

CHAPTER 503—H. F. No. 1548

An act relating to retirement allowances for employees of cities of the first class; amending Minnesota Statutes 1957, Sections 422.04, 422.05, 422.063, Subd. 6, 422.10, 422.13 and 422.46.

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

Section 1. Minnesota Statutes 1957, Section 422.04 is amended to read :

422.04 Retirement allowances, when paid. Any person who shall have been employed by the city to which this chapter applies and who shall have fulfilled the conditions therein specified shall be entitled to receive a retirement allowance therefrom, as set forth in the provisions thereof. No retirement allowance shall be paid any retired employee of such city prior to the expiration of the calendar year next succeeding the date this chapter becomes effective therein.

Any conditional present incumbent shall be entitled to participate in the benefits provided by this chapter upon submitting to the retirement board a written notice of desire to accept the provisions of this chapter and of such evidence of the right to so participate as the board may require; provided that any such employee who is less than 30 years of age at the date this provision becomes effective therein shall submit such notice before reaching that age, and any such employee who shall have passed the age of 30 at that date shall make written application for participation in the benefits of the retirement fund within 90 days after such date. Before receiving said retirement allowance, such conditional present incumbent shall contribute to the fund herein provided for an amount which shall be equal to the amount of the contributions to said fund which said conditional present incumbent would have made had he been a contributor to said fund since January 1, 1922, in accordance with the method of contribution herein provided for, plus four per cent compound interest. All such applications not filed within the time specified herein shall be denied by the retirement board.

The minimum age for retirement on a service allowance, except as otherwise provided, shall be established by the retirement board, may be greater for men than for women, may differ for different classes or grades of employment, but shall not be less than 60 years for men and 58 years for women, nor greater than 65 years. The ages so established by the board shall not be subject to revision prior to the ex-

piration of a five year period from the establishment thereof, and shall apply to all persons who retire during the continuance thereof.

Subject to the limitations stated in this chapter, any employee in the contributing class who *shall have been employed by the city for 10 or more years and shall have attained the established age for retirement, or shall have been employed by the city for 30 or more years all as determined by the retirement board, shall be entitled to retire, and any such employee who shall remain in the service thereafter shall be retired upon reaching the age of 65 regardless of the provisions of the veterans preference act and receive a service allowance as specified in this chapter, provided, however, that the 10 year service requirement herein provided for shall not apply to employees who are contributing members of the fund on July 1, 1959.*

Sec. 2. Minnesota Statutes 1957, Section 422.05, is amended to read:

422.05 Classification of employees. Employees of the city shall be divided into a contributing class, a non-contributing class, and an exempt class.

The contributing class shall consist of all employees not included in either of the other two classes, and shall be subdivided into present encumbents, employees in the service of the city at the date this chapter becomes effective therein, who elect to become contributors to and prospective beneficiaries of the fund created by this chapter, and future entrants, employees who enter the service of the city subsequent to the date this chapter becomes effective therein.

Any employee in the service of any public corporation now or hereafter created in and for any two or more contiguous cities, the funds of which public corporation are in whole or in part raised by taxation on the property in such cities, may become a member of the contributing class by giving a written notice to the retirement board of his acceptance of and his desire to avail himself of the provisions of this chapter, within six months from the date of the passage of Laws 1945, Chapter 181, or of his employment, whichever is the later date.

The non-contributing class shall consist of all employees, including common laborers, whose individual pay or compensations do not exceed \$750 per annum; provided, that when the compensation of an employee who is paid on a

monthly basis equals or exceeds \$62.50 per month on a 12-month basis, such employee shall be classified as a contributor and shall from and after such time contribute to the fund and assume all the obligations imposed upon and be entitled to all the benefits conferred upon members of the contributing class, specifically set forth in this chapter.

From and after the end of the calendar year in which the average annual compensation of an employee who is paid on a day basis equals or exceeds \$750 per calendar year during his period of service with the city, such employee from and after such date shall be classified as a contributor and shall assume all the obligations imposed upon and be entitled to all the benefits conferred upon members of the contributing class, as specifically set forth in this chapter.

Any employee in the non-contributing class may, upon written application filed with the retirement board prior to attaining the age of 50 years, elect to become a member of the contributing class, and shall then assume all the obligations imposed upon and be entitled to all the benefits conferred upon members of the contributing class, as specifically set forth in this chapter.

The exempt class shall consist of :

(1) Employees who are members of an organization or association of such city on behalf of which a tax is levied by the city for the purpose of paying retirement allowances to disabled or superannuated employees ;

(2) Persons filling elective position. Provided that any elective officer holding an elective position, as those terms are defined herein, shall, upon written application to the retirement board, be entitled to become a member of the contributing class of the fund, and after becoming a contributor to the fund be entitled to all benefits conferred upon employees of the contributing class except retirement on a service allowance, which shall be granted only upon completion of 20 or more years of service. All retirement allowances shall be computed and determined as provided herein, except that in determining the number of years of service, credit shall be given for time served as an elective officer or employee, as in this act defined, or member of an executive board or commission or any combination thereof. Before receiving a retirement allowance, or any other benefit, any person who claims credit for service under this section shall contribute to the fund herein provided for an amount which shall be equal to the amount of contributions to the fund which such person would

have made had he been a contributor to the fund since January 1, 1922, or date of election or employment, whichever is later, in accordance with the method of contribution herein provided for, plus four percent compound interest.

Any pension due and payable to an elective officer who claims credit for service as a member of an executive board or commission shall not exceed \$200 per month computed under the single life plan but subject to the option selections provided for in Section 422.08 ;

(3) Persons serving without pay ;

(4) Persons serving on executive boards. Provided that any person serving on an executive board or commission shall, upon written application to the retirement board, be entitled to become a member of the contributing class of the fund, and after becoming a contributor to the fund be entitled to all benefits conferred upon employees of the contributing class except retirement on a service allowance which shall be granted only upon completion of 20 or more years of service.

All retirement allowances shall be computed, determined and paid for in the same manner as for employees, as provided herein, except that in determining the number of years of service, credit shall be given for time served as a member of an executive board or commission, employee, or elective officer, or any combination thereof.

Before receiving this retirement allowance, or any other benefit, the person who claims credit for service under this section shall contribute to the fund an amount which shall be equal to the amount of contributions to the fund which would have been made had he been a contributor to the fund since January 1, 1922, or date of becoming a member of an executive board or commission or elective officer or employee, whichever is later, in accordance with the method of contribution in this chapter provided, plus four per cent compound interest.

Said service shall include periods of service at different times and service for one or more executive boards or commissions, but periods of separation from the service shall not be included.

Any pension due and payable to any person who claims credit for service as a member of an executive board or commission shall not exceed \$100 per month computed under the

single life plan but subject to the option selections provided for in Section 422.08.

(5) Pupil nurses, internes and staff physicians employed at the city hospitals;

(6) Employees in the service of the city at the time this chapter is adopted, who, after such adoption, have not given written notice of a desire to accept the provisions of this chapter;

(7) Persons not citizens of the United States;

(8a) Persons employed after July 1, 1959, who have attained the age of 56, unless such person was previously employed by the city or any of its boards, departments or commissions or by public corporation whose employees are members of or eligible to be members of a fund operating under the provisions of Chapter 422, Minnesota Statutes, and was a contributing member of the fund at the time of separation from the service, and unless the service rendered by such employee after July 1, 1959 when added to the service rendered by the employee prior to July 1, 1959 will equal or exceed 10 years, as determined by the retirement board, regardless of the provisions of the veterans preference act or any law, rule or by-law to the contrary.

(8b) Persons employed after July 1, 1959 on a temporary basis, including persons employed on permits issued by a Civil Service Commission: door-keepers, ticket takers, and attendants at a municipal auditorium, park recreation facilities, or like activities, employed less than 1000 hours, or its equivalent if employed on any other basis than an hourly basis, in any calendar year from January 1 to December 31, inclusive, provided that employees who are contributing members of the fund on July 1, 1959 shall not be affected by the exclusions contained in this section.

(8c) Any person who is employed by the city or any of its boards, departments, commissions or a public corporation, as herein outlined, and is excluded from participation in the fund by Section 422.05-8a, 8b shall be separated from the service upon reaching the age of 65 regardless of the provision of the veterans preference act.

(9) Employees of a public corporation now or hereafter created in and for two or more contiguous cities of the first class, who do not within six months from the date of the passage of Laws 1945, Chapter 181, or the date when they enter the service of said corporation, whichever is later,

give written notice to the retirement board of their acceptance of and desire to avail themselves of the provisions of this chapter. Any such employee who failed to give notice to the retirement board within the six months here required may by written application to the retirement board made within 60 days after the passage of Laws 1953, Chapter 681, become a contributing member of the retirement fund.

Any employee who makes an application as herein provided shall receive credit for service in such public corporation only upon contribution to the retirement fund of the amount which would have been contributed to such fund at the required percentage rate, plus four percent compound interest, had such application been made within the time prescribed by Laws 1945, Chapter 181, and only upon approval of the governing board or commission of such public corporation.

Sec. 3. Minnesota Statutes 1957, Section 422.063, Subdivision 6, is amended to read:

Subd. 6. Minimum retirement allowance, additional allowance. All contributing members who, at the time of retirement, shall have fulfilled the conditions necessary to enable them to retire, shall be entitled to a combined minimum pension and supplementary allowance of \$2 per month for each year of service, which pension and supplementary allowance shall be in addition to the annuity as defined in the pension act.

The pension and supplementary allowance provided for herein shall be the actuarial equivalent of the accumulated annual installments and supplementary allowance credits, now designated by law to be now defined as normal earned credits, plus such extra credit to be furnished by the city as will produce such minimum pension and supplementary allowance of \$2 per month for each year of service. Said sum of \$2 shall be computed under the single life plan, as defined in said pension act, and subject to the same option selections as set forth in said act.

The extra credit herein provided for shall be used only for the purpose of producing such minimum pension and supplementary allowance and shall not in any other way inure to the benefit of the contributing member or his beneficiaries.

The pension, supplementary allowance and annuity provided for herein shall be first paid from the contributing

member's own contributions and normal earned credits, plus interest, until such credits are exhausted, and from and after such time shall be paid from the extra credit provided for herein.

In addition to the pension, supplementary allowance and annuity provided for in Minnesota Statutes 1953, Chapter 422, and Laws 1953, Chapter 83, there shall be paid to each retired employee who retired or will retire subsequent to January 1, 1943, an additional pension equal to 25 percent of such pension, supplementary allowance and annuity, provided, that the additional pension herein provided for shall not exceed \$25 per month; and for each retired employee who retired prior to January 1, 1943 40 percent of such pension, supplementary allowance and annuity, provided, that the additional pension shall not exceed \$25 per month. The additional pensions provided for in this paragraph shall be retroactive to January 1, 1955.

Provided, however, that in lieu of the pension, supplementary allowance, annuity and additional pension herein provided for, each employee who is eligible and who ceases to be employed and who retires subsequent to July 1, 1954 shall have the option of electing to receive what shall be known as a "formula pension and annuity" equal to 1/60th of his arithmetic average annual salary, wages or compensation from the city for any five calendar years out of the last 10 calendar years of service which may include the year in which the employee retires, as selected by the employee, multiplied by his years of service with the city, the option to become effective July 1, 1955.

The formula pension and annuity shall be computed on the single life plan but subject to the option selections provided for in section 422.08.

In order to be entitled to the formula pension and annuity herein provided for, the retiring employee at the time of cessation of employment and of actual retirement must have attained the age of 60 years or have been employed by the city not less than 30 years, and must in addition thereto have contributed to the retirement fund at the percentage rate prescribed by the retirement law prior to the passage of this act on all salaries, wages, or compensation received from the city from January 1, 1922 to July 1, 1955, and at the percentage rate of six percent on all salaries, wages or compensation received from the city subsequent to July 1, 1955.

The years of service to be applied in the formula pen-

sion and annuity shall be found and determined by the retirement board.

Voluntary additions to the employee's deposits made by the employee under the provisions of section 422.10 may be withdrawn by the retiring employee or, with the approval of the retirement board, applied to the purchase of an additional annuity computed and determined by the retirement board.

Sec. 4. Minnesota Statutes 1957, Section 422.10 is amended to read:

422.10 Salary deductions. Beginning on the first day of July, 1951, and thereafter throughout the period of employment, there shall be deducted and withheld from the basic salary, pay or compensation of each employee in the contributing class, five per cent of such salary, pay, or compensation, except as hereinafter provided.

Employees who are members of and contributing to the retirement fund on the first day of July, 1951, and who at said time are contributing to said fund at a rate of less than five percent, may continue to contribute at said lesser rate. Any such employee may make an application in writing to the retirement board for permission to have the lesser rate of contribution increased to five per cent. Such application, when accepted, shall be final and irrevocable.

The retirement board is authorized to increase the percentage rate of contribution to the retirement fund of any employee or employees for the purpose of establishing and maintaining on an actuarial basis a plan of insurance, survivors' benefits, or other type of benefit or benefits, the cost of which shall be paid out of such extra percentage so authorized and deducted from the employee's compensation, except as hereinafter provided.

Any plan or plans so established and placed in operation may be amended from time to time, or may be abandoned, but if abandoned, any surplus remaining from the operation of a plan shall be the property of the fund, and shall be credited to the reserve for loss in investment account.

Any employee who engages in or has engaged in active service in time of war or other emergency declared by proper authority, in any of the military or naval forces of the state or of the United States, shall receive credit for such period of military service *as hereinafter provided* as though actually employed by such city, provided such employee was a member of the contributing class of the retirement fund at the time

of entrance into military service, notwithstanding the provisions of the Veterans Preference Act and/or any other law, rule or by-law providing for credit for military service for pension purposes.

(1) Any contributing member of the fund who was employed by the city at time of entrance into military service during World War I and who returned to the employment of the city within 90 days following release from such military service, shall receive credit for such military service as though actually employed by the city during such military service but in no case shall credit for such military service exceed 4 years. Credit for World War I service shall be granted as provided herein regardless of whether the employee was a member of the contributing class at the time of entrance into such service.

(2) Credit shall be granted for military service subsequent to January 1, 1922 but prior to July 1, 1959, providing the provisions of this section are complied with.

(3) Credit shall be granted for military service rendered subsequent to July 1, 1959 provided such credit shall not exceed 6 calendar years.

(4) No credit shall be granted for military service rendered subsequent to July 1, 1959 if the military service credit for service prior to July 1, 1959 equals or exceeds 6 calendar years.

(5) If the military service credit for service prior to July 1, 1959 is less than 6 calendar years, credit for service subsequent to July 1, 1959 shall be added to such prior service, but in no case shall such combined service exceed 6 calendar years.

Employees of a public corporation, as defined in subdivision 19, Section 422.01, who were in military service prior to the enactment of Laws 1945, Chapter 181, and who returned to the service of such public corporation and subsequently became members of the contributing class of the retirement fund, shall receive credit for such period of military service as though actually employed by such public corporation during such period of military service.

Employees on leave of absence or lay-off at time of entrance into military service as herein provided shall be considered employees for the purpose of this chapter.

The retirement board shall determine and compute the amount of the contributions which said employee would have

made to such fund if his employment had not been interrupted by such military service. The amount so determined and computed by the retirement board shall constitute an obligation of and be paid by the city or public corporation, and shall be credited to the contribution account of such employee. In determining the amount of contributions that the employee would have made if he had not entered military service, consideration shall be given to the employment service of employees who did not enter military service with like classification, seniority rights, length of service, and other factors determining probable time of employment.

In the event that such employee becomes separated from the service, except by retirement or death, prior to the expiration of five years subsequent to the date on which he was reinstated as an employee, such contribution may not be withdrawn by said employee, but shall be canceled and credited to the reserve for annuities account of this fund. If an employee returns to the service after being separated as provided herein, credit shall be granted upon payment of the separation refund required by section 422.09. In determining the five year period, there shall be included only time of actual employment.

Every employee to whom this chapter applies who shall continue in the service after the passage of Laws 1919, Chapter 522, as well as every person to whom this chapter applies who may hereafter be appointed to a position or place, shall be deemed to consent and agree to the deductions made and provided for herein, and payment with such reductions, for service, shall be a full and complete discharge and acquittance of all claims and demands for all services rendered by such person during the period covered by such payment; except his claim to the benefits to which he may be entitled under the provisions of this chapter.

Any employee who becomes entitled to a retirement allowance and who retires without having paid into the retirement fund the full amount required by this chapter shall have the option of electing to receive such allowance on the basis of the actuarial equivalent of the net balance of debts and credits to his account at the time, or on the basis of the actuarial equivalent of the total credits at date of retirement, initial and successive installments of the allowance to be applied on any indebtedness of such employee to the retirement fund until such indebtedness is paid, any installments so credited to be treated as if actually paid to the annuitant entitled to such allowance.

Subject to such terms and conditions and to such rules and regulations as the retirement board may adopt, any contributor from time to time may :

(1) Increase or decrease his rate of contribution to the retirement fund, but in no event shall the contribution be less than the minimum contribution specified in the provisions of this chapter.

(2) Withdraw from his individual account in the retirement fund the amount in excess of the minimum accumulation resulting from the deductions specified in the provisions of this chapter.

Sec. 5. Minnesota Statutes 1957, Section 422.13 is amended to read :

422.13 City's financial responsibility; statement of requirements; tax levy. Interest as provided in this chapter and the payment of all pensions, annuities, retirement allowances, refunds and death benefits granted by the retirement board under the provisions of this chapter are hereby made obligations of the city. All income, interest, and dividends derived from deposits and investments authorized by this chapter shall be placed to the credit of the retirement fund.

Prior to August 31st of each successive year the retirement board shall prepare an itemized statement of its financial requirements from tax revenue for the succeeding fiscal year.

This statement shall include :

1. An estimate of the administrative expense of the retirement board less :

(a) Such amount as the board may charge against the interest income account of the fund as cost of handling the investment securities of the fund.

(b) The cost of handling the retirement benefits of any city owned public utility, improvement project, or other municipal activities supported in whole or in part by revenues other than taxes.

(c) The cost of handling the retirement benefits of any public corporation and its employees operating in and for two or more contiguous cities of the first class who have availed themselves of the provisions of this section.

2. An estimated amount not to exceed *six* per cent of the salaries and wages of all employees covered by the re-

retirement fund less any amounts contributed for retirement purposes by any city owned public utility, improvement project, other municipal activities supported in whole or in part by revenues other than taxes, or any public corporation operating in and for two or more contiguous cities of the first class.

3. The estimated amount required for payment of retirement allowances and other benefits from the contingent fund;

4. The total of items 1, 2 and 3 above shall be increased by such part of the actuarial deficit as may be determined by the retirement board or decreased by the surplus of the annuity reserve fund as determined by an actuarial valuation as of the preceding June 30.

A copy of such statement shall be submitted to the board of estimate and taxation and to the city council, or other chief governing body, prior to September 15 of each successive year for their inspection.

The City Council or chief governing body or any board or commission may by proper action provide for the inclusion in the cost of operating any city owned public utility and may include in the cost of any improvement project and other municipal activities supported in whole or in part by revenues other than taxes, the cost of the retirement benefits accruing under this act for employees of such utility or employed on such improvement projects or other activities. Such costs shall be determined by the retirement Board and the respective governing bodies having jurisdiction over financing such costs.

The amounts so transferred to the retirement fund shall be deducted from the tax request hereinbefore outlined insofar as such amount shall be applicable to current and accrued requirements. The council or chief governing body is hereby authorized to transfer to the retirement fund all or part of any sums now on hand which have been previously reserved for this purpose.

Except as herein and in the following paragraph set forth, no appropriation shall be made to pay the cost of retirement allowances or other benefits granted to employees of a public corporation now or hereafter created in and for two or more contiguous cities of the first class who have elected to avail themselves of the benefits of this section. The cost of retirement allowances and other benefits inuring to

such employees shall be an obligation of and paid by such public corporation. At such time as the retirement board shall fix and determine, such public corporation shall pay to the retirement fund the amount certified to such corporation by the retirement board as the cost of the retirement allowances and other benefits accrued and owing for the employees of such corporation.

Any employee of a public corporation created in and for the two contiguous cities of the first class, the funds of which public corporation are in whole or in part raised by taxation on the property in such cities, who was an employee as herein defined of a city of the first class prior to his employment by such a public corporation, and who was a member of or had accrued benefits in an organized retirement fund for such city, shall be allowed credit in the retirement fund for such employment with a city in the same manner as though he had continued in the service of such city. The cost of that portion of the retirement allowance or other benefits accrued while such employee was in the service of the city shall be an obligation of the city, and a tax shall be levied and collected to discharge such obligation as herein provided.

Any contributor or retired employee who prior to entering the service of a city of the first class was an employee of a public corporation created in and for two or more contiguous cities of the first class shall be allowed credit in the retirement fund for employment by such public corporation in the same manner as though the service had been rendered to such city.

Before receiving credit for service rendered to a public corporation as herein set forth, the contributing or retired employee shall make application therefor in writing to the retirement board, and shall contribute to the retirement fund the amount which would have been contributed had the employee been a contributing member of the fund during the time such service was rendered to the public corporation, plus four per cent compound interest to date of payment or date of retirement, such amount to be found and determined by the retirement board.

The retirement board in charge of operating the system is hereby authorized to re-compute the retirement allowance of any retired employee who qualified under the provisions of this act and to pay to the employee the increased pension thereby determined, providing the public corporation which previously employed such employee consents and agrees to

pay the cost of the additional benefits gained by such employee as the result of the service rendered to such corporation, such additional cost to be paid in the same manner as other benefits are paid for, as provided in Minnesota Statutes, Chapter 422, authority being hereby granted to such corporation to pay such cost.

It shall be the duty of the city council or other chief governing body of such city, in addition to all other taxes levied by such city, to annually levy a tax for the purposes set forth in this chapter, and such tax when levied shall be extended upon the county lists and collected and enforced in the same manner as other taxes levied by such city are extended, collected and enforced. The proceeds of such taxes shall be paid into the city treasury to the credit of the retirement fund, which shall constitute and remain a special fund and shall be used only for the payment of obligations created pursuant to the provisions of this chapter.

The rate of interest to be used as a basis for calculations, except as otherwise specified, shall be the average rate of interest received from the invested portion of the retirement fund, but not less than the average rate of interest paid by the banks of the city on savings deposits, calculated to the nearest one-fourth per cent.

Sec. 6. Minnesota Statutes 1957, Section 422.46 is amended to read:

422.46 Loans to contributing members. The retirement board shall have authority to make loans to contributing members of the retirement fund under such rules and regulations as it may adopt, provided, however, that:

1. *No loan shall be made to an employee from the date of the adoption of this act to July 1, 1959, which when added to any previous unpaid loan, if any, and the interest and insurance charged thereto, will exceed 50 per cent of the employee's accumulated contributions to the retirement fund; provided, that from and after July 1, 1959 to July 1, 1960 no loan as above provided shall exceed 25 per cent of the employee's accumulated contributions, and from and after July 1, 1960 no further loans shall be made.*

2. No loan shall be made which when added to any previous unpaid loan, if any, and the interest and insurance charged thereto, will require a monthly re-payment in excess of ten per cent of the borrowing employee's monthly salary in order to repay such loan and the unpaid balance of any

previous loan, if any, before the compulsory date of retirement.

3. *After the date of the adoption of this act, no employee who has made a loan subsequent to March 4, 1955 may make an additional loan until such loan and the unpaid balance of all previous loans and the interest and insurance charged thereto have been paid in full. Thereafter each loan and the interest and insurance charged thereon shall be paid in full before an additional loan may be made.*

4. Interest and insurance shall be charged at rates determined by the retirement board for each calendar year, provided such interest rate shall not be less than the rate of interest credited to the employee's deposit accounts at the end of the previous fiscal year, plus one-half of one per cent.

5. Repayment of loans shall be made by deduction from the employees compensation in the same manner and at the same time as deductions are made for credit to the retirement fund, and shall be in addition to such deductions, provided, that the loan deduction shall not be less than the deduction for credit to the retirement fund, subject to being increased as may be required by this act or as may be requested by the borrowing employee.

Approved April 24, 1959.

CHAPTER 504—S. F. No. 792

[Coded]

An act to accept the provisions and benefits of Public Law 85-864, an act of the 85th Congress of the United States, entitled "An act to strengthen the national defense and to encourage and assist in the expansion and improvement of educational programs to meet critical national needs; and for other purposes", cited as the "National Defense Education Act of 1958", approved September 2, 1958.

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

Section 1. [128.37] **National defense education act of 1958; acceptance of federal aid.** The provisions and benefits of Public Law 85-864, an act of the 85th Congress of the United States entitled "An act to strengthen the national defense and to encourage and assist in the expansion and improvement of educational programs to meet critical na-