the amount so credited to the retirement fund shall be restored to his individual account.*

Subd. 9. **Refundment for persons committed to state hospitals.** *While a former member is under commitment as an inmate of a state hospital under the jurisdiction of the commissioner of public welfare, or of a similar public authority if the former member is an inmate of a state hospital of another state, and if the inmate is entitled to a re-*

Changes or additions indicated by italics, deletions by strikeout.

fundment of his accumulated contributions in the retirement fund in an amount not to exceed \$300, refundment of such accumulated contributions may be made, upon appropriate application therefor, to the superintendent of such state hospital of this state, or similar public authority of another state if authorized so to do by the laws of that state, and such refundment shall be a bar to recovery by any other person or persons.

Subd. 10. Other refundments. Former members of the association who are or who shall become members of the highway patrolmen's retirement association, the state police officers retirement fund; or employees of the university of Minnesota who are excluded from membership in the state employees retirement association by action of the board of regents; or labor service employees lacking tenure under section 43.09, subdivision 7, shall be entitled to a refundment without any waiting period, in an amount equal to their respective accumulated contributions without interest, notwithstanding their continuance in state service but in positions not covered by chapter 352.

Sec. 53. Minnesota Statutes 1961, Section 352.27, is amended to read:

352.27 Military service credit. Any employee given a leave of absence to enter military service ~~and~~ who returns to state service upon discharge from military service as provided in Minnesota Statutes, Section 192.262, shall obtain credit for his period of military service but he shall not receive credit for any voluntary extension of military service at the instance of the member beyond the initial period of enlistment, induction or call to active duty. Such member shall obtain such credit by paying into the fund an employee contribution based upon his salary at the date of return from military service. The amount of this contribution shall be ~~six percent of his salary not to exceed \$4800 in any calendar year the applicable amounts required in section 352.04, subdivision 2,~~ plus interest at four percent per annum compounded annually. Such payments shall be reduced by the amount of the social security tax that would have been transferred to the social security contribution fund for the calendar years 1956 and 1957, or any portion thereof, had the member been receiving salary from the state of Minnesota and assuming such salary received would have been the salary received upon his return to state service. In such cases the matching employer contribution and additional contribution provided in section 352.04 shall be paid by the department employing such member upon his return to state service from funds available to such department at the time and in the manner provided in section 352.04.

Changes or additions indicated by italics, deletions by strikeout.

Sec. 54. Minnesota Statutes 1961, Section 352.28, Subdivision 1, is amended to read:

352.28 **Savings clauses.** Subdivision 1. **Optional retirement benefits.** Any person who on July 1, 1957, has ten or more years of allowable service as a member and whose deductions from salary continue at the rate in effect prior to that date, shall have the option when he retires either to receive the retirement benefits computed under Minnesota Statutes 1953, (a) Section 352.11, Subdivision 1, paragraph 3, 4 and 6, or the retirement benefits computed under (b) sections ~~352.117~~ 352.73, subdivision 2, and 352.116.

Sec. 55. Minnesota Statutes 1961, Section 352.28, Subdivision 2, is amended to read:

352.28, Subd. 2. **Certain elections continued.** Any election made by a member prior to July 1, 1957, pursuant to Minnesota Statutes 1953, Section 352.11, Subdivision 1 (5), as amended by Laws 1955, Chapter 239, Section 13, shall be continued in effect until the member retires. Provided, however, that upon the death before retirement of any member who had made such election the surviving spouse shall have the option of receiving the reversionary annuity provided under such election or the survivor's benefit ~~provided~~ *authorized* in section ~~352.117~~, 352.73, subdivision 4.

Sec. 56. Minnesota Statutes 1961, Section 352.38, Subdivision 3, is amended to read:

352.38, Subd. 3. **Appropriation.** The moneys necessary for the payment provided for in this section are hereby appropriated from the state employees retirement fund; and the *board of trustees of the state employees retirement board association* shall administer this section, ascertain the person qualifying for the benefits provided herein, and make payments as authorized.

Sec. 57. Minnesota Statutes 1961, Section 352.72, Subdivision 2, is amended to read:

352.72, Subd. 2. **Computation of deferred annuity.** The deferred annuity, *if any, accruing under subdivision 1*, shall be computed in the manner provided in Minnesota Statutes, Section 352.22, Subdivision 3, and acts amendatory thereof, on the basis of allowable service prior to termination of state service.

Sec. 58. Minnesota Statutes 1961, Chapter 352, is amended by adding a new section to read:

352.73 **Annuities, benefits and survivor benefits for members not covered by social security.** *Subdivision 1. Scope. The pro-*

Changes or additions indicated by italics, deletions by strikeout.

visions of this section apply only to (a) those members of the association who are not covered under the provisions of the federal old age and survivors insurance act, and (b) any department or agency employing such members. Except as otherwise specifically provided in this section, the provisions of Minnesota Statutes 1961, Section 352.01 through Section 352.72 shall apply.

Subd. 2. Annuities. (A) The retirement annuity payable under this subdivision at age 65 shall be computed in accordance with the applicable provisions of the formula stated in paragraph (B) hereof, on the basis of the member's average salary for the period of his allowable service. Such retirement annuity is known as the "normal" retirement annuity.

(a) For year prior to July 1, 1957, "average salary" for the purpose of determining a member's retirement annuity means the amount equivalent to the average of his highest salary upon which deductions were based for any five consecutive years prior to that date;

(b) For each year subsequent to June 30, 1957, "average salary" of a member for the purpose of determining his retirement annuity means his salary upon which he had made contributions to the retirement fund by payroll deductions.

(B) The member's average salary as defined in paragraph (A), multiplied by the applicable percentages indicated below shall determine the amount of retirement annuity to which the member qualifying therefor is entitled:

<i>Years of Allowable Service</i>	<i>Percentages at the Rate of:</i>
<i>(a) First ten years</i>	<i>1 percent per year of service</i>
<i>(b) Second ten years or completed months of service less than such period</i>	<i>2 percent per year of service</i>
<i>(c) Third ten years or completed months of service less than such period</i>	<i>2½ percent per year of service</i>
<i>(d) Subsequent years or completed months of service less than such period.</i>	<i>3 percent per year of service</i>

(C) The annuity of a member who qualifies for retirement prior to reaching age 65 shall be reduced by one half of one percent for each month he is under age 65 at the time of retirement.

Changes or additions indicated by italics, deletions by strikeout.

(D) *A member may at time of retirement elect to take an optional annuity authorized pursuant to section 352.116, subdivision 3, provided however, that such optional forms shall be actuarially equivalent to the normal sum provided for in this subdivision, paragraphs (A), (B) and (C).*

Subd. 3. Disability benefit. *(A) A member who has become totally and permanently disabled as provided in section 352.113 shall receive a disability benefit based upon his age at the time of disability in accordance with subdivision 2, paragraphs (A), (B) and (C) hereof, plus a supplementary monthly benefit computed in accordance with the following table:*

<i>Age when disabled</i>	<i>Supplementary benefit</i>
<i>Under 56</i>	<i>\$50</i>
<i>56</i>	<i>45</i>
<i>57</i>	<i>40</i>
<i>58</i>	<i>35</i>
<i>59</i>	<i>30</i>
<i>60</i>	<i>25</i>
<i>61</i>	<i>20</i>
<i>62</i>	<i>15</i>
<i>63</i>	<i>10</i>
<i>64</i>	<i>5</i>

(B) If a disabled person receives disability benefits under the provisions of the federal social security act, his benefits computed under this section shall be reduced by the amount of disability benefits paid under the federal act. The disability benefit shall also be reduced by any amounts received or receivable by a member from the employer under applicable workmen's compensation laws.

(C) The disability benefit paid to a person under this section shall terminate when he reaches age 65 if he is still totally and permanently disabled. At that time he shall be determined to be on retirement status and shall be paid a straight life retirement annuity as provided in this section, subdivision 2, or a straight life retirement annuity equal to the disability benefit paid to him before he reached age 65, whichever amount is greater.

Subd. 4. Survivor benefits. *(A) Upon the death of a member before retirement who has had at least 18 months of credited allowable service, his surviving dependent spouse and dependent children under the age of 18 shall receive the monthly benefit provided below:*

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

- (a) *Surviving dependent spouse* 30 percent of the member's monthly average salary, not to exceed \$65 per month
- (b) *Each dependent child* 20 percent of the member's monthly average salary, not to exceed \$45 per month

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

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

(B) *Upon the death of a member before retirement who has had at least 20 years of credited, allowable service, his surviving spouse shall be paid a deferred annuity in an amount equal to 75 percent of the member's annuity computed on the basis provided in subdivision 2 of this section, not to exceed \$150 per month. This annuity shall be paid when such surviving spouse reaches the age of 62 and shall terminate upon remarriage. The surviving spouse has the option, if qualified, to receive the benefits provided in subdivision 1 or the annuity provided in subdivision 2 but not both.*

Sec. 59. Minnesota Statutes 1961, Section 352.01, Subdivisions 10 and 14; Section 352.041, Subdivisions 4 and 7; Section 352.07; Section 352.08; Section 352.103, Subdivisions 1 and 2; Section 352.117, Subdivisions 1 and 2; Section 352.12, Subdivision 8; Section 352.13; Section 352.14; Section 352.17; Section 352.18; Section 352.24, Subdivisions 1, 2, 3 and 4; Section 352.241; Section 352.25, Subdivisions 1 and 2; Section 352.26, Subdivisions 1, 2 and 3; Section 352.28, Subdivisions 5 and 6; Section 352.29; Section 352.31; Section 352.33; Section 352.34; Section 352.35; Section

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

352.36, Subdivisions 1 and 2; Section 352.37; Section 352.38, Subdivision 2; Section 352.61, Subdivisions 1, 2 and 3; Section 352.62, Subdivisions 1 and 2; Section 352.63, Subdivisions 1, 2, 3 and 4; Section 352.64; Section 352.65; Section 352.651; Section 352.66, Subdivision 3; Section 352.67; Section 352.68 and Section 352.69 are repealed.

Approved April 30, 1963.

CHAPTER 384—H. F. No. 280

An act relating to credit unions; amending Minnesota Statutes 1961, Sections 52.04; 52.09, Subdivisions 1 and 2.

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

Section 1. Minnesota Statutes 1961, Section 52.04, is amended to read:

52.04 **Credit unions; powers.** A credit union shall have the following powers:

(1) To receive the savings of its members either as payment on shares or as deposits, including the right to conduct Christmas clubs, vacation clubs, and other such thrift organizations within its membership;

(2) To make loans to members for provident or productive purposes as provided in section 52.16;

(3) To make loans to a cooperative society or other organization having membership in the credit union;

(4) To deposit in state and national banks and trust companies authorized to receive deposits;

(5) To invest in any investment legal for savings banks or for trust funds in the state;

(6) To borrow money as hereinafter indicated;

(7) To adopt and use a common seal and alter the same at pleasure; and

(8) To make payments on shares of and deposit with any other credit union operating under the provisions of this chapter, or operating in this state under the provisions of the federal credit

Changes or additions indicated by italics, deletions by strikeout.