

Sec. 2. **Minneapolis, city of; mayor's salary.** Commencing July 1, 1969, the annual salary of the mayor of the city of Minneapolis shall be \$20,000 and shall be paid in the same manner as other salaries of the city.

Sec. 3. **Certain income to be deposited in the city treasury.** The mayor and each alderman of the city of Minneapolis shall each month pay to the treasurer of the city of Minneapolis for deposit in the general fund of such city, all fees for attendance at meetings, or other compensation received by him from any board, commission or other body of which he may be a member or may serve because of his position either as mayor or an alderman of the city of Minneapolis.

Sec. 4. **Effective date.** This act shall become effective only after its approval by a majority of the governing body of the city of Minneapolis and upon compliance with the provisions of Minnesota Statutes, Section 645.021.

Approved May 31, 1969.

CHAPTER 893—H. F. No. 472

[Coded in Part]

An act relating to the Minnesota state retirement system; amending Minnesota Statutes 1967, Chapter 11, by adding a section; Chapter 352, by adding sections; Sections 352.04, Subdivisions 1, 3, and 12; 352.061; 352.115, Subdivision 3; 352.12, Subdivision 1; and 352.22, Subdivision 3.

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

Section 1. Minnesota Statutes 1967, Chapter 11, is amended by adding a section to read:

Sec. . [11.27] State employees retirement; increased benefits, continuing appropriations from Minnesota adjustable fixed benefit fund. *All money necessary to meet the requirements of certification of withdrawal by funds authorized to participate in the Minnesota adjustable fixed benefit fund are hereby annually, and from time to time, appropriated from the Minnesota adjustable fixed benefit fund to the participating pension funds involved. Withdrawals for*

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pensions is limited to those pensions for which reserves have been transferred to the Minnesota adjustable fixed benefit fund.

Sec. 2. Minnesota Statutes 1967, Chapter 352, is amended by adding a section to read:

Sec. . [352.1181] Formula for past service; increased benefits as prospective. *The legislature finds that the normal cost of the Minnesota state retirement system is below the amount contributed by employee and employer for the purpose of financing normal cost. For this reason the formula for past service is improved by this act. The legislature also determines that sound policy dictates that improvements in benefit rates justifiable on the basis of actuarial gains to the fund and improved contribution rates should be prospective in nature so as not to accumulate inordinate deficits. For this reason the benefit increases herein provided for service after July 1, 1969, are prospective in application.*

Sec. 3. Minnesota Statutes 1967, Section 352.04, Subdivision 1, is amended to read:

352.04 State employees retirement fund, contributions by employee and employer. Subdivision 1. **Fund created.** *(1) There is created a special fund to be known as the state employees retirement fund. In that fund there shall be deposited employees contributions, employers contributions and other amounts authorized by law.*

(2) Effective July 1, 1969, the Minnesota state retirement system shall participate in the Minnesota adjustable fixed benefit fund. In that fund there shall be deposited the amounts provided in section 352.119.

Sec. 4. Minnesota Statutes 1967, Section 352.04, Subdivision 3, is amended to read:

Subd. 3. Employer contributions. The employer contribution to the fund shall be (1) an amount equal to the total amount deducted from the salaries of employees on each payroll abstract, plus (2) (a) an additional ~~two thirds~~ *one-half* of the amount of such deductions *beginning with the first full pay period after June 30, 1969,* for employees paying three percent contributions, *such amount to be reduced to one-third of such deductions beginning with the first full pay period after June 30, 1970;* or (b) an additional one-sixth of the amount of such deductions for employees paying six percent contributions. The employer contributions shall be made in the manner provided in subdivisions 5 and 6.

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Sec. 5. Minnesota Statutes 1967, Section 352.04, Subdivision 12, is amended to read:

Subd. 12. **Fund disbursement restricted.** The *state employees retirement fund and the participation in the Minnesota adjustable fixed benefit fund* shall be disbursed only for the purposes herein provided. The expenses of the system ~~and the retirement allowances and annuities herein provided upon retirement,~~ and any other benefits herein provided, *other than benefits payable from the Minnesota adjustable fixed benefit fund,* shall be paid ~~only from such the state employees retirement fund.~~ *The retirement allowances, retirement annuities, and disability benefits, as well as refundment of any sum remaining to the credit of a deceased retired employee or a disabled employee shall be paid only from the state employees retirement fund after such needs have been certified and the amounts withdrawn from the participation in the Minnesota adjustable fixed benefit fund under the provisions of Minnesota Statutes, section 11.25. and the* The amounts necessary ~~therefor~~ *to make the payments from the state employees retirement fund and the participation in the Minnesota adjustable fixed benefit fund* are hereby annually appropriated from said ~~fund funds~~ *for said purpose purposes.*

Sec. 6. Minnesota Statutes 1967, Section 352.061 is amended to read:

352.061 **Investment board to invest funds:** The director shall, from time to time, certify to the state board of investment such portions of the *state employees retirement fund* as in ~~its~~ *his* judgment may not be required for immediate use. *Assets from the state employees retirement fund shall be transferred to the Minnesota adjustable fixed benefit fund as provided in Minnesota Statutes, section 11.25.* The state board of investment shall thereupon invest ~~and reinvest the sum~~ *sums* so transferred, or certified, in such securities as are duly authorized legal investments for such ~~purpose~~ *purposes* under chapter 11.

Sec. 7. Minnesota Statutes 1967, Section 352.115, Subdivision 3, is amended to read:

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

- | | |
|---|----------------|
| (1) <i>For Years of Allowable Service</i> | Percentages at |
| <i>Rendered Prior to July 1, 1969</i> | the Rate of: |

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- | | |
|--|---|
| (a) First ten years | 1 percent per year of service |
| (b) Second ten years or completed months of service less than such period | ± 1.1 percent per year of service |
| (c) Third ten years or completed months of service less than such period | ±.66 1.7 percent per year of service |
| (d) Subsequent years or completed months of service less than such period | ±.75 2 percent per year of service |
| (2) <i>For years of Allowable Service Rendered Subsequent to June 30, 1969</i> | <i>Percentages at the Rate of:</i> |
| (a) <i>First ten years</i> | <i>1 percent per year of service</i> |
| (b) <i>Second ten years of completed months of service less than such period</i> | <i>1.3 percent per year of service</i> |
| (c) <i>Third ten years of completed months of service less than such period</i> | <i>2 percent per year of service</i> |
| (d) <i>Subsequent years or completed months of service less than such period</i> | <i>2.5 percent per year of service</i> |

(3) *If a combination of the above formulas is used, the formula percentages used shall be those percentages in each formula as continued for the respective years of allowable service from one formula to the next.*

Sec. 8. Minnesota Statutes 1967, Chapter 352 is amended by adding a new section to read:

Sec. . [352.118] **Increase in benefits.** *The retirement annuities and disability benefits authorized and in effect on June*

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30, 1969 shall be increased in the same ratio that the actuarially computed reserve for such benefits determined by using an interest assumption of three percent bears to the actuarially computed reserve for such benefits determined by using an interest assumption of three and one-half percent. The reserves upon which such increase shall be based shall be the actuarially determined reserve for benefits in effect at December 31, 1968, in accordance with the mortality assumptions then in effect and at interest assumptions of three percent and three and one-half percent. Such ratio of increase computed to the last full one one-hundredth of one percent shall be applied to benefits in effect on June 30, 1969 and shall begin to accrue July 1, 1969. Notwithstanding Minnesota Statutes, section 356.18, increases in benefit payments pursuant to this section will be made automatically unless the intended recipient files written notice with the Minnesota state retirement system requesting that the increase shall not be made.

Sec. 9. Minnesota Statutes 1967, Chapter 352 is amended by adding a new section to read:

Sec. . [352.119] Participation in Minnesota adjustable fixed benefit fund. Subdivision 1. Adjustable fixed benefit annuity. Adjustable fixed benefit annuity means the payments made from the participation in the fund to an annuitant after retirement in accordance with the provisions of this section. It also means that the payments made to the persons receiving benefits shall never be an amount less than the amount originally determined on the date of retirement or on July 1, 1969, whichever is later but not including the supplemental benefit provided for in section 352.73.

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 this act, shall be determined in accordance with the 1937 standard annuity table of mortality, 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 the procedures specified by law for the Minnesota adjustable fixed benefit fund.

(2) Effective July 1, 1969, for those employees commencing to receive benefits pursuant to chapter 352, and acts amendatory thereof, the required reserves as determined in accordance with this section shall be transferred to the Minnesota adjustable fixed benefit fund as of the date benefits begin to accrue.

(3) Annually on July 1 of each fiscal year the annuity pay-

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ments made from the participation in the Minnesota adjustable fixed benefit fund shall be adjusted in accordance with the following procedures. Any adjustment in the amount of annuity payments shall become effective with the first payment falling due after December 31 next succeeding the July 1 on which the adjustment was determined.

(4) A determination shall be made of the present value of all annuities in force payable from the participation in the Minnesota adjustable fixed benefit fund calculated in accordance with the mortality and interest assumptions then in effect. The ratio of the participation in the fund to such present values shall be determined and stated as a percentage of the total present value to the last full .5 of one percent. If such ratio is greater than 98 percent and less than 102 percent no adjustment of annuities will be made. If the ratio is equal to or greater than 102 percent or is equal to or less than 98 percent, the annuity payments currently payable shall be increased or decreased in the ratio so determined for the 12-month period beginning with the first payment due after December 31 next succeeding the valuation date, provided that the annuity payment to any annuitant shall never be an amount less than the amount originally determined on the date of retirement or on July 1, 1969, whichever is later, but not including the supplemental benefit provided for in section 352.73. For the purpose of calculating the adjustments provided herein, all persons commencing to receive benefits during any class year which begins each July 1 and also ends each June 30, shall be deemed to have retired in the same class and all annuitants in such class are equally entitled to any adjustment of annuity payments. All persons commencing to receive benefits prior to July 1, 1969, shall be in the same class as those retiring between July 1, 1969 and June 30, 1970. If the value of the participation in the Minnesota adjustable fixed benefit fund goes below the value of the reserves required to support the amount originally determined on the date of retirement or on July 1, 1969, whichever is later but not including the supplemental benefit provided for in section 352.73, for any annuitant or class of annuitants, the excess of the amount paid over the amount which the reserves would support must be recovered by withholding the amount of any future increases in annuity payments to which the annuitant or class of annuitants would be otherwise entitled until the sum of the amounts withheld equals such accumulated excess. After any deficiency is recovered in full, the annuity will be increased on the basis of the cumulative ratio of assets to reserves currently applicable to such annuitant or class of annuitants. Exact procedures to be followed in making determinations as to the amounts to be received by persons commencing to receive benefits during the various fiscal years shall be determined by the

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board of directors of the Minnesota state retirement system in accordance with accepted actuarial and accounting practices.

Sec. 10. Minnesota Statutes 1967, Chapter 352.12, Subdivision 1, is amended to read:

352.12 Refundment after death of employee or former employee. Subdivision 1. **Death before termination of service.** If an employee dies before his state service has terminated and neither a survivor annuity nor a reversionary annuity is payable, the director shall make a refundment to his last designated beneficiary or, if there be none, to his surviving spouse or, if none, to the representative of his estate in an amount equal to his accumulated contributions plus interest thereon to the date of death at the rate of two and one-half percent per annum compounded annually. In the event an employee dies who has received a refundment which he had subsequently repaid in full, interest shall be paid on such repaid refundment only from the date of repayment. If the repayment was made in installments, interest shall be paid only from the date ~~each~~ installment ~~was paid~~ *payments began*. The designated beneficiary, surviving spouse or representative of the estate of an employee who had received a disability benefit shall not be entitled to interest upon any balance remaining to his credit in the fund at the time of death.

Sec. 11. Minnesota Statutes 1967, Section 352.22, Subdivision 2, is amended to read:

Subd. 2. **Amount of refundment.** Except as provided in subdivision 3, any person who ceased to be a state employee by reason of termination of state service shall receive a refundment in an amount equal to his accumulated contributions without interest, *except that an employee terminating state service at the age of 65 or more shall receive a refundment in an amount equal to his accumulated contributions plus interest thereon to the date of termination at the rate of two and one-half percent per annum compounded annually if the employee due to age could not qualify for an annuity upon reaching compulsory retirement age had he continued in covered employment. Interest shall not be paid on any contributions for service rendered prior to age 58.*

Sec. 12. **Effective date.** *This act takes effect on July 1, 1969.*

Approved May 31, 1969.

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