

CHAPTER 354. TEACHERS RETIREMENT FUND

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354.05 Definitions

[For text of subds. 1 to 24, see M.S.1971]

Subd. 25. Formula service credit. "Formula service credit" means any allowable service credit as defined in subdivision 13 except as provided in this subdivision:

(1) Any service rendered prior to July 1, 1951, for which payments were made pursuant to subdivision 13 except as provided in section 354.09, subdivision 4, as determined by multiplying the number of years of service established in the records of the teachers retirement fund as of July 1, 1961 by the ratio obtained between the total amount paid and the maximum amount payable for such years, and/or

(2) Any service rendered prior to July 1, 1957 for which payments were made pursuant to section 354.09, subdivision 4, as determined by multiplying the number of years of service established in the records of the teachers retirement fund by the ratio obtained between the total amount paid and the maximum amount payable for such years, and/or

(3) Any service rendered where contributions were made and no allowable service credit was established because of the limitations contained in Minnesota Statutes 1967, Section 354.09, Subdivision 2, and Minnesota Statutes 1957, Section 135.09, Subdivision 2, as determined by the ratio between the amounts of money credited to his account in a fiscal year and the maximum retirement contribution allowable for such year. For purposes of this subdivision, the maximum contribution allowable after July 1, 1967, shall be defined as the maximum in effect immediately prior to such date, and/or

(4) Any service rendered for which contributions were not made in full as determined by the ratio between the amounts of money credited to his account in a fiscal year and the retirement contribution payable for such fiscal year pursuant to sections 354.32, 354.42, and 354.51.

(5) No period of service shall be counted more than once for purposes of this subdivision.

[1973 c 728 s 3]

Subd. 26. Adjustable fixed benefit annuity. "Adjustable fixed benefit annuity" means the payments made by the fund to an annuitant after retirement in accordance with the provisions of section 354.63. It also means that the payments made by the fund shall never be an amount less than the amount originally determined on the date of retirement or on July 1, 1971 whichever is later but not including the adjustments provided in section 11.26, subdivision 12.

[1973 c 270 s 2]

[For text of subds. 27 to 29, see M.S.1971]

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354.07 Powers of the board

Subdivision 1. The board shall have, and is hereby granted, power to frame bylaws for its own government and for the management of the 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 the 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 the fund; to adopt an appropriate mortality table based on experience of the fund as recommended by the association actuary, with interest at the rate of five percent; to provide for the payment out of the fund of all necessary expenses for the administration thereof and of all claims for withdrawals, pensions, or benefits allowed.

[1973 c 728 s 4]

[For text of subds. 2 to 4, see M.S.1971]

Subd. 5. The board shall keep a record of the receipts and disbursements of the fund and a separate account with each member of the fund. The board shall also keep separate accounts for annuity payments, for employer contributions and all other necessary accounts and reserves. It shall determine annually the annual interest earnings of the fund which shall include realized capital gains and losses. Any amount in the capital reserve account on July 1, 1973 shall be transferred to the employer contribution's account. The annual interest earnings shall be apportioned and credited to the separate members' accounts except those covered under the provisions of section 354.33, subdivisions 7 or 8, or section 354.44, subdivisions 6 or 7. The rate to be used in this distribution computed to the last full quarter percent shall be determined by dividing the interest earnings by the total invested assets of the fund. The excess of the annual interest earnings in the excess earnings reserve which was not credited to the various accounts shall be credited to the gross interest earnings for the next succeeding year.

[1973 c 270 s 3]

354.09 Teachers from other states or other schools

[For text of subds. 1 and 2, see M.S.1971]

Subd. 3. If a member is granted a Sabbatical leave, he may receive allowable service credit not exceeding three years in any ten consecutive years toward a retirement annuity by paying into the fund employee contributions during the period of leave. The employee contribution shall be based upon the appropriate rate of contributions and the salary received during the year immediately preceding the leave. This payment must be made within one year following termination of leave of absence. These payments shall be without interest. A member shall not accrue more than three years allowable service by reason of this section unless the allowable service credit was paid for by the member prior to July 1, 1962. A Sabbatical leave for the purpose of this subdivision must be compensated by a minimum of one third of the salary the member received during the prior fiscal year. If the employee contributions during the period of the leave are less than the contributions based on the salary received during the year immediately preceding the leave, his formula service credit shall be prorated according to section 354.05, subdivision 25, clause (4).

[1973 c 270 s 4; 1973 c 728 s 5]

[For text of subd. 4, see M.S.1971]

Subd. 5. [Repealed, 1973 c 728 s 32]

354.145 Election of benefits, forms

Subdivision 1. Any member who elects to have his benefits at retirement calculated under the provisions of section 354.33, subdivision 1, or subdivision 7, 8, or 9, shall make such election on forms provided by the board of trustees according to the following provisions:

(1) Except as provided in clause (4), each member in the fund who rendered teaching service or was on an approved leave of absence during the 1968-69 school year or each member who has at least 20 years of allowable service credit as of July 1, 1969 may elect before July 1, 1972 or prior to retirement whichever is first, to have his benefits at retirement calculated under the provisions of section 354.33, subdivision 1, or subdivisions 7, 8, or 9. The effective date of these options is July 1 of the fiscal year following the fiscal year in which the election is made or date of retirement, whichever is earlier.

(2) Teachers who failed to make an election pursuant to clause (1) shall have their annuity at retirement computed under section 354.33, subdivision 1.

(3) After July 1, 1969 every new teacher entering teaching service is covered by section 354.33, subdivision 7 unless an election is made in writing to the board of trustees to select section 354.33, subdivisions 8 or 9 on or before June 30 of the year in which the member commenced teaching. The effective date of this election is the date on which the member commenced teaching.

(4) After July 1, 1969 every teacher resuming teaching after having accepted a refund is covered by section 354.33, subdivision 7 unless an election is made in writing to the board of trustees to select section 354.33, subdivisions 8 or 9 on or before June 30 of the year in which the member resumed teaching. The effective date of this election is July 1 of the fiscal year in which teaching service resumes.

(5) Any allowable service credit relating to service prior to July 1, 1969 but purchased after that date pursuant to sections 354.09, subdivisions 1, 3, 4, 5; 354.38; 354.50; 354.51, subdivision 5; and 354.53 shall be considered allowable service credit as of July 1, 1969 for the purposes of clauses (1) and (2).

[1973 c 270 s 5]

Subd. 2. Any member who elects to have his benefit at retirement calculated under the provisions of section 354.44, subdivision 2, or subdivision 6, or 7 shall make such election on forms provided by the board of trustees according to the following provisions:

(1) Except as provided in subdivision 1, clause (4), each member in the fund who rendered teaching service or was on an approved leave of absence during the 1968-69 school year or each member who has at least 20 years of allowable service credit as of July 1, 1969 may elect before July 1, 1972 or prior to retirement whichever is first, to have his benefits at retirement calculated under the provisions of section 354.44, subdivision 2, or subdivision 6, or 7. The effective date of these options is July 1 of the fiscal year following the fiscal year in which the election is made or date of retirement, whichever is earlier.

(2) Teachers who failed to make an election pursuant to clause (1) shall have their annuity at retirement computed under section 354.44, subdivision 2.

(3) Any allowable service credit relating to service prior to July 1, 1969 but purchased after that date pursuant to sections 354.09, subdivisions 1, 3, 4, 5; 354.38; 354.50; 354.51, subdivision 5; and 354.53, shall be considered allowable service credit as of July 1, 1969 for the purposes of clauses (1) and (2).

[1973 c 270 s 6]

[For text of subds. 3 and 4, see M.S.1971]

354.19 Contribution by teachers; taxation

The plan shall include a provision that only such teachers as make a contribution to the fund, as provided in the plan, shall be entitled to the benefits thereof, and may include a provision that a portion of the fund shall be

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raised by taxation upon the property of the city, it being understood that all teachers who are willing to comply with the terms and conditions of the articles of association and bylaws of the association shall be entitled to participate in the benefits of the fund.

In any city of the first class where no automatic or compulsory retirement plan affecting such teachers has been established, every teacher coming within the provisions of this act who shall have attained the age of 70 years as of June 30, 1942, and any teacher who shall have attained the age of 69 years as of June 30, 1943, and any teacher who shall have attained the age of 68 years as of June 30, 1944, and thereafter any teacher who shall have attained the age of 68 as of June 30 of any year, shall be automatically retired and severed from the service in the respective school system.

In any city of the first class, the plan, subject to the approval of the city council of such city, may provide that any member applying for an annuity shall be entitled to an annuity on the single life plan, or its actuarial equivalent under any optional method of retirement provided in the articles of the association, from city deposits at least equal to \$2 per month for each year of teaching service in such city. Such annuity payments shall not commence until the member has reached the age of 55 years, and has completed 20 years of teaching service in such city, or until the member has reached the age of 62 years if he has not completed 20 years of teaching service in such city. Where the aggregate of the city deposit to the credit of such member will not provide the minimum annuity prescribed, the city deposit shall be increased in the year of retirement to the amount necessary to provide such minimum annuity. Except as herein provided, the provisions for city deposits in such plan in any city of the first class shall not be altered by the provisions of this paragraph. City deposits as used herein is hereby defined as that portion of the fund to be raised by taxation upon the property of the city.

Nothing contained in this section shall preclude a district from employing a retired teacher as a substitute teacher.

[1973 c 255 s 1]

354.31 Scope and application

Sections 354.31 to 354.39 apply to any member of the teachers retirement association included in any agreement or modification made between the state and secretary of health, education and welfare, making the provisions of the federal old age and survivors insurance act applicable to such members. Sections 354.31 to 354.39 also apply to any school district or institution employing such member. Except as otherwise specifically provided in sections 354.31 to 354.39, the provisions of sections 354.05 to 354.145 and 354.41 to 354.55, and acts amendatory thereof, shall apply.

[1973 c 728 s 6]

354.32 Contributions by employer and employee

Subdivision 1. The employee contribution to the teachers retirement fund shall be an amount equal to four percent of the salary of every member. This contribution shall be made by deduction from salary. Where any portion of a member's salary is paid from other than public funds, such member's employee contribution shall be based on the entire salary received. For the purposes of financing the various options related to the variable annuity division, employee variable annuity contributions will be credited in accordance with section 354.62, subdivision 2.

Subd. 2. Prior to July 1, 1975 the employer contribution to the fund shall be an amount equal to three and one half percent of the salary of each member. Effective July 1, 1975 the employer contribution to the fund shall be an amount equal to four percent of the salary of each member. For purposes of financing the various options related to the variable annuity division employer contributions equal to the employee variable annuity contributions pre-

scribed in section 354.62, subdivision 2, will be allocated at the same time to the employer variable annuity contribution account in section 354.62, subdivision 3.

Subd. 3. Prior to July 1, 1975 an additional employer contribution of two percent shall be made to the fund based on the salary of each member for the purpose of amortizing the deficit in the fund. Effective July 1, 1975 an additional employer contribution shall be made in the amount of two and one half percent of the salary of each member for the purpose of amortizing the deficit in the fund.

[1973 c 728 s 7]

354.33 Computation of retirement annuities

Subdivision 1. (1) The amount of the retirement annuity is an amount equal to the annuity which could be purchased by the member's accumulated deductions, the employer's contribution, and interest. The retirement purchase rates shall be based on an appropriate annuity table of mortality with interest as provided in section 354.07, subdivision 1. The accumulated deductions, employer's contribution and interest earned shall be computed as follows:

(a) double the member's accumulated deductions plus interest to July 1, 1957, and

(b) the member's accumulated deductions plus interest credited to the member's account from July 1, 1957 to date of retirement, plus 20 percent of this sum, and

(c) the employer's contributions in an amount equal to the member's accumulated deductions from July 1, 1957, to date of retirement plus interest credited to the member's account from July 1, 1957, to date of retirement.

(2) Each member who is covered under clause (1) of this subdivision who elects the variable annuity option shall have the sum of any benefits provided herein and the variable annuity benefits provided in section 354.62, subdivision 5.

[1973 c 728 s 8]

[For text of subds. 2 to 4, see M.S.1971]

Subd. 5. Notwithstanding the provisions of section 354.55, subdivision 3, when any person retires after July 1, 1973 who (a) has ten or more years of allowable service, and (b) does not have any retroactive social security coverage by reason of his position in the retirement system, and (c) does not qualify for old age and survivor primary benefits at the time of retirement, the annuity shall be computed under section 354.44, subdivision 2 of the law in effect on June 30, 1969, except that accumulations after June 30, 1957, shall be calculated using the same mortality table and interest assumption used to transfer the required reserves to the Minnesota adjustable fixed benefit fund.

[1973 c 728 s 9]

[For text of subd. 6, see M.S.1971]

Subd. 7. (1) The formula retirement annuity hereunder shall be computed in accordance with the applicable provisions of the formula stated in clause (2) hereof on the basis of each member's average salary on which contributions were made for the period of his formula service credit. For the purposes of computing the formula benefits in subdivisions 7 and 8, if a combination of these formulas is used, the formula percentages used will be those percentages in each formula as continued for the respective years of service from one formula to the next.

For all years of formula service credit "average salary" for the purpose of determining the member's retirement annuity means the average salary upon which contributions were made and upon which payments were made to in-

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crease the salary limitation provided in section 354.511 for the highest five consecutive years within the last ten years of formula service credit.

(2) The average salary as defined in clause (1) hereof, of any member multiplied by one percent per year of formula service credit for the first ten years and 1.5 percent for each subsequent year of formula service credit shall determine the amount of the annuity to which the member qualifying therefor is entitled.

(3) Where any member retires prior to age 65 under a formula annuity, he shall be paid a retirement annuity in an amount equal to the normal annuity provided in subdivisions 7 and 8, reduced by one half of one percent for each month that the member is under age 65 to and including age 60 and reduced by one fourth of one percent for each month under age 60 at the time of retirement except that for any member who has 30 or more years of allowable service credit, such reduction shall be applied only for each month such member is under age 62.

[1973 c 728 s 10]

Subd. 8. The benefits provided in this subdivision are the sum of the benefits provided by the following:

(1) The benefits provided in subdivision 7 for formula service credit to the effective date of the election of this subdivision; and

(2) The benefits for service credit subsequent to the effective date of the election of this subdivision shall be the average salary as defined in subdivision 7, clause (1) of any member multiplied by .5 percent per year of formula service credit for the first ten years and .75 percent for each subsequent year of formula service credit, and

(3) The benefits provided in section 354.62, subdivision 5.

[1973 c 728 s 11]

[For text of subd. 9, see M.S.1971]

354.34 Optional retirement annuities; unpaid annuities disposition

[For text of subd. 1, see M.S.1971]

Subd. 2. Upon the death of the member after retirement where no designated beneficiary shall survive the member, any remaining unpaid guaranteed annuity payments shall be commuted at the rate of interest currently being used in determining the amount of optional annuities and paid in one sum to the estate of the member. Upon the death of any designated beneficiary after the death of the member, the value of any unpaid guaranteed annuity payments shall be commuted at the rate of interest currently being used in determining the amount of optional annuities and paid in one sum to the estate of such designated beneficiary.

[1973 c 270 s 7]

354.38 Military service credit

Subdivision 1. After any agreement or modification is made pursuant to section 354.39, an employee given a leave of absence to enter military service and who returns to teaching service upon discharge from military service as provided in 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. For service rendered prior to July 1, 1957, the amount of this contribution shall be an amount equal to six percent of his salary multiplied by the number of years of such military service, together with interest thereon at the rate of four percent per annum from the time such military service was rendered to the first date of payment. The payments hereunder shall not exceed \$175 per year for any service rendered prior to July 1, 1953, \$216 per year for service rendered during the period July 1, 1953 through June 30, 1955, \$288 per year for service rendered during

the period July 1, 1955 through June 30, 1957. For service rendered during the period July 1, 1957 through June 30, 1969, the amount of his contribution shall be an amount equal to three percent of his salary multiplied by the number of years of such military service, together with interest thereon at the rate of four percent per annum from the time such military service was rendered to the first date of payment. Such payments shall not exceed \$216 per year for any service rendered prior to July 1, 1967. For service rendered subsequent to July 1, 1969 the amount of his contribution shall be an amount equal to three and one half percent of his salary multiplied by the number of years of such military service, together with interest thereon at the rate of four percent per annum from the time such military service was rendered to the first date of payment. In such cases the employer contribution and additional contribution provided in section 354.32 shall be paid by the state in the manner provided in section 354.43. Payment for military service which is part of any agreement signed by a member in accordance with section 354.51, subdivision 2, is not subject to the provisions of this section.

Subd. 2. All payments into the fund pursuant to this section shall be considered accumulations after July 1, 1957 for the purpose of computing any annuity in accordance with sections 354.33, subdivisions 1 and 9; or 354.62, subdivision 5. If the contributions and interest thereon provided in this section are not paid in full, the member's formula service credit shall be calculated by multiplying the number of years of military service by the ratio obtained by the total amount paid and the maximum amount payable provided herein.

Subd. 3. Payments pursuant to this section must be made prior to July 1, 1974 or within five years from the date of discharge, whichever is later.

[1973 c 270 s 8]

354.39 Effective date; application

Sections 354.31 to 354.39 take effect on the date any agreement or modification is made between the state and the secretary of health, education and welfare making such agreement or modification applicable to service performed in positions covered by the teachers retirement association. Sections 354.31 to 354.39 shall apply to any coverage group consisting of members of the teachers retirement association included in any such agreement or modification except that after July 1, 1971, any member of the teachers retirement association employed in a new state college and other new institutions of higher learning not included in any agreement or modification made between the state and the secretary of health, education and welfare, making the provisions of the federal old age and survivors insurance act applicable to such members, shall be covered under the provisions of sections 354.31 to 354.39.

[1973 c 728 s 12]

354.41 Teachers retirement association, eligibility for membership

[For text of subds. 1 and 2, see M.S.1971]

Subd. 3. (1) Each annuitant, age 60 or over, who is drawing an annuity pursuant to Minnesota Statutes 1953, Section 135.10 and Minnesota Statutes 1965, Sections 354.44 and 354.33 shall have the right to have his membership in the fund restored upon resumption of teaching service, for the purpose of having deductions made in accordance with sections 354.32 and 355.48. Upon completion of five years of allowable service, under this subdivision the member shall be entitled to an annuity provided in section 354.33, subdivision 1. This annuity is in addition to any annuity previously granted under chapter 354.

(2) Any annuitant qualifying for membership in the fund under clause (1) may file a written notice with the executive secretary of the teachers retirement association requesting that deductions provided for in section 354.32 be made from compensation paid for subsequent teaching services. Such notice shall remain in effect until the annuitant requests in writing that this membership be revoked. After July 1, 1967, deductions pursuant to section 355.48 are required for any annuitant eligible for membership in the fund under

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clause (1). Teaching service rendered by an annuitant for which no deductions were made pursuant to section 354.32, shall not be included in any additional annuity granted pursuant to clause (1) of this subdivision.

(3) Teachers retirement deductions made prior to July 1, 1973 from the salary of any annuitant who was qualified for membership in the fund under clause (1) of this subdivision at the time such deductions were made, shall be applicable to the computation of an annuity as provided under clause (1) of this subdivision even if the written notice required in clause (2) of this subdivision has not been filed. The teaching service related to such retirement deductions shall be deemed to be allowable service credit which is applicable to the completion of the five years of allowable service required in clause (2) of this subdivision.

[1973 c 728 s 13]

354.42 Teachers retirement fund, contributions by employer and employee

[For text of subd. 1, see M.S.1971]

Subd. 2. The employee contribution to the fund shall be an amount equal to eight percent of the salary of every member. This contribution shall be made by deduction from salary. Where any portion of a member's salary is paid from other than public funds, such member's employee contribution shall be based on the entire salary received. For purposes of financing the various options related to the variable annuity division, employee variable annuity contributions will be credited in accordance with section 354.62, subdivision 2.

[1973 c 270 s 9; 1973 c 728 s 14]

Subd. 3. Prior to July 1, 1975 the employer contribution to the fund shall be an amount equal to seven percent of the salary of every member. Effective July 1, 1975 the employer contribution to the fund shall be an amount equal to eight percent of the salary of each member. This contribution shall be made in the manner provided in section 354.43. For purposes of financing the various options related to the variable annuity division employer contributions equal to the employee variable annuity contributions prescribed in section 354.62, subdivision 2, will be allocated at the same time to the employer variable annuity contribution account in section 354.62, subdivision 3.

[1973 c 728 s 15]

[Subd. 4 repealed in M.S.1971]

Subd. 5. Prior to July 1, 1975 an additional employer contribution shall be made in the amount of two percent of the salary of each member for the purpose of amortizing the deficit in the fund. Effective July 1, 1975 an additional employer contribution shall be made in the amount of two and one half percent of the salary of each member for the purpose of amortizing the deficit in the fund. This contribution shall be made in the manner provided in section 354.43.

[1973 c 728 s 16]

[For text of subds. 6 and 7, see M.S.1971]

354.44 Retirement benefits

[For text of subd. 1, see M.S.1971]

Subd. 2. **Computation of money purchase annuity.** The amount of retirement annuity is an amount equal to double the annuity which could be purchased by the member's accumulated deductions plus interest thereon. The annuity shall be determined by the member's age, his sex, double the amount of his accumulated deductions, double the interest earned on the accumulated deductions, and the appropriate mortality tables and interest rates. For the purpose of determining the amount of the annuity, the accumulated deductions prior to July 1, 1957, and the accumulated deductions subsequent to July 1, 1957, shall be considered separately.

(1) For service rendered prior to July 1, 1957, the accumulated deductions for any member shall be carried forward at a fixed amount which is shown credited to his account as of that date. That fixed amount shall also include

any payments in lieu of salary deductions which are to be made in the future and are actually so made pursuant to an agreement executed between the member and the board as authorized by section 354.50 or any other authorized payments made by the member to the fund. The annuity granted with respect to such period shall be determined by the following:

(a) The fixed amount of the accumulated deductions for such period including the interest credited thereon as earned up to July 1, 1957.

(b) Annuity purchase rates based on the mortality tables and interest assumption used by the board prior to July 1, 1957.

(2) For service rendered subsequent to July 1, 1957, the accumulated deductions for any member shall consist of the amounts actually credited to his account by reason of salary deductions. The annuity granted with respect to such period shall be determined by the following:

(a) accumulated deductions for such period;

(b) interest credited on these accumulated deductions from July 1, 1957, to the date of retirement;

(c) interest credited on accumulated deductions including prior credited interest provided in paragraph (1) from July 1, 1957, to the date of retirement;

(d) after the amount available for an annuity granted with respect to such person is determined in accordance with the provisions of this subdivision, an additional amount equal to 20 percent of the sum of clause (2)(a) plus interest credited to members account from July 1, 1957 to date of retirement is to be added. This added amount is not to be doubled as provided for other amounts determined in this subdivision;

(e) annuity purchase rate based on an appropriate annuity table of mortality with an interest assumption as provided in section 354.07, subdivision 1.

(3) Each member who is covered under this subdivision who elects a variable annuity option shall have the sum of any benefits provided herein and the benefits provided in section 354.62, subdivision 5.

[1973 c 728 s 17]

[For text of subd. 3, see M.S.1971]

Subd. 4. Time and manner of payments. After January 1, 1974, a member may make application to the board for a retirement annuity any time after he has satisfied the age and service requirements of this chapter for retirement except that no application for retirement may be made more than 60 days before termination of teaching service. The annuity payment shall begin to accrue after the termination of teaching service or after the application for retirement has been filed with the board, whichever is later, as follows:

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

(b) on the first day of the month following the month of termination or filing if such termination or filing occurs on or after the sixteenth day of the month.

[1973 c 270 s 10]

[For text of subd. 5, see M.S.1971]

Subd. 6. (1) The formula retirement annuity hereunder shall be computed in accordance with the applicable provisions of the formula stated in clause (2) hereof on the basis of each member's average salary for the period of his formula service credit. For the purposes of computing the formula benefits in subdivisions 6 and 7, if a combination of these formulas is used, the formula percentages used will be those percentages in each formula as continued for the respective years of service from one formula to the next.

For all years of formula service credit "average salary" for the purpose of determining the member's retirement annuity means the average salary upon which contributions were made and upon which payments were made to increase the salary limitation provided in section 354.511 for the highest five consecutive years within the last ten years of formula service credit.

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(2) The average salary as defined in clause (1), of any member multiplied by two percent per year of formula service credit for the first ten years and 2.5 percent for each subsequent year of formula service credit shall determine the amount of the annuity to which the member qualifying therefor is entitled.

(3) Where any member retires prior to age 65 under a formula annuity, he shall be paid a retirement annuity in an amount equal to the normal annuity provided in subdivisions 6 and 7, reduced by one half of one percent for each month that the member is under age 65 to and including age 60 and reduced by one fourth of one percent for each month under age 60 at the time of retirement except that for any member who has 30 or more years of allowable service credit, such reduction shall be applied only for each month such member is under age 62.

[1973 c 728 s 18]

Subd. 7. The benefits provided in this subdivision are the sum of the benefits provided by the following:

(1) The benefits provided in subdivision 6(2) for formula service credit to the effective date of the election of this subdivision, and

(2) The benefits for service credit subsequent to the effective date of the election of this subdivision shall be the average salary as defined in subdivision 6, clause (1) of any member multiplied by one percent per year of formula service credit for the first ten years and 1.25 percent for each subsequent year of formula service credit, and

(3) The benefits provided in section 354.62, subdivision 5.

[1973 c 728 s 19]

354.45 Optional retirement annuities; unpaid annuities disposition

[For text of subd. 1, see M.S.1971]

Subd. 2. Upon the death of the member after retirement where no designated beneficiary shall survive the member, any remaining unpaid guaranteed annuity payments shall be commuted at the rate of interest currently being used in determining the amount of optional annuities and paid in one sum to the estate of the member. Upon the death of the last designated beneficiary after the death of the member, the value of any unpaid guaranteed annuity payments shall be commuted at the rate of interest currently being used in determining the amount of optional annuities and paid in one sum to the estate of such designated beneficiary.

[1973 c 728 s 20]

354.46 Payments after death

Subdivision 1. Benefits for spouse and children of teacher. Upon the death of a member before retirement or upon the death of a former member who was 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 surviving dependent spouse and dependent children under the age of 18 shall receive the monthly benefit provided below. Where a member died on or after July 1, 1955, leaving any dependent child, such dependent child shall receive the benefits provided in this subdivision commencing from and after the effective date of Extra Session Laws 1957, Chapter 16.

- (a) Surviving dependent spouse 30 percent of the member's monthly average salary in effect over the last full six months of allowable service preceding death
- (b) Each dependent child 10 percent of the member's monthly average salary in effect over the last full six months of allowable service preceding death

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Payments for the benefit of any dependent child under the age of 18 years shall be made to the surviving parent, or if there be none, to the legal guardian of such child. The maximum monthly benefit shall not exceed \$400 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.

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

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

Effective January 1, 1973, 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.

[1973 c 728 s 31]

[For text of subds. 2 to 4, see M.S.1971]

354.48 Permanent disability benefits

[For text of subds. 1 and 2, see M.S.1971]

Subd. 3. Computation of benefits. (1) The amount of the disability benefit granted to members covered under section 354.44, subdivision 2, clauses (1) and (2) or clause (3) is an amount equal to double the annuity which could be purchased by the member's accumulated deductions plus interest thereon computed as though the teacher were age 65 at the time the benefit begins to accrue and in accordance with the law in effect when the disability application is received.

The benefit granted shall be determined by the following:

- (a) The amount of the accumulated deductions;
- (b) Interest actually earned on these accumulated deductions to the date the benefit begins to accrue;
- (c) Interest for the years from the date the benefit begins to accrue to the date such member attains age 65 at the rate which is the average rate credited for the five years prior to the date the benefit begins to accrue;
- (d) Annuity purchase rates based on an appropriate annuity table of mortality with interest assumption as provided in section 354.07, subdivision 1.

In addition a supplementary monthly benefit shall be paid in accordance with the following table:

Age When Benefit Begins to Accrue	Supplementary Benefit
Under Age 56	\$50
56	45
57	40
58	35
59	30
60	25
61	20
62	15
63	10
64	5

(2) The disability benefit granted to members covered under section 354.44, subdivision 6 or 7 shall be computed in the same manner as the annuity provided in subdivision 6 of the same section. The disability benefit shall be the

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formula annuity without the reduction for each month the member is under age 65 at the time the benefit begins to accrue.

(3) The optional annuity benefit provided in section 354.34 and section 354.45 does not apply to this section.

(4) For the purposes of computing a retirement annuity when the member becomes eligible, the amounts paid for disability benefits shall not be deducted from the individual member's accumulated deductions. If the disability benefits provided in this subdivision exceed the monthly average salary of the disabled member, the disability benefits shall be reduced to an amount equal to the disabled member's average salary. Any member who began to receive disability benefits between July 1, 1957, and June 30, 1959, shall receive the supplementary monthly benefit provided in accordance with the foregoing table and such supplementary monthly benefit shall begin to accrue after June 30, 1959, and shall continue as long as disability benefits are paid to such member.

[1973 c 728 s 21]

[For text of subds. 4 to 10, see M.S.1971]

354.49 Refundment or deferred annuity

[For text of subds. 1 to 4, see M.S.1971]

Subd. 5. If a person ceases to render teaching service in any school or institution to which sections 354.05 to 354.145 and 354.31 to 354.55 apply and does not make application for refundment within five years after June 30th of the fiscal year in which the last deduction was taken from his salary for the retirement fund and if his accumulated deductions are \$50 or less, such deductions and interest shall be credited to and become a part of the retirement fund. In the event such person returns to render teaching service in any school or institution to which sections 354.05 to 354.145 and 354.31 to 354.55 apply and the deductions previously credited to the retirement fund are \$5 or more, such deductions and interest to date of restoration shall be restored to his individual account. If the deductions previously credited to the retirement fund are \$5 or more and such person applies for a refundment pursuant to section 354.55, subdivision 3, such deductions credited to the retirement fund shall be restored to such person's individual account.

[1973 c 270 s 11]

354.50 Termination of service credits

[For text of subds. 1 to 3, see M.S.1971]

Subd. 4. Notwithstanding the three year service requirement provided in subdivision 1, any person who has received a refundment from the teachers retirement association and who is a member of any public retirement fund referred to in section 354.60 may repay such refundment with interest to the teachers retirement association. Repayment of the refundments under the provisions of this subdivision will be in accordance with all the provisions of this section except for the three year service requirement provided in subdivision 1.

[1973 c 728 s 22]

354.53 Military service credit

Subdivision 1. Any employee given a leave of absence to enter military service and who returns to teaching service upon discharge from military service as provided in 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, induct 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. For service rendered prior to July 1, 1969, the amount of his contribution shall be an amount equal to six per-

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cent of his salary multiplied by the number of years of such military service, together with interest thereon at the rate of four percent per annum from the time such military service was rendered to the first date of payment. The payments hereunder shall not exceed \$175 per year for any service rendered prior to July 1, 1953, \$216 per year for service rendered during the period July 1, 1953 through June 30, 1955, \$288 per year for service rendered during the period July 1, 1955 through June 30, 1957, and \$432 per year for service rendered during the period July 1, 1957 through June 30, 1967. For service rendered subsequent to July 1, 1969 the amount of this contribution shall be an amount equal to seven percent of his salary multiplied by the number of years of such military service, together with interest thereon at the rate of four percent per annum from the time such military service was rendered to the first date of payment. In such cases the employer contribution and additional contribution provided in section 354.42 shall be paid by the state in the manner provided in section 354.43. Payment for military service which is part of any agreement signed by a member in accordance with section 354.51, subdivision 2, is not subject to the provisions of this section.

Subd. 2. All payments into the fund pursuant to this section shall be considered accumulations after July 1, 1957 for the purpose of computing any annuity in accordance with section 354.44, subdivision 2. If the contributions and interest thereon provided in this section are not paid in full, the member's formula service credit shall be calculated by multiplying the number of years of military service by the ratio obtained by the total amount paid and the maximum amount payable provided herein.

Subd. 3. Payments pursuant to this section must be made prior to July 1, 1974 or within five years from the date of discharge, whichever is later.

[1973 c 270 s 12]

354.55 Options to certain members

[For text of subds. 1 and 2, see M.S.1971]

Subd. 3. Any person who ceased teaching service prior to July 1, 1957, who left his accumulated deductions in the fund for the purpose of receiving when eligible, a retirement annuity in accordance with the law in effect at the date such service terminated, shall have his annuity computed in accordance with the law in effect at the date he ceased teaching service.

[1973 c 728 s 23]

[For text of subds. 4 to 7, see M.S.1971]

Subd. 8. Any person who ceased teaching service prior to July 1, 1968 who left his accumulated deductions in the fund and is not covered under the provisions of section 354.145, subdivision 1, clause (1) and subdivision 2, clause (1) may upon resumption of teaching service for at least 170 days elect to have his benefits at retirement calculated under the provisions of section 354.33, subdivisions 1, 7, 8, or 9, except that if a person elects coverage under section 354.44 by virtue of his junior college teaching he may have his benefits at retirement calculated under the provisions of section 354.44, subdivisions 2, 6, or 7. Such election if made is effective July 1 of the fiscal year following the fiscal year in which the election is made or date of retirement, whichever is earlier.

[1973 c 728 s 24]

[For text of subds. 9 to 11, see M.S.1971]

Subd. 12. When any member retires under the law in effect on June 30, 1969 that portion of his annuity based on accumulations after June 30, 1957 under the provisions of section 354.44, subdivision 2 and all accumulations under the provisions of section 354.33, subdivision 1 shall be calculated using the same mortality table and interest assumption used to transfer the re-

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quired reserves to the Minnesota adjustable fixed benefit fund. This provision shall apply to all those teachers retiring after June 30, 1969.

[1973 c 270 s 13]

Subd. 13. Except as provided in section 354.145, any person who ceased teaching service prior to July 1, 1968, who has ten years or more of allowable service and left his accumulated deductions in the fund for the purpose of receiving when eligible a retirement annuity, shall have his annuity computed in accordance with the law in effect on June 30, 1969, except that the portion of his annuity based on accumulations after June 30, 1957, under the provisions of section 354.44, subdivision 2, and all accumulations under the provisions of section 354.33, subdivision 1, shall be calculated using the same mortality table and interest assumption used to transfer the required reserves to the Minnesota adjustable fixed benefit fund.

Subd. 14. All annuities payable from the Minnesota adjustable fixed benefit fund which are in effect on June 30, 1973 shall be increased in the same ratio that the actuarially computed reserve for such annuities determined by using an interest assumption of three and one half percent bears to the actuarially computed reserve for such annuities determined by using an interest assumption of five percent. The reserves upon which such increases shall be based shall be the actuarially determined reserves for all Minnesota adjustable fixed benefit fund annuities which were in effect on June 30, 1972, in accordance with the mortality assumptions then in effect and at interest assumptions of three and one half percent and five percent. Such ratio of increase computed to the last full 1/100 of one percent shall be applied to all annuities payable from the Minnesota adjustable fixed benefit fund which are in effect on June 30, 1973. Notwithstanding the provisions of section 356.18, increases in annuity payments pursuant to this subdivision will be made automatically unless written notice is filed by the annuitant with the teachers retirement association board requesting that the increase shall not be made.

Subd. 15. Notwithstanding the maximum benefit provisions of section 354.46, subdivision 1, all benefits and annuities payable pursuant to sections 354.37; 354.48; 354.46, subdivision 1 and Laws 1915, Chapter 199, as amended, which are in effect on June 30, 1973 shall be increased 25 percent. Such increase shall begin to accrue January 1, 1974. Notwithstanding the provisions of section 356.18, increases in benefit and annuity payments pursuant to this subdivision will be made automatically unless written notice is filed by the annuitant with the teachers retirement association board requesting that the increase shall not be made.

Subd. 16. Any member who ceased to render teaching service during the 1972-73 fiscal year whose application for retirement becomes effective after June 30, 1973, shall be eligible to receive the new retirement benefits provided in sections 354.33, subdivisions 1, 7 and 8; 354.44, subdivisions 2, 6 and 7.

[1973 c 728 s 25]

Subd. 17. (1) Teachers who retire after June 30, 1973 and who failed to make an election pursuant to section 354.145, subdivision 1, clause (1) shall have their annuity at retirement computed under section 354.33, subdivision 1 or subdivision 7, whichever is larger.

(2) Teachers who retire after June 30, 1973 and who failed to make an election pursuant to section 354.145, subdivision 2, clause (1) shall have their annuity at retirement computed under section 354.44, subdivision 2 or subdivision 6, whichever is larger.

Subd. 18. (1) Teachers who retired after June 30, 1972 and before July 1, 1973 who failed to make an election pursuant to section 354.145, subdivision 1, clause (1) shall have their annuity recomputed under the law in effect on June 30, 1973 under the provisions of either section 354.33, subdivision 1 or subdivision 7, whichever is larger.

(2) Teachers who retired after June 30, 1972 and before July 1, 1973 and who failed to make an election pursuant to section 354.145, subdivision 2,

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clause (1) shall have their annuity recomputed under the law in effect on June 30, 1973 under the provisions of either section 354.44, subdivision 2 or subdivision 6, whichever is larger.

[1973 c 728 s 27]

354.60 Service in other public retirement funds; annuity

Any person who has been a member of the Minnesota state retirement system or the public employees retirement association including the public employees retirement association police and fire fund or the teachers retirement association or the Minnesota highway patrolmen's retirement association, or any other public employee retirement system in the state of Minnesota having a like provision but excluding all other funds providing benefits for policemen or firemen shall be entitled when qualified to an annuity from each fund if his total allowable service in all three funds or in any two of these funds totals ten or more years, provided no portion of the allowable service upon which the retirement annuity from one fund is based is again used in the computation for benefits from another fund and provided further that he has not taken a refundment from any one of these three funds since his membership in that association has terminated. The annuity from each fund shall be determined by the appropriate provisions of the law except that the requirement that an annuitant must have at least ten years' membership service or ten years of allowable service in the respective association shall not apply for the purposes of this section provided the combined service in two or more of these funds equals ten or more years.

[1973 c 35 s 59]

354.62 Participation in Minnesota variable annuity fund

[For text of subd. 1, see M.S.1971]

Subd. 2. Individual election. Each member of the teachers retirement association may elect to participate in the variable annuity division by filing a written notice with the board of trustees on forms provided by the board.

(1) Employee variable annuity contributions to the variable annuity division shall be:

(a) Pursuant to the options available in section 354.33, subdivision 1, clause (2), and section 354.33, subdivision 8, the employee variable annuity contribution shall be an amount equal to two percent of the salary of every member.

(b) Pursuant to the options available in section 354.44, subdivision 2, clause (3), and section 354.44, subdivision 7, the employee variable annuity contributions shall be an amount equal to four percent of the salary of every member.

(c) Pursuant to the option available in section 354.33, subdivision 9, the employee variable annuity contribution shall be an amount equal to four percent of the salary of every member.

(2) Employer variable annuity contributions shall be an amount equal to the employee variable annuity contributions provided in clause (1). The deficiency in equal employer variable annuity contributions which shall exist prior to July 1, 1975 shall be recovered from the additional employer contributions made prior to July 1, 1975 pursuant to sections 354.32, subdivision 3 and 354.42, subdivision 5.

(3) Said election shall be made in accordance with section 354.145, subdivisions 1 and 2. Said election once made is irrevocable.

(4) There shall be provided for members participating in the variable annuity division a separate account for each member which will show his variable account accumulations as defined in section 354.05, subdivision 23. The board shall establish such other accounts in the variable annuity division as it deems necessary for the operation of this provision.

[1973 c 728 s 26]

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Subd. 3. Accounts. The variable annuity division in the teachers retirement association shall include an employee variable annuity contribution account, an employer variable annuity contribution account, a variable annuity reserve account, and a variable annuity turnover account.

(1) The employee variable annuity contributions account shall consist of all employee variable annuity contributions made pursuant to subdivision 2, clause (1) plus its share of earnings of the division from investments, including accrued interest and dividends, less withdrawals and transfers from the account, with the total adjusted annually by any realized and unrealized gains and losses.

(2) The employer variable annuity contribution account shall consist of all employer variable annuity contributions made pursuant to subdivision 2, clause (2) plus its share of earnings of the division from investments, including accrued interest and dividends, less withdrawals and transfers from the account, with the total adjusted annually by any realized and unrealized gains and losses.

(3) The variable annuity reserve account shall consist of all transfers made to the variable annuity reserve account, plus its share of earnings of the division from investments, including accrued interest and dividends, less payments from the account, with the total adjusted annually by any realized and unrealized gains and losses.

(4) The variable annuity turnover account shall consist of all transfers made to the variable annuity turnover account in accordance with subdivision 5, clauses (3) and (4) plus its share of earnings of the division from investments, including accrued interest and dividends, less the administrative costs of the variable annuity division and distributions made from the account in accordance with subdivision 4, clause (4), with the total adjusted annually by any realized and unrealized gains and losses.

[1973 c 270 s 14]

Subd. 4. Gains, losses and earnings. (1) Turnover gains shall consist of those amounts transferred in accordance with subdivision 5, clauses (3) and (4).

(2) As of June 30 of each fiscal year, the board of trustees shall determine the amount of earnings, realized gains, and appreciation or losses to be distributed to the accounts provided in subdivision 3. The amount of these distributions shall be in the proportion of the average month-end balance of each account to the total value of all the accounts provided in subdivision 3.

(3) Earnings and realized and unrealized gains or losses shall be credited to the individual member accounts annually but only on amounts that have been on deposit for the full year based on a rate of return as defined in section 11.26, subdivision 7.

(4) Annually on July 1 of each fiscal year a portion of the amount in the variable annuity turnover account shall be distributed to the variable annuity reserve account. The amount of this distribution shall be in the proportion of the value of the variable annuity reserve account to the total value of all the accounts provided in subdivision 3.

[1973 c 35 s 60; 1973 c 270 s 15]

Subd. 5. Variable retirement annuity. (1) At retirement the amount of the member's variable account accumulation in the employee variable annuity contribution account, based on the valuation at the previous fiscal year end plus any contributions made by such person since such date, and an equal amount from the employer variable annuity contribution account shall be transferred to the variable annuity reserve account, and the variable retirement annuity for the member shall be determined by the member's age, and sex, and the amount transferred for the member to the variable annuity reserve account at the date of retirement. The amount of the annuity shall be calculated on the basis of an appropriate annuity table of mortality with an interest assumption as provided in section 354.07, subdivision 1.

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(2) Whenever the admitted value of the annuity reserve account of the variable annuity division, as of June 30 of any year, exceeds or is less than the then present value of all variable annuities in force, determined in accordance with the rate of interest and approved actuarial tables then in effect, by at least two percent of said present value, the amount of each variable annuity payment shall be proportionately increased or decreased for the following year.

(3) The death benefit payable in the event of a member's death prior to retirement will be the lump sum refund of a member's variable account accumulation, based on the valuation at the previous fiscal year end plus any contributions made by such person since such date, to the surviving dependent spouse, or if there is no surviving dependent spouse to his designated beneficiary. Except that if a member has made an election in accordance with section 354.36 or 354.46, then his surviving dependent spouse will receive a joint and survivor annuity as described in sections 354.34 and 354.44 and computed as provided in clause (1). An amount equal to the lump sum refund made in this clause shall be transferred from the employer contribution account to the variable annuity turnover account.

(4) Except as provided in sections 354.33, subdivision 1, clause (2); 354.33, subdivisions 8 and 9; 354.44, subdivision 2, clause (3); and 354.44, subdivision 7, any person who ceases to be a member by reason of termination of teaching service, shall be entitled to a lump sum refundment of his variable account accumulations, based on the valuation at the previous fiscal year end plus any contributions made by such person since such date. Application for a refundment may be made no sooner than 30 days after termination of teaching service if the applicant has not again become a teacher. Repayment of a refundment upon resumption of teaching is not permitted under this section. An amount equal to the refundment to the member shall be transferred from the employer contribution account to the variable annuity turnover account.

(5) If a member is determined to be totally and permanently disabled as provided in Minnesota Statutes 1967, Sections 354.05, Subdivision 14; 354.37; and 354.48, he shall be entitled to the annuity provided in this subdivision.

(6) Those members eligible for retirement as provided in Minnesota Statutes 1967, Section 354.44, Subdivision 1 will upon application for the annuity provided therein be entitled to the annuity provided in this subdivision. The annuity elected in accordance with Minnesota Statutes 1967, Sections 354.33, 354.34, 354.44, and 354.45 shall be the annuity applicable to this subdivision.

(7) Notwithstanding section 356.18, increases in annuity payments pursuant to this section will be made automatically unless written notice is filed by the annuitant with the teachers retirement association board requesting that the increase shall not be made.

(8) At retirement, a member may elect to have the amount of his variable annuity accumulation in the employee variable annuity contribution account and an equal amount from the employer variable annuity contribution account transferred to the Minnesota adjustable fixed benefit fund as provided in section 354.63, subdivision 2, clause (2). This election may also be made by a surviving dependent spouse who receives an annuity under clause (3) of this subdivision. Such election shall be made on a form provided by the board of trustees.

[1973 c 270 s 16; 1973 c 728 s 28]

354.63 Participation in Minnesota adjustable fixed benefit fund

[For text of subd. 1, see M.S.1971]

Subd. 2. Valuation of assets; adjustment of benefits. (1) As of June 30, 1969, the present value of all annuities in force as of June 30, 1969 and as amended in accordance with Laws 1969, Chapter 485, except for the annuities of those persons who retired pursuant to Laws 1915, Chapter 199, as amend-

354.63 TEACHERS RETIREMENT FUND

ed, shall be determined in accordance with the 1937 standard annuity table of mortality set back two years and calculated separately as to sex, with an interest assumption of three and one half percent, and assets representing the required reserves for these annuities shall be transferred to the Minnesota adjustable fixed benefit fund, during a period of one year in accordance with procedures specified in section 11.25.

(2) Effective July 1, 1973 for those members retiring pursuant to sections 354.05 to 354.14 and 354.31 to 354.61 and acts amendatory thereof, the required reserves as determined in accordance with these sections shall be transferred to the Minnesota adjustable fixed benefit fund as of the date of retirement. An appropriate annuity table of mortality with an interest assumption as provided in section 354.07, subdivision 1, will be used to determine the amount to be transferred.

(3) Annuity payments shall be adjusted in accordance with the provisions of section 11.25, subdivisions 12 and 13.

(4) Notwithstanding section 356.18, increases in annuity payments pursuant to this section will be made automatically unless written notice is filed by the annuitant with the teachers retirement association board requesting that the increase shall not be made.

[1973 c 728 s 29]

CHAPTER 355. SOCIAL SECURITY COVERAGE

PUBLIC HOSPITAL EMPLOYEES

Sec.

355.71 Definitions.

355.76 State-federal agreement.

PUBLIC HOSPITAL EMPLOYEES

355.71 Definitions

Subdivision 1. For the purposes of sections 355.71 to 355.81, the terms defined in this section have the meaning ascribed to them.

[1973 c 35 s 61]

[For text of subds. 2 to 6, see M.S.1971]

355.76 State-federal agreement

Upon such certification the state agency or individual so designated, with the approval of the governor, shall be authorized to enter into an agreement with the secretary of health, education, and welfare or modify any such agreement previously made with respect to the employment by state employees, public employees, and educational employees. The agreement or modification authorized hereunder shall take effect retroactively and apply to all employment performed after December 31 of the year prior to the date of the agreement or modification, by the employees who are such on that date and shall include within its application, effective with the date of entry into service as a hospital employee, all employment by such hospital employees on the date of and subsequent to the approval of the agreement or modification as well as those who are such on the approval date thereof. The agreement under sections 355.71 to 355.81 shall not apply to services in positions the compensation for which is on a fee basis.

[1973 c 35 s 62]