

effective date of this act, shall be members of the pension plan established by the public housing agency. The amount of any employee contributions to the public employees retirement association pursuant to Minnesota Statutes, Section 353.27, Subdivision 2, made by, and the amount of any employer and employer additional contributions to the public employees retirement association pursuant to Minnesota Statutes, Section 353.27, Subdivisions 3 and 3a, made on behalf of, any employee with transferred pension coverage pursuant to this act shall be transferred to the public housing agency pension plan from the public employees retirement association within 30 days following the effective date of this act.

Sec. 3. **EFFECTIVE DATE.**

This act is effective upon approval by the governing bodies of the public housing agency and the city of Saint Paul and upon compliance with Minnesota Statutes, Section 645.021.

Approved May 8, 1981

CHAPTER 156 — H.F.No. 567

An act relating to retirement; teachers retirement association and teacher retirement fund associations in cities of the first class; allowing certain types of survivor coverage be provided to a designated beneficiary instead of a surviving spouse; requiring public pension funds to provide information concerning optional annuity forms with retirement application form; requiring notice to the spouse of a member in certain instances; amending Minnesota Statutes 1980, Sections 354.46, Subdivisions 1 and 2, and by adding a subdivision; 354.47, Subdivision 1; and 354A.35, by adding a subdivision; and proposing new law coded in Minnesota Statutes, Chapter 356.

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

Section 1. Minnesota Statutes 1980, Section 354.46, Subdivision 1, is amended to read:

Subdivision 1. **BASIC PROGRAM; BENEFITS FOR SPOUSE AND CHILDREN OF TEACHER.** Upon the death of ~~If~~ a basic member before who has at least 18 months of allowable service credit and who has an average salary as defined in section 354.44, subdivision 6 equal to or greater than \$75 dies prior to retirement or upon the death of if a former basic member who, at the time of death, was totally and permanently disabled and receiving disability benefits pursuant to section 354.48 at the time of his death, who has had at least 18 months of allowable service, his dies prior to attaining the age of 65 years, the surviving dependent spouse and dependent children of the basic member or former basic member shall be entitled to receive the a monthly benefit provided below, as follows:

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- (a) Surviving dependent spouse30 percent of the basic member's monthly average salary paid in the last full fiscal year preceding death
- (b) Each dependent childten percent of the basic member's monthly average salary paid in the last full fiscal year preceding death

Payments for the benefit of any dependent child under the age of 22 years shall be made to the surviving parent, or if there be none, to the legal guardian of ~~such~~ the child. The maximum monthly benefit shall not exceed \$450 for any one family, and the minimum benefit per family shall not be less than 30 percent of the basic member's average salary, subject to the foregoing maximum. The surviving dependent spouse benefit shall terminate upon remarriage, and the surviving dependent children's benefit shall be reduced pro tanto when any surviving child is no longer dependent.

If the basic member and the surviving dependent spouse are killed in a common disaster and if the total of all survivors benefits paid under payable pursuant to this subdivision is less than the accumulated deductions plus interest payable, the surviving dependent children shall receive the difference in a lump sum payment.

~~Any survivor of a basic member whose average salary was 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 basic member, these benefits shall be reduced to an amount equal to the deceased basic member's monthly average salary.~~

~~Prior to payment of any survivor benefit herein described pursuant to this subdivision, in lieu of that benefit, the surviving dependent spouse's benefit provided herein may be waived but the benefits of a dependent child can only be waived by order of the district court. In the event all survivor benefits are waived, the member's spouse may elect to receive the joint and survivor annuity provided pursuant to subdivision 2, or may elect to receive a refund of accumulated deductions with interest shall be paid in a lump sum to the surviving spouse as provided in section pursuant to sections 354.47, subdivision 1 or 354.62, subdivision 5, clause (3). If there are any surviving dependent children, the surviving dependent spouse may elect to receive the refund of accumulated deductions only with the consent of the district court of the district in which the surviving dependent child or children reside.~~

Sec. 2. Minnesota Statutes 1980, Section 354.46, Subdivision 2, is amended to read:

Subd. 2. If an election as provided in this subdivision has been made, upon the death of a member before retirement, his surviving spouse shall be paid a joint and survivor annuity as provided in section 354.45 and computed as in section 354.44, subdivision 2, or in subdivisions 6 or 7. The joint and

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survivor annuity provided herein shall be elected by the member after he has attained the age of at least 55 with not less than 20 years of allowable service or who has received credit for not less than 30 years of allowable service regardless of age. Except as otherwise provided in section 354.55, subdivision 2, the surviving spouse of a basic member shall receive the benefits provided in subdivision 4 or the annuity provided in subdivision 2 but not both. If any member has made an election pursuant to this subdivision and elects to be covered under section 354.62, the annuity based on his variable account accumulations shall be calculated in accordance with the provisions of section 354.62, subdivision 5. **DEATH WHILE ELIGIBLE DESIGNATED BENEFICIARY BENEFIT.** Any member who has attained the age of at least 55 years and has credit for at least 20 years of allowable service or who has credit for at least 30 years of allowable service irrespective of age shall be entitled to elect joint and survivor annuity coverage in the event of death prior to retirement which shall be payable to the surviving spouse. If the election is made and the person dies prior to retirement, the surviving spouse, if the surviving spouse does not elect to receive a surviving spouse benefit provided pursuant to subdivision 1, if applicable, or does not elect to receive a refund of accumulated member contributions provided pursuant to sections 354.47, subdivision 1, or 354.62, subdivision 5, clause (3), whichever is applicable, shall be entitled to receive, upon written application on a form prescribed by the executive director, a benefit equal to the second portion of a 100 percent joint and survivor annuity as provided pursuant to section 354.45 and computed pursuant to section 354.44, subdivisions 2, 6 or 7, whichever is applicable. If the member was a participant in the variable annuity division, the applicable portion of the benefit shall be computed pursuant to section 354.62, subdivision 5, clause (1). The benefit shall be payable for life.

Sec. 3. Minnesota Statutes 1980, Section 354.46, is amended by adding a subdivision to read:

Subd. 5. PAYMENT TO DESIGNATED BENEFICIARY. Any member and the spouse of the member may make a joint specification in writing on a form prescribed by the executive director that the benefits provided in subdivision 2, or in section 354.47, subdivision 1, shall be paid only to a designated beneficiary. For purposes of this subdivision, a designated beneficiary may only be either a former spouse or a child, either natural or adopted, of the member.

Sec. 4. Minnesota Statutes 1980, Section 354.47, Subdivision 1, is amended to read:

Subdivision 1. DEATH BEFORE RETIREMENT. (1) If a member dies before retirement and is covered under pursuant to the provisions of section 354.44, subdivision 2, and neither an optional annuity, nor a reversionary annuity, nor the benefit described in section 354.46, subdivision 1 is payable

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to the survivors of if the member was a basic member, there shall be paid to his surviving spouse or if there is no surviving spouse to his designated the beneficiary surviving spouse shall be entitled to an amount equal to his the member's accumulated deductions with interest credited to his the member's account to the date of death.

(2) If a member dies before retirement and is covered under the provisions of section 354.44, subdivisions 6 and 7, and neither an optional annuity, nor reversionary annuity, nor the benefit described in section 354.46, subdivision 1 is payable to the survivors of if the member was a basic member, there shall be paid to his surviving spouse or if there is no surviving spouse to his designated the beneficiary surviving spouse shall be entitled to an amount equal to his the member's accumulated deductions credited to his the member's account as of June 30, 1957 and from July 1, 1957 to the date of death his the member's accumulated deductions plus interest at the rate of 3-1/2 percent per annum compounded annually.

(3) The amounts payable in clause (1) or (2) are in addition to the amount payable in section 354.62, subdivision 5, for the member's variable annuity account.

Sec. 5. Minnesota Statutes 1980, Section 354A.35, is amended by adding a subdivision to read:

Subd. 5. PAYMENT TO DESIGNATED BENEFICIARY. Any coordinated member and the spouse of the coordinated member may make a joint specification in writing on a form prescribed by the executive secretary that the benefits provided in section 354A.35, subdivisions 1 or 2, shall be paid only to a designated beneficiary. For purposes of this subdivision, a designated beneficiary may only be either a former spouse or a child, either natural or adopted, of the member.

Sec. 6. [356.371] APPLICATION FOR RETIREMENT ANNUITY; PROCEDURE FOR ELECTING ANNUITY FORM.

Subdivision 1. DEFINITIONS. As used in this section, the following terms shall have the meanings given.

(1) "Annuity form" means the payment procedure and duration of a retirement annuity available to a member of a public pension fund, based on the period over which a retirement annuity is payable, determined by the number of persons to whom the retirement annuity is payable, and the amount of the retirement annuity which is payable to each person.

(2) "Joint and survivor optional annuity" means an optional annuity form which provides a retirement annuity to a retired member and the spouse of the member on a joint basis during the lifetime of the retired member and all or a portion of the original retirement annuity amount to the surviving spouse in the event of the death of the retired member.

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(3) "Optional annuity form" means an annuity form which is elected by a member and is not provided automatically as the standard annuity form of the public pension fund.

(4) "Public pension fund" means a public pension plan as defined pursuant to Minnesota Statutes, Section 356.60, Subdivision 1, Clause (a).

(5) "Retirement annuity" means a retirement annuity, retirement allowance or service pension.

Subd. 2. PROVISION OF INFORMATION ON ANNUITY FORMS.

Every public pension fund which provides for an annuity form other than a single life retirement annuity as an option which can be elected by the active or retiring member shall provide as a part of, or accompanying the annuity application form, a written statement summarizing the optional annuity forms which are available, a general indication of the consequences of selecting one annuity form over another, a calculation of the actuarial reduction in the amount of the retirement annuity which would be required for each optional annuity form and the procedure to be followed to obtain more information from the public pension fund concerning optional annuity forms.

Subd. 3. REQUIREMENT OF NOTICE TO MEMBER'S SPOUSE.

If a public pension fund provides optional annuity forms which include a joint and survivor optional annuity form potentially applicable to the surviving spouse of a member, the public pension fund shall send a copy of the written statement required by subdivision 2 to the spouse of the member prior to the member's election of an optional annuity.

Following the election of an annuity form by the member, a copy of the completed annuity application shall be sent by certified mail to the spouse of the retiring member.

Sec. 7. TEMPORARY PROVISION.

Any person who elected joint and survivor annuity coverage pursuant to Minnesota Statutes, Section 354.46, Subdivision 2, or 354A.35, Subdivision 2, prior to the effective date of this act and the spouse of the person shall be entitled to modify that election by making a joint specification in writing on a form prescribed by the executive director or executive secretary, whichever is applicable, that the benefits provided in sections 354.46, subdivision 2, 354.47, subdivision 1, or 354A.35, subdivisions 1 or 2, whichever is applicable, shall be paid only to a designated beneficiary. Authority to modify the prior election shall expire December 31, 1981.

Sec. 8. EFFECTIVE DATE.

This act is effective July 1, 1981.

Approved May 8, 1981

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