

Together with a parcel bounded on the north by the Burlington Northern Railroad right-of-way, on the south by Hennepin Avenue, on the east by East Island Avenue, and on the west by West Island Avenue;

Together with a parcel bounded on the north by Maple Place, on the south by the Burlington Northern Railroad right-of-way, on the east by Nicollet Street, and on the west by West Island Avenue;

Together with lots 7, 8, and 9, and the west 60 feet of lot 10, block 1, Nicollet Island;

Together with lots 6 and 7, and lots 10 to 16, inclusive, block 3, Nicollet Island.

#### Sec. 16. EFFECTIVE DATE.

Sections 1 to 4 are effective the day after compliance by the governing body of the city of Brooklyn Center with Minnesota Statutes, Section 645.021, Subdivision 3. Sections 5 and 6 are effective the day following final enactment. Sections 8 to 14 are effective the day after compliance with Minnesota Statutes, Section 645.021, Subdivision 3, by the Hennepin County board. Section 15 is effective in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington the day after final enactment.

Approved March 22, 1982

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### CHAPTER 578 — H.F.No. 438

*An act relating to retirement; clarifying the retirement service credit for certain participants in the Minnesota demonstration job-sharing program; Minnesota state retirement system; imposing liability for certain omitted employee contributions on the employing unit; elective state officers retirement plan; providing benefit adjustments for retired constitutional officers and surviving spouses; public employees retirement association; increasing the family maximum on survivors benefits; teachers retirement association; authorizing the reimbursement of certain employing unit expenses with respect to board members; providing for the crediting of service credit for employees on a four day work week; modifying survivor benefits; exempting certain money and credits of teachers retirement funds; limiting the amount of public employee retirement annuities; limiting the powers of city officials regarding the administration of relief associations; supreme court justices retirement plan; providing a deferred retirement annuity; modifying a vesting requirement; permitting the repayment of a refund by a member of the Virginia firefighters relief association; validating the purchase of prior service credit for a certain county commissioner; permitting payment of omitted contributions; granting a proportionate annuity for certain persons; authorizing certain persons in various retirement funds to purchase prior service credit and military service credit; authorizing an amendment to the articles of incorporation of the Minneapolis teachers retirement fund association, clarifying*

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various provisions of retirement law; amending Minnesota Statutes 1980, Sections 352.04, Subdivision 8; 354.06, Subdivision 4; 354A.094, Subdivision 4; 354A.11; 354A.35, by adding a subdivision; 356.41; 423A.01, Subdivision 2; 490.025, Subdivisions 2 and 3; Minnesota Statutes 1981 Supplement, Sections 43A.34, Subdivision 4; 43A.465; 69.77, Subdivision 2; 353.31, Subdivision 1; 354.091; 354.46, Subdivisions 1 and 2; 354.47, Subdivision 1; 354.48, Subdivision 10; 354.66, Subdivision 4; 354A.12, Subdivision 1; 356.371, Subdivisions 1 and 2; 422A.06, Subdivisions 1, 3, 4 and 5; Laws 1981, Chapter 156, Section 7; proposing new law coded in Minnesota Statutes, Chapters 352C; 356; and 423A; repealing Minnesota Statutes 1980, Sections 356.60, Subdivisions 2 and 3; and 423.815, as amended; Minnesota Statutes 1981 Supplement, Sections 354.48, Subdivision 4a; 356.60, Subdivision 1; Laws 1978, Chapters 690, Section 2; and 720, Section 13; Laws 1981, Chapters 68, Section 1; 160, Section 10; and 224, Sections 73, 92 and 118.

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

### Article I

#### Miscellaneous Retirement Modifications

Section 1. Minnesota Statutes 1981 Supplement, Section 43A.465, is amended to read:

#### 43A.465 CREDIT FOR PRIOR PART-TIME SERVICE.

Any person who was employed in a shared position in the Minnesota demonstration job-sharing program pursuant to ~~Laws 1980, Chapter 572 Minnesota Statutes 1980, Sections 43.56 to 43.62 or sections 43A.40 to 43A.46~~, prior to ~~May 1, 1981~~ the effective date of this section shall have service credit for that service in the applicable retirement fund recalculated in accordance with the provisions of section ~~43.60~~ 43A.44, subdivision ~~3~~ 2, clause (a).

Sec. 2. Minnesota Statutes 1980, Section 352.04, Subdivision 8, is amended to read:

Subd. 8. **DEPARTMENT REQUIRED TO PAY EQUIVALENT OF INTEREST ON OMITTED SALARY DEDUCTIONS.** (a) If any department fails to take deductions past due for a period of 60 days or less from an employee's salary as provided in this section ~~such~~, those deductions shall be taken on subsequent payroll abstracts, ~~and the department, and not the employee, shall pay in lieu of interest an amount equivalent to six percent of the amount due for both the employee and employer contributions.~~ (b) If any department fails to take deductions past due for a period in excess of 60 days from an employee's salary as provided in this section, the department, and not the employee, shall pay the employee and employer contributions and an amount equivalent to six percent of the total amount due in lieu of interest. (c) If any department fails to take deductions past due for a period of 60 days or less and the employee is no longer in state service so that the required deductions cannot be taken from his the salary of the employee, the department shall nevertheless pay the required

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employer contributions ~~plus an amount equivalent to six percent of the required employee and employer contributions.~~ If any department fails to take deductions past due for a period in excess of 60 days and the employee is no longer in state service, the omitted contributions shall be recovered pursuant to clause (b). (e) (d) If an employee from whose salary required deductions were not taken past due for a period of 60 days or less leaves state service prior to the payment of the omitted deductions and subsequently returns to state service, the unpaid amount thereof shall be considered the equivalent of a refundment refund, and the employee shall accrue no right by reason thereof, except that he the employee may pay the amount thereof as provided in section 352.23.

### Sec. 3. [352C.10] BENEFIT ADJUSTMENTS.

Retirement allowances payable to retired constitutional officers pursuant to section 352C.031 and surviving spouse benefits payable pursuant to section 352C.04, shall be adjusted in the same manner, at the same times and in the same amounts as are benefits payable from the Minnesota post retirement investment fund to retirees of a participating public pension fund.

Sec. 4. Minnesota Statutes 1981 Supplement, Section 353.31, Subdivision 1, is amended to read:

Subdivision 1. **BENEFITS FOR SURVIVING SPOUSE AND DEPENDENT CHILDREN; BEFORE RETIREMENT.** Upon the death of a "basic member" before retirement or upon the death of a "basic member" who was disabled and receiving disability benefits pursuant to section 353.33 at the time of death who has had at least 18 months of credited allowable service, the surviving spouse and dependent children of the member, as defined in section 353.01, subdivisions 15 and 20, shall be entitled to receive the monthly benefit provided below:

- |                          |  |
|--------------------------|--|
| (a) Surviving spouse     | 30 percent of the member's monthly average salary in effect over the last full six months of allowable service preceding the month in which death occurred |
| (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 the month in which death occurred |

Payments for the benefit of any dependent child, as defined in section 353.01, subdivision 15, shall be made to the surviving parent, or if there be none, to the legal guardian of the child. *The maximum monthly benefit for a family shall not exceed \$450 \$700, and the minimum benefit per family shall not be less*

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than 30 percent of the "basic member's" said specified average salary, subject to the aforementioned maximum. The surviving spouse benefit shall terminate upon the remarriage of the spouse, and the dependent children's benefit shall be reduced pro tanto when any child is no longer dependent.

Any survivor of a "basic member" whose average salary was less than \$75 per month shall not be entitled to the benefits provided in this subdivision.

Except for any benefits provided pursuant to section 353.32, subdivisions 1 and 1a, there are no survivor benefits payable to the surviving spouse or dependent children of a deceased "coordinated member".

Sec. 5. Minnesota Statutes 1980, Section 354.06, Subdivision 4, is amended to read:

Subd. 4. All members of the board shall serve without compensation but shall receive necessary expenses while attending all meetings of the board or meetings of any committee authorized by the board, to be paid out of the fund. Necessary expenses may include the salary of any substitute teacher which the employing unit is required to hire. The board may reimburse the employing unit for the salary of the substitute teacher. Members of the board shall suffer no loss of compensation from their employing units by reason of service on or for the board or any committee authorized by the board.

Sec. 6. Minnesota Statutes 1981 Supplement, Section 354.091, is amended to read:

**354.091 SERVICE CREDIT.**

In computing the time of service of a teacher, the length of a legal school year in the district or institution where such service was rendered shall constitute a year under sections 354.05 to 354.10, provided such year is not less than the legal minimum school year of this state. No person shall be allowed credit for more than one year of teaching service for any fiscal year. Commencing July 1, 1969 (1) if a teacher teaches only a fractional part of a day, credit shall be given for a day of teaching service for each five hours taught, and (2) if a teacher teaches at least 170 full days in any fiscal year credit shall be given for a full year of teaching service, and (3) if a teacher teaches for only a fractional part of the year credit shall be given for such fractional part of the year as the term of service rendered bears to 170 days. Teaching service performed prior to July 1, 1969 shall be computed pursuant to the law in effect at the time it was rendered.

In no event shall any teacher lose or gain retirement service credit as a result of the employer converting to a four day work week. If the employer does convert to a four day work week, the forms for reporting and procedures for determining service credit shall be determined by the executive director with the approval of the board of trustees.

Sec 7. Minnesota Statutes 1981 Supplement, Section 354.46, Subdivision 1, is amended to read:

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

- (a) Surviving dependent spouse .....30 percent of the basic member's monthly average salary paid in the last full fiscal year preceding death
- (b) Each dependent child.....ten percent of the basic member's monthly average salary paid in the last full fiscal year preceding death

Payments for the benefit of any dependent child under the age of 22 years shall be made to the surviving parent, or if there be none, to the legal guardian of the child. The maximum monthly benefit shall not exceed ~~\$450~~ \$700 for any one family, and the minimum benefit per family shall not be less than 30 percent of the basic member's average salary, subject to the foregoing maximum. The surviving dependent spouse benefit shall terminate upon remarriage, and the surviving dependent children's benefit shall be reduced pro tanto when any surviving child is no longer dependent.

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

If the survivor benefits provided in this subdivision exceed in total the monthly average salary of the deceased basic member, these benefits shall be reduced to an amount equal to the deceased basic member's monthly average salary.

Prior to payment of any survivor benefit pursuant to this subdivision, in lieu of that benefit, the surviving dependent spouse may elect to receive the joint and survivor annuity provided pursuant to subdivision 2, or may elect to receive a refund of accumulated deductions with interest in a lump sum as provided pursuant to sections 354.47, subdivision 1 or 354.62, subdivision 5, clause (3). If there are any surviving dependent children, the surviving dependent spouse may elect to receive the refund of accumulated deductions only with the consent of the district court of the district in which the surviving dependent child or children reside.

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Sec. 8. Minnesota Statutes 1981 Supplement, Section 354.46, Subdivision 2, is amended to read:

Subd. 2. **DEATH WHILE ELIGIBLE DESIGNATED BENEFICIARY BENEFIT.** The surviving spouse of any member who has attained the age of at least 55 years and has credit for at least 20 years of allowable service or who has credit for at least 30 years of allowable service irrespective of age shall be entitled to ~~elect~~ joint and survivor annuity coverage in the event of death of the member prior to retirement which shall be payable to the surviving spouse. ~~If the election is made and the person dies prior to retirement, the surviving spouse,~~ If the surviving spouse does not elect to receive a surviving spouse benefit provided pursuant to subdivision 1, if applicable, or does not elect to receive a refund of accumulated member contributions provided pursuant to sections 354.47, subdivision 1, or 354.62, subdivision 5, clause (3), whichever is applicable, the surviving spouse shall be entitled to receive, upon written application on a form prescribed by the executive director, a benefit equal to the second portion of a 100 percent joint and survivor annuity as provided pursuant to section 354.45 and computed pursuant to section 354.44, subdivisions 2, 6 or 7, whichever is applicable. If the member was a participant in the variable annuity division, the applicable portion of the benefit shall be computed pursuant to section 354.62, subdivision 5, clause (1). The benefit shall be payable for life.

Sec. 9. Minnesota Statutes 1980, Section 354A.11, is amended to read:

**354A.11 CERTAIN MONEYS AND CREDITS OF TEACHERS EXEMPT.**

All moneys deposited by a teacher or member or deposited by any other person or corporation, municipal or private, to the credit of a teacher or member of a teachers retirement fund association organized pursuant to this chapter, and all moneys, rights, and interests or annuities due or to become due to a teacher, member, or annuitant, or their beneficiaries, from any association shall not be assignable, shall be exempt from garnishment, attachment, and execution or sale on any final process issued from any court and every other legal process whatsoever including, but not limited to, divorce, legal separation, and child support, and shall not be subject to the estate tax provisions of this state.

**Sec. 10. [356.61] LIMITATION ON PUBLIC EMPLOYEE RETIREMENT ANNUITIES.**

Notwithstanding any provision of law, bylaws, articles of incorporation, retirement and disability allowance plan agreements or retirement plan contracts to the contrary, no person who has pension or retirement coverage by a public pension plan shall be entitled to receive a monthly retirement annuity or disability benefit which, at the time of commencement of the retirement annuity or disability benefit, exceeds the amount of the final monthly salary of the person.

A public pension plan is any Minnesota public pension plan or fund which provides pension or retirement coverage for public employees other than volunteer firefighters, including any plan or fund enumerated in sections 356.20,

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subdivision 2, or 356.30, subdivision 3, any local police or firefighter's relief association to which section 69.77 applies, or any retirement or pension plan or fund, including a supplemental retirement plan or fund, established, maintained or supported by any governmental subdivision or public body whose revenues are derived from taxation, fees, assessments or from other public sources. Final monthly salary is the hourly rate of compensation received by the person on account of the most recent public employment for the final pay period occurring prior to retirement multiplied by 174.

The figure for the monthly retirement annuity or disability benefit to be used for the calculation of this limitation shall not include any reduction or adjustment required for retirement prior to the normal retirement age or required for the election of an optional annuity.

If the figure for the monthly retirement annuity or disability benefit exceeds the limit contained in this section, the annuity or benefit payable shall be reduced appropriately.

The managing board of each public pension plan from which a retirement annuity or disability benefit is payable shall, at the time that the retirement annuity or disability benefit commences, contact all other public pension plans to determine whether or not the recipient of the retirement annuity or disability benefit is also receiving or is entitled to receive a retirement annuity or disability benefit from any other public pension plan. If a person is entitled to receive or is receiving a retirement annuity or disability benefit from more than one public pension plan, all retirement annuities or disability benefits from all public pension plans shall be totalled in determining whether or not the limitation shall apply; provided however, that the limitation shall be based on the highest final monthly salary received by the individual from any plan. Any reduction in the amount of the retirement annuity or disability benefit required pursuant to this section shall be made by the public pension plan which provided retirement coverage for the most recent period of service.

#### Sec. 11. [423A.10] POWERS OF CITY OFFICIALS LIMITED.

When the governing board of a firefighters or police relief association in any city shall determine what is necessary to adequately protect, maintain and administer the firefighters or police relief association, neither the governing body of the city nor any official of the city may thereafter deny adequate representation therefor. Any duties performed by any member of the association pursuant to the determination under this section are deemed to be fire or police duties.

Sec. 12. Minnesota Statutes 1980, Section 490.025, Subdivision 2, is amended to read:

Subd. 2. **RETIREMENT COMPENSATION; AMOUNT.** A justice retiring pursuant to subdivision 1 shall be entitled to receive the compensation allotted to his the office of the justice for the remainder of the term for which the

justice was elected. If a justice be retired for age or disability and, at the time of his retirement, has had served as a justice for two full terms or the equivalent thereof or as a justice and as a judge of the district court for 15 years he, the justice shall, after the expiration of the term for which elected or appointed, qualifying for a pension be entitled to receive, for the remainder of his the life of the justice, a retirement annuity equal to one-half of the compensation allotted to his the office of the justice at the time of his retirement or discontinuance of service plus two and one-half percent of the compensation allotted to his the office of the justice at the time of his retirement or discontinuance of service for each year, not exceeding 40 ten, which he the justice served in his office in excess of two full terms, or the equivalent thereof, on the supreme court or in excess of 15 years as a justice of such the supreme court and as a judge of the district court. Any retirement annuity to which a justice is entitled pursuant to this section may be deferred until the former justice attains retirement age notwithstanding the termination of service by the justice prior to attaining retirement age. All such The retirement pay annuity shall be paid by the executive director of the Minnesota state retirement system in the same manner as other retirement annuities and benefits are paid.

Sec. 13. Minnesota Statutes 1980, Section 490.025, Subdivision 3, is amended to read:

Subd. 3. **RETIREMENT AGE.** ~~Where~~ If a justice of the supreme court has served serves for two full terms and during this period reaches attains the age of 70, the justice, upon the completion of this period, he may apply for and be entitled to receive, for the remainder of his the life of the justice, the equivalent of the retirement compensation annuity granted to retiring justices of the supreme court under pursuant to subdivision 2, or where if a justice has served serves a minimum period of 15 12 years on the supreme court and has reached attains the age of 65, he the justice may retire and, on or after terminating active service, be entitled to apply for and receive, for the remainder of his the life of the justice, the equivalent of the retirement compensation annuity payable under pursuant to subdivision 2 to a retired justice whose final elective term has expired.

**Sec. 14. REPAYMENT OF REFUND FOR VIRGINIA FIREFIGHTERS RELIEF ASSOCIATION.**

Notwithstanding any law to the contrary, a member of the Virginia firefighters relief association who was employed by the Virginia fire department from February 1960 to December 1968, who received a refund of accumulated employee contributions upon termination of service, and who was reemployed by the Virginia fire department in July 1973, shall be entitled to repay the refund plus interest at six percent per annum compounded annually. Upon repayment of the refund amount plus interest, the allowable service credit for the period of previous employment shall be restored to the account of the member.

**Sec. 15. PURCHASE OF PRIOR SERVICE VALIDATED.**

Changes or additions are indicated by underline, deletions by ~~strikeout~~.



Notwithstanding any law to the contrary, the public employees retirement association shall credit to the account of a St. Louis county commissioner service credit for service as an elected official for the period from January 1, 1969 to April, 1977 for which the association received payment of \$14,216.68 in January 1981.

**Sec. 16. CERTAIN OMITTED CONTRIBUTIONS TO THE COLLEGE SUPPLEMENTAL PLAN.**

Notwithstanding the provisions of Minnesota Statutes, Section 136.81, a member of the teachers retirement association, who was born on September 3, 1919, and who taught at Moorhead State University during the 1970-1972 school years, shall be entitled to make payment to the state university and community college supplemental retirement plan of the teachers retirement fund for deposit in the Minnesota supplemental investment fund in an amount equal to the amount of the shortages for the 1970-1972 school years and the amount of the matching employer contribution. The employer of the member for the 1970-1972 school years may, at its discretion, pay the matching employer contribution. The authority to make the payment shall expire on June 30, 1982.

**Sec. 17. PROPORTIONATE ANNUITY FOR CERTAIN FORMER MEMBER.**

A former member of the public employees retirement association who had allowable service credit totalling nine years, four months and 27 days at the time of termination of public service on November 27, 1978, and who would have been entitled to a proportionate annuity had her service continued after January 1, 1979, shall nevertheless be entitled to a proportionate annuity pursuant to Minnesota Statutes, Section 356.32. Payment of the annuity shall commence upon attaining the age of 65 years or upon the effective date of this act, whichever is later, provided that the former member repays to the association, within 60 days after the effective date of this act, any refund of employee contributions previously taken, without interest.

**Sec. 18. SAVINGS PROVISION.**

Any person who has covered service in excess of 40 years in a public pension plan, as these terms are defined in Minnesota Statutes 1980, Section 356.60, Subdivision 1, a portion of which service was performed after April 6, 1978 and prior to the effective date of this section, shall receive credit for that service. If that person commenced receiving a retirement annuity during the period specified, the amount of the annuity shall be adjusted based upon total covered service commencing with the first annuity payment after the effective date of this section.

**Sec. 19. REPEAL.**

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Minnesota Statutes 1980, Sections 356.60, Subdivisions 2 and 3; and 423.815, as amended by Laws 1981, Chapter 224, Section 206; and Minnesota Statutes 1981 Supplement, Section 356.60, Subdivision 1 are repealed.

**Sec. 20. EFFECTIVE DATE.**

Except as hereafter provided, Article I is effective the day following final enactment. Section 2 applies retroactively to omitted deductions of employees of the board of regents of the University of Minnesota discovered after July 1, 1981. Omitted deductions for the period from June 1, 1977, to September 30, 1981, which were deducted from an employee's salary after July 1, 1981, shall be treated as erroneous deductions subject to refund pursuant to section 352.04, subdivision 9. Section 14 is effective upon approval by the Virginia City Council and upon compliance with Minnesota Statutes, Section 645.021.

**Article II**  
**PURCHASES OF PRIOR SERVICE**

**Section 1. PURCHASE OF PRIOR SERVICE CREDIT.**

Subdivision 1. AUTHORITY. Notwithstanding any provision of law to the contrary, the following persons shall be entitled to purchase prior service credit from the appropriate retirement fund or association for service for which the person has not previously received service credit. The amount and manner of payment shall be governed by the provisions of section 2.

Subd. 2. From the Minnesota state retirement system, a member who has prior service as a labor service employee employed as a laborer 1 on an hourly basis between May 4, 1960 and December 26, 1961, and who is currently an employee of the department of natural resources, shall be entitled to purchase service credit for the period from May 4, 1960 to December 26, 1961.

Subd. 3. From the teachers retirement association, any member who rendered active military service in the United States Army, Navy, Marine Corps, Coast Guard or Air Force shall be entitled to purchase service credit for the period of active military service, but service credit shall not be granted for any voluntary extension of military service at the instance of the member beyond the initial period of enlistment, induction or call to duty.

Subd. 4. From the teachers retirement association, any member who rendered teaching service prior to July 1, 1957 as defined in Minnesota Statutes, Section 354.05, but who did not make the full required contributions for this service because of limited or permanent exempt status wherein membership in the association was optional or because of the contribution limits then in effect, shall be entitled to purchase service credit for any of the above periods of service.

Subd. 5. From the public employees retirement association, a basic member who served as county attorney for Lac Qui Parle county between

January 1, 1951 and September 1, 1960, shall be entitled to purchase service credit for the period served as county attorney.

Subd. 6. From the public employees retirement association, a person who was employed by the St. Paul bureau of health from January 1948 to September 1953 and who contributed to the bureau of health retirement plan from February 1951 to September 1953, and who was reemployed by the city of St. Paul in the department of community services, division of public health from April 22, 1974 until December 31, 1981, shall be entitled to purchase service credit for the period from February 1951 to September 1953.

Subd. 7. From the Minneapolis teachers retirement fund association, if the articles of incorporation are amended pursuant to section 3, any member who has performed active military service in the United States Army, Navy, Marine Corps, Coast Guard or Air Force, shall be entitled to purchase service credit for the period of prior military service for the lesser of either the actual military service without any voluntary extension beyond the initial period of military service or four years.

Subd. 8. From the Buhl police relief association, a member who has at least 15 years of service credit in the Buhl police relief association, and who was a member of the public employees police and fire fund for the period of probationary service and who took a refund of the employee contributions at the end of the probationary period, shall be entitled to purchase service credit in the Buhl police relief association for the period of probationary service.

Subd. 9. From the teachers retirement association, any person who was born on May 29, 1932, who is employed as an elementary school principal by independent school district no. 316, Coleraine, who was employed as a high school teacher and coach by the Hackensack school district during the 1955-1956 school year, who was employed as a high school teacher and coach by the Kelliher school district during the 1956-1957 school year, and who served on active military duty from June 15, 1957 to December 14, 1957, shall be entitled to purchase credit for any period of teaching service or active military service for which the person does not have service credit.

Subd. 10. From the Minnesota state retirement system, a former member who was employed by the state department of taxation, income tax division, as a probationary employee from June 1942 until January 1943, and as a regular employee of that division until October 1946, and who is currently employed by the public employees retirement association, shall be entitled to purchase service credit for any portion of probationary service, which when added to the service credit obtained by the repayment of a refund, authorized under Minnesota Statutes, Section 356.30, Subdivision 2, will enable the person to acquire twenty years of service credit.

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Subd. 11. From the public employees retirement association, any person who was a member of the West St. Paul city council from January 1, 1972 to December 31, 1976, and who was a county commissioner for the county of Dakota from January 1, 1977 to December 31, 1980, shall be entitled to purchase service credit for the period from January 1, 1972 to December 31, 1976.

Subd. 12. From the Minnesota state retirement system, any employee or former employee of the department of employment services who was employed during the period June 1, 1941 to June 17, 1947, by the United States employment service and who became a public employee covered by one of the retirement funds enumerated in section 356.30, subdivision 3, subsequent to June 17, 1947, for the period of service with the United States employment service.

Subd. 13. From the public employees retirement association, any person who is employed as a police officer by the city of New Brighton, who was employed as a part time police officer on an as needed basis by that city from June, 1957 to November, 1964, and who was appointed by that city as a full time police officer in November, 1964, shall be entitled to purchase service credit for any months during the period from June 1, 1957 to February 28, 1961, in which the person rendered service as a part time police officer and received compensation for those services as certified by the city of New Brighton.

## Sec. 2. PAYMENT.

Subdivision 1. CALCULATION OF PRESENT VALUE. For the persons entitled to purchase prior service credit, there shall be paid to the applicable retirement fund or association an amount equal to the present value, on the date of payment, of the amount of the additional service pension or retirement annuity which would be obtained by virtue of the purchase of the additional service credit, using the interest rate specified in Minnesota Statutes, Section 356.215, Subdivision 4, Clause (4), and the applicable mortality table adopted for the appropriate retirement fund or association and assuming continuous service until, and retirement at, the age at which the minimum age and service, age or service requirements of the retirement fund for normal retirement or retirement with an annuity unreduced for retirement at an early age are met with the additional service credit purchased, for the appropriate retirement fund or association, or the age at the date of payment or of the agreement to pay, whichever is older, and a future salary history which includes annual salary increases at the salary increase rate specified in Minnesota Statutes, Section 356.215, Subdivision 4, Clause (4). The person requesting the purchase of prior service must establish in the records of the retirement fund or association proof of the service for which the purchase of prior service is requested. The manner of the proof of service shall be in accordance with procedures prescribed by the board of trustees of the fund or association or by the executive director.

Subd. 2. PAYMENT OF PRESENT VALUE; CREDITING OF SERVICE. Payment shall be made in one lump sum, unless the executive director of

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the appropriate retirement fund or association agrees to accept payment in installments over a period of not to exceed three years from the date of the agreement, with interest at a rate deemed appropriate by the executive director. The period of allowable service shall be credited to the account of the person only after receipt of full payment by the executive director.

**Subd. 3. OPTIONAL EMPLOYER PARTIAL PAYMENT.** Payment shall be made by the person entitled to purchase prior service, except that the current or former employer of the person may, at its discretion, pay all or any portion of the payment amount which exceeds an amount equal to the employee contribution rates in effect for the retirement fund during the period or periods of prior service applied to the actual salary rates in effect during the period or periods of prior service, plus interest at the rate of six percent per annum compounded annually from the date on which the contributions would otherwise have been made to the date on which the payment is made. If more than one person who is a current or former employee of an employing unit is eligible to purchase prior service, the governing body of the employing unit shall establish and implement a uniform policy on the payment by it of a portion of the purchase of prior service payment amount.

**Subd. 4. TIME LIMITATION ON AUTHORITY TO MAKE PAYMENT.** For the provisions of section 1, subdivisions 3 and 4, the authority to make a lump sum payment or the agreement to make payments in installments over a period of not to exceed three years shall expire on July 1, 1987. For the provisions of section 1, subdivision 7, payment shall be made on or before July 1, 1985, or the date the member terminates active service, whichever is earlier. For the remaining provisions of section 1, the authority to make a lump sum payment or to make an agreement to make installments shall expire on July 1, 1983.

Any payments made pursuant to section 1, subdivisions 3 and 4, shall be accumulated deductions as defined in section 354.05, subdivision 11, and these payments shall be credited to the member's individual account.

**Sec. 3. MINNEAPOLIS TEACHERS RETIREMENT FUND ASSOCIATION; AUTHORIZATION OF AMENDMENT OF ARTICLES OF INCORPORATION.**

Authorization is hereby granted in accordance with Minnesota Statutes, Section 354A.12, Subdivision 4, for the Minneapolis teachers retirement fund association to amend its articles of incorporation to authorize its members to purchase military service credit.

A new subsection (18) may be added to article IX of the articles of incorporation to provide that an active member of the Minneapolis teachers retirement fund association who has acquired at least 15 years of service credit from the retirement fund association and who has performed active military service in the United States Army, Navy, Marine Corps, Coast Guard or Air

Force, shall be entitled upon application to purchase service credit for the period of active military service, which shall not exceed the lesser of the actual military service without any voluntary extension beyond the initial period of military service or four years. The period of military service purchased shall not include any period of service for which the member on the date of purchase is receiving retirement benefits from any federal, state or local public or governmental pension fund or plan other than the federal social security system.

To purchase the military service credit, the member shall pay the retirement fund an amount calculated pursuant to section 2. Payment may be made either in a lump sum or in installments by payroll deduction from the salary of the member. Service credit for the period of military service shall not be granted until full payment is received by the retirement fund and until sufficient documentation concerning the period of military service and the status of other public pension fund or plan credit for the period is provided to the retirement fund.

#### **Sec. 4. PURCHASE OF PRIOR SERVICE IN UNCLASSIFIED EMPLOYEES PLAN.**

Subdivision 1. ENTITLEMENT. A person who was employed by the legislature during the 1981 session and who is currently a permanent employee of the governor's office shall be entitled to purchase service credit for the period of prior intermittent legislative service.

Subd. 2. PAYMENT; PROOF OF EMPLOYMENT. The calculation of the payment to purchase prior service and proof of legislative employment shall be certified pursuant to Laws 1981, Chapter 297, Section 2, Subdivision 2, Paragraph 2, except that the matching employer contributions shall be at the discretion of the employer. The authority to make a lump sum payment or to make an agreement to make installment payments shall expire on July 1, 1983.

#### **Sec. 5. FUTURE PENSION COVERAGE FOR CERTAIN STATE EMPLOYEES IN UNCLASSIFIED SERVICE; REFUND OR MEMBER CONTRIBUTION; PURCHASE OF PRIOR SERVICE CREDIT.**

Subdivision 1. COVERAGE FOR FUTURE SERVICE. Notwithstanding any provision of law to the contrary, any person who is an employee in the unclassified civil service of the state, who was covered by the state employees retirement fund of the Minnesota state retirement system established pursuant to Minnesota Statutes, Chapter 352, prior to July 1, 1980, and who was a member of, and had at least ten years of allowable service credit as defined in Minnesota Statutes, Section 352B.01, Subdivision 3, in the highway patrol retirement fund established pursuant to Minnesota Statutes, Chapter 352B, shall be entitled, on or before January 1, 1983, to elect to have retirement coverage for all service as an unclassified state employee rendered subsequent to the date of the election be provided by the highway patrol retirement fund, and not by the state employees

retirement fund. The election shall be made in writing and shall be filed with the executive director of the Minnesota state retirement system.

Subd. 2. REFUND OF MEMBER CONTRIBUTIONS. If the election of a change in retirement coverage is made, any person to whom subdivision 1 applies shall be required to take a refund of all accumulated member contributions made to the state employees retirement fund to the credit of the person.

Subd. 3. PURCHASE OF PRIOR SERVICE CREDIT. If the election of a change in retirement coverage is made, any person to whom subdivision 1 applies shall be entitled to purchase prior service credit from the highway patrol retirement fund for any period of service covered by the state employees retirement fund. The amount and manner of payment shall be governed by section 2.

#### Sec. 6. EFFECTIVE DATE.

This article is effective the day following final enactment.

### Article III

#### Clarification of Miscellaneous Retirement Provisions

Section 1. Minnesota Statutes 1981 Supplement, Section 43A.34, Subdivision 4, is amended to read:

Subd. 4. HIGHWAY PATROL, CONSERVATION AND CRIME BUREAU OFFICERS EXEMPTED. Notwithstanding any provisions of chapter 352B or any other law provision to the contrary, (a) conservation officers and crime bureau officers who were first employed on or after July 1, 1973 and who are members of the highway patrolmen's patrol retirement association fund by reason of their employment, and members of the Minnesota highway patrol division of the department of public safety who are members of the highway patrol retirement association by reason of their employment, shall not continue employment after attaining the age of 60 years, except for a fractional portion of one year that will enable the employee to complete his the employee's next full year of allowable service. Notwithstanding any provisions of chapter 352B or any other law to the contrary, as defined pursuant to section 352B.01, subdivision 3; and (b) conservation officers and crime bureau officers who were first employed and are members of the highway patrolmen's patrol retirement association fund by reason of their employment before July 1, 1973, shall be governed by the same mandatory retirement rules applied to other employees who are covered by the Minnesota state retirement system not continue employment after attaining the age specified in subdivision 1.

Sec. 2. Minnesota Statutes 1981 Supplement, Section 69.77, Subdivision 2, is amended to read:

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Subd. 2. The penalty provided for in subdivision 1 shall not apply to a relief association enumerated in subdivision 1a if the following requirements are met:

(1) Each member of the relief association pays into the special fund of the association during a year of covered service, a contribution for retirement coverage including survivorship benefits of not less than eight percent of the maximum rate of salary upon which retirement coverage is credited and service pension and retirement benefit amounts are determined. The member contributions shall be made by payroll deduction from the salary of the member by the municipality, and shall be transmitted by the municipality to the relief association as soon as practical. The relief association shall deposit the member contribution to the credit of the special fund of the relief association, provided that to avoid undue increase in the amount of employee contributions in any one year, any increase in the amount of contributions required by this section may be spread over several years with the approval of the municipality, but the increase in rate of contribution in each year shall not be less than one percent until the appropriate levels of required employee contributions have been reached. The member contribution requirement specified in this clause shall not apply to any members who are volunteer firefighters unless the governing body of the municipality did not approve this member contribution exemption following the consideration by the municipal governing body of the first actuarial survey filed with the municipality following January 1, 1970.

(2) The officers of the relief association determine the financial requirements of the relief association and minimum obligation of the municipality for the following calendar year in accordance with the requirements of this clause. The financial requirements of the relief association and the minimum obligation of the municipality shall be determined on or before the submission date established by the municipality pursuant to clause (3).

The financial requirements of the relief association for the following calendar year shall be based on the most recent actuarial valuation or survey prepared in accordance with sections 356.215, subdivision 4 and 356.216, whether or not the actuarial valuation or survey was prepared at a greater frequency than minimally required pursuant to clause (8). In the event that an updated actuarial valuation or an actuarial estimate is prepared by the actuary of the relief association as part of obtaining a modification of the benefit plan of the relief association and the modification is implemented, the updated actuarial valuation or actuarial estimate shall be used in calculating the financial requirements of the relief association.

If the relief association has an unfunded accrued liability as reported in the most recent actuarial valuation or survey, the total of the amounts calculated pursuant to clauses (a) and (b) shall constitute the financial requirements of the relief association for the following year. If the relief association does not have an



unfunded accrued liability as reported in the most recent actuarial valuation or survey the amount calculated pursuant to subclause (a) shall constitute the financial requirements of the relief association for the following year.

(a) The normal level cost requirement for the following year, expressed as a dollar amount, which shall be determined by applying the normal level cost of the relief association as reported in the actuarial valuation or survey and expressed as a percentage of covered payroll to the estimated covered payroll of the active membership of the relief association, including any projected increase in the active membership, for the following year.

(b) To the dollar amount of normal cost thus determined shall be added an amount equal to the level annual dollar amount which is sufficient to amortize the unfunded accrued liability by December 31, 2010, as determined from the actuarial valuation or survey of the fund, using an interest assumption set at the rate specified in section 356.215, subdivision 4, clause (4). The amortization date specified in this subclause shall apply to all local police or salaried firefighters relief associations and shall supersede any amortization date specified in any applicable special law.

The minimum obligation of the municipality shall be an amount equal to the financial requirements of the relief association reduced by the estimated amount of member contributions from covered salary anticipated for the following calendar year and the estimated amounts from the applicable state aid program established pursuant to sections 69.011 to 69.051 anticipated as receivable by the relief association after any allocation pursuant to section 69.031, subdivision 5, clause (2), subclause (b) (c) or Laws 1980, Chapter 607, Article XV, Section 4, Subdivision 2 423A.01, subdivision 2, clause (6), and from the local police and salaried firefighters' relief association amortization aid program established pursuant to section 423A.02 anticipated for the following calendar year.

(3) The officers of the relief association shall submit determination of the financial requirements of the relief association and of the minimum obligation of the municipality to the governing body on or before the date established by the municipality which shall not be earlier than August 1 and shall not be later than September 1 of each year. The governing body of the municipality shall ascertain whether or not the determinations were prepared in accordance with law.

(4) The municipality shall provide for and shall pay each year at least the amount of the minimum obligation of the municipality to the relief association. If there is any deficiency in the municipal payment to meet the minimum obligation of the municipality as of the end of any calendar year, the amount of the deficiency shall be added to the minimum obligation of the municipality for the following year calculated pursuant to clause (2) and shall include interest at the rate of six percent per annum compounded from the date that the municipali-

ty was required to make payment pursuant to this clause until the date that the municipality actually makes the required payment.

(5) The municipality shall provide in the annual municipal budget for at least the minimum obligation of the municipality calculated pursuant to clause (2). The municipality may levy taxes for the payment of the minimum obligation of the municipality without any limitation as to rate or amount and irrespective of limitations imposed by other provisions of law upon the rate or amount of taxation when the balance of the special fund or any fund of the relief association has attained a specified minimum asset level. In addition, any taxes levied pursuant to this section shall not cause the amount or rate of other taxes levied in that year or to be levied in a subsequent year by the municipality which are subject to a limitation as to rate or amount to be reduced. If the municipality does not include the full amount of the minimum obligation of the municipality in the levy that the municipality certified to the county auditor in any year, the officers of the relief association shall certify the amount of any deficiency to the county auditor. Upon verifying the existence of any deficiency in the levy certified by the municipality, the county auditor shall spread a levy over the taxable property of the municipality in the amount of the deficiency certified to by the officers of the relief association.

(6) Any sums of money paid by the municipality to the relief association in excess of the minimum obligation of the municipality in any year shall be used to amortize any unfunded liabilities of the relief association.

(7) The funds of the association shall be invested in securities which are proper investments pursuant to section 11A.24, except that up to \$10,000 may be invested in the stock of any one corporation in any account of such small size that the three percent stock limitation specified in section 11A.24, subdivision 5 would necessitate a lesser investment. Securities held by the association before July 1, 1971, which do not meet the requirements of this paragraph may be retained after that date if they were proper investments for the association on April 28, 1969. The governing board of the association may select and appoint investment agencies to act for and in its behalf or may certify funds for investment by the state board under the provisions of section 11A.17, provided that there be no limit to the amount which may be invested in the income share account, in the bond account, or in the fixed-return account, and that up to 20 percent of that portion of the assets of the association invested in the Minnesota supplemental investment fund may be invested in the growth share account.

(8) The association shall procure an actuarial valuation showing the condition of the special fund of the relief association pursuant to sections 356.215 and 356.216 as of December 31 as of every even numbered year. The association shall also procure a quadrennial experience study pursuant to sections 356.215 and 356.216, as of December 31, 1978, and shall procure a quadrennial experience study every four years thereafter. A copy of the actuarial survey and the

quadrennial experience study shall be filed with the director of the legislative reference library, the governing body of the municipality in which the association is organized, the executive secretary of the legislative commission on pensions and retirement, and the commissioner of insurance, not later than June 1 of the following year.

Sec. 3. Minnesota Statutes 1981 Supplement, Section 354.47, Subdivision 1, is amended to read:

Subdivision 1. **DEATH BEFORE RETIREMENT.** (1) If a member dies before retirement and is covered pursuant to the provisions of section 354.44, subdivision 2, and neither an optional annuity, nor a reversionary annuity, nor a benefit pursuant to section 354.46, subdivision 1 is payable to the survivors if the member was a basic member, the surviving spouse, or if there is no surviving spouse, the designated beneficiary shall be entitled to an amount equal to the member's accumulated deductions with interest credited to the account of the member to the date of death.

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

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

Sec. 4. Minnesota Statutes 1981 Supplement, Section 354.48, Subdivision 10, is amended to read:

Subd. 10. **RETIREMENT STATUS AT AGE 65.** No person shall be entitled to receive both a disability benefits benefit and a retirement annuity provided by this chapter. The disability benefit paid to a person hereunder shall terminate ~~when the person reaches at the end of the month in which the person attains the age of 65 years.~~ when at the beginning of the month next following the month in which the person attains the age of 65 years. If the person is still totally and permanently disabled ~~when at the beginning of the month next following the month in which the person attains the age of 65 years,~~ the person shall be deemed to be on retirement status and, if the person had elected an optional annuity pursuant to subdivision 3a, shall receive an annuity in accordance with the terms of the optional annuity ~~previously elected, or, if the person had not elected an optional annuity pursuant to subdivision 3a,~~ may at the option of the person elect to receive either a straight life retirement annuity computed pursuant to section 354.44 or a straight life

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retirement annuity equal to the disability benefit paid ~~before the person reached~~ prior to the date on which the person attained the age of 65 years, whichever amount is greater, or elect to receive an optional annuity as provided in section 354.45, subdivision 1. Election of an optional annuity shall be made prior to the person attaining the age of 65 years. If an optional annuity is elected, the election shall be effective on the date on which the person attains the age of 65 years and the optional annuity shall begin to accrue on the first day of the month next following the month in which the person attains the age of 65 years.

Sec. 5. Minnesota Statutes 1981 Supplement, Section 354.66, Subdivision 4, is amended to read:

Subd. 4. Notwithstanding any provision of this chapter relating to the salary figure to be used for the determination of contributions or the accrual of service credit to the contrary, a teacher shall continue to make employee contributions to and accrue allowable service credit in the retirement fund during the period of part time employment pursuant to this section upon the same basis and in the same amounts as would have been paid and accrued if the teacher had been employed on a full time basis. The state shall make the full required employer contributions on behalf of the teacher to the retirement association for the part time teaching service in the manner described in section 354.43, subdivisions 1, 2 and 5. Full accrual of allowable service credit and employee contributions for part time teaching service pursuant to this section and section 354A.094 shall not continue for a period longer than 10 years.

Sec. 6. Minnesota Statutes 1980, Section 354A.094, Subdivision 4, is amended to read:

Subd. 4. Notwithstanding any provision to the contrary in this chapter or the articles of incorporation or bylaws of an association relating to the salary figure to be used for the determination of contributions or the accrual of service credit, a teacher shall continue to make employee contributions to and to accrue allowable service credit in the applicable association during the period of part time employment pursuant to this section upon the same basis and in the same amounts as would have been paid and accrued if the teacher had been employed on a full time basis. The state shall make the full required employer contributions on behalf of the teacher to the applicable association for the part time teaching service in the manner described in section 354.43, subdivisions 1, 2 and 5. Full membership, accrual of allowable service credit and employee contributions for part time teaching service by a teacher pursuant to this section and section 354.66 shall not continue for a period longer than ten years.

Sec. 7. Minnesota Statutes 1981 Supplement, Section 354A.12, Subdivision 1, is amended to read:

Subdivision 1. **EMPLOYEE CONTRIBUTIONS.** The contribution required to be paid by each member of a teachers retirement fund association shall

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not be less than the percentage of total salary specified below for the applicable association and program:

Association and Program	Percentage of Total Salary
Duluth teachers retirement association	
<u>old law and new law</u> <u>coordinated program programs</u>	4.5 percent
Minneapolis teachers retirement association	
basic program	8.5 percent
coordinated program	4.5 percent
St. Paul teachers retirement association	
basic program	8 percent
coordinated program	4.5 percent

Sec. 8. Minnesota Statutes 1980, Section 354A.35, is amended by adding a subdivision to read:

**Subd. 2a. MODIFICATION IN SURVIVOR COVERAGE IN CERTAIN INSTANCES.** Any person who elected joint and survivor annuity coverage pursuant to subdivision 2 prior to July 1, 1981 and the spouse of the person shall be entitled to modify that election by making a joint specification in writing on a form prescribed by the executive secretary that the benefits provided in this section, whichever is applicable, shall be paid only to a designated beneficiary. Authority for any person and the spouse of the person to modify the prior election shall expire on the date of the retirement of the person who elected the coverage or the date of death of the person who elected the coverage, whichever occurs first.

Sec. 9. Minnesota Statutes 1981 Supplement, Section 356.371, Subdivision 1, is amended to read:

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

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

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

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

(4) "Public pension fund" means a public pension plan as defined pursuant to section 356.60, subdivision 1, clause (a).

(5) "Retirement annuity" means a series of monthly payments to which a former or retired member of a public pension fund is entitled on account of attaining a specified age and acquiring credit for a specified period of service, which shall include a retirement annuity, retirement allowance or service pension.

(6) "Disability benefit" means a series of monthly payments to which a former or disabled member of a public pension fund is entitled on account of a physical or mental inability to engage in specified employment.

Sec. 10. Minnesota Statutes 1981 Supplement, Section 356.371, Subdivision 2, is amended to read:

**Subd. 2. PROVISION OF INFORMATION ON ANNUITY FORMS.**

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

Sec. 11. Minnesota Statutes 1980, Section 356.41, is amended to read:

**356.41 BENEFIT ADJUSTMENTS.**

Disability benefits and survivor benefits payable to a disabilitant or a survivor now or hereafter receiving benefits from any public pension fund which participates in the Minnesota post-retirement investment fund shall be adjusted in the same manner, at the same times and in the same amounts as are benefits payable from the Minnesota post-retirement investment fund to retirees of that public pension fund. If a disability benefit is recomputed as a retirement annuity and the recipient would have been eligible for an adjustment pursuant to this

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section if the disability benefit was not recomputed, the recipient will continue to be eligible for the adjustment after the recomputation. For the survivor of a deceased annuitant who receives a survivor benefit calculated pursuant to a prior law rather than the second portion of a joint and survivor annuity, any period of receipt of a retirement annuity by the annuitant shall be utilized in determining the period of receipt for eligibility to receive an adjustment. No recipient shall, however, be entitled to more than one adjustment at one time by reason of this section.

Sec. 12. Minnesota Statutes 1981 Supplement, Section 422A.06, Subdivision 1, is amended to read:

Subdivision 1. **CREATION; DIVISIONS OF FUND.** For the purposes of ~~sections 422A.04 to 422A.25~~ this chapter, there shall be a Minneapolis employees retirement fund, hereafter referred to as the retirement fund. The retirement fund shall be subdivided into (1) a deposit accumulation fund, (2) a ~~participating share in the Minnesota post-retirement investment fund,~~ (3) a survivor benefit fund, (4) ~~(3)~~ a disability benefit fund, and ~~(5)~~ (4) a retirement benefit fund. The expense of the administration of the retirement fund shall be paid from the deposit accumulation fund, less the amount as the retirement board may charge against income of the retirement fund from investments as the cost of handling the investments of the retirement fund.

Sec. 13. Minnesota Statutes 1981 Supplement, Section 422A.06, Subdivision 3, is amended to read:

Subd. 3. **DEPOSIT ACCUMULATION FUND.** The deposit accumulation fund shall consist of the assets held in the fund, increased by amounts contributed by or for employees, amounts contributed by the city, amounts contributed by municipal activities supported in whole or in part by revenues other than taxes and amounts contributed by any public corporation, amounts paid by the state and by income from investments. There shall be paid from the fund the amounts required to be transferred to the ~~Minnesota post-retirement investment fund,~~ retirement benefit fund, or the disability benefit fund, refunds of contributions, death benefits payable on death before retirement which are not payable from the survivors' benefit fund, post retirement increases in retirement allowances granted pursuant to Laws 1965, Chapter 688, or Laws 1969, Chapter 859, and expenses of the administration of the retirement fund which were not charged by the retirement board against the income of the retirement fund from investments as the cost of handling the investments of the retirement fund.

Sec. 14. Minnesota Statutes 1981 Supplement, Section 422A.06, Subdivision 4, is amended to read:

Subd. 4. **NO PARTICIPATION IN THE MINNESOTA POST-RETIREMENT INVESTMENT FUND.** The Minneapolis employees retirement fund shall not participate in the Minnesota post-retirement ~~adjustment investment~~

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fund. In that fund there shall be deposited the amounts provided in subdivision 5.

Sec. 15. Minnesota Statutes 1981 Supplement, Section 422A.06, Subdivision 5, is amended to read:

Subd. 5. VALUATION OF ASSETS TRANSFER OF RESERVES TO RETIREMENT BENEFIT FUND; ADJUSTMENTS OF ANNUITIES AND BENEFITS. (a) For those members retiring pursuant to this chapter, assets equal to the required reserves as determined in accordance with a mortality table appropriate to the retirement fund with an interest assumption set at the rate specified in section 356.215, subdivision 4, clause (4), shall be transferred to the Minnesota post-retirement investment fund, the disability benefit fund as provided in subdivision 7, or the retirement benefit fund, except for any amounts payable from the survivor benefit fund, as of date of retirement.

(b) Annuity payments shall be adjusted in accordance with the provisions of sections 422A.09 and 422A.15 this chapter, except that no minimum retirement payments therein described shall include any amounts payable from the survivors' benefit fund or disability benefit fund and supplemented benefits specifically financed by statute.

(c) Notwithstanding the provisions of section 356.18, increases in annuity payments pursuant to this section shall be made automatically unless written notice on a form prescribed by the board is filed with the retirement board requesting that the increase not be made.

(d) All annuities payable from the Minnesota post-retirement investment fund which are in effect on June 30, 1973 shall be increased in the same ratio that the actuarially computed reserve for the annuities determined by using an interest assumption of 3-1/2 percent bears to the actuarially computed reserve for the annuities determined by using an interest assumption of five percent. The reserves upon which the increases shall be based shall be the actuarially determined reserves for all Minnesota post-retirement investment fund annuities which were in effect on December 31, 1972, in accordance with the mortality assumptions then in effect and at interest assumptions of 3-1/2 percent and five percent. The ratio of increase computed to the last full 1/100 of one percent shall be applied to all annuities payable from the Minnesota post-retirement investment fund which are in effect on June 30, 1973. Any additional annuity shall begin which began to accrue on July 1, 1973 and or which began to accrue on January 1, 1974, pursuant to Laws 1973, Chapter 770, Section 1, shall be considered as part of the base amount to be used in determining any post-retirement adjustments payable pursuant to the provisions of section 422A.18 subdivision 8.

(e) The municipal employees retirement fund of Minneapolis shall determine the increase if any in accrual of benefits commencing January 1, 1974, determined on the basis of its entire participation in the manner provided in Minnesota Statutes, 1973 Supplement, Section 11.25, Subdivisions 12 and 13.

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(f) The actuary for each participating fund shall calculate the reserve required to support the benefits in effect on June 30, 1973 as increased on July 1, 1973 and herein. As of December 31, 1973, each participating fund shall transfer to or from the Minnesota post-retirement investment fund assets so that its participation equals the total of the required reserves and the reserve for benefits authorized on or after July 1, 1973. The increased benefits accruing as of January 1, 1974 shall be the base for future adjustments.

Sec. 16. Minnesota Statutes 1980, Section 423A.01, Subdivision 2, is amended to read:

Subd. 2. **OPERATION OF LOCAL RELIEF ASSOCIATION UPON MODIFICATION OF RETIREMENT COVERAGE FOR NEWLY HIRED POLICE OFFICERS AND FIREFIGHTERS.** The following provisions shall govern the operation of a local relief association upon the modification of retirement coverage for newly hired police officers or firefighters:

(1) The minimum obligation of a municipality in which the retirement coverage for newly hired police officers or salaried firefighters has been modified pursuant to subdivision 1 with respect to the local relief association shall be determined and governed in accordance with the provisions of sections 69.77, 356.215 and 356.216, except that the normal cost calculation for the relief association shall be computed as a percentage of the compensation paid to the active members of the relief association. The compensation paid to persons with retirement coverage modified pursuant to subdivision 1 shall not be included in any of the computations made in determining the obligation of the municipality with respect to the local relief association.

(2) The contribution rate of members of the local relief association shall be governed by section 69.77, unless a special law establishing a greater member contribution rate is applicable whereupon it shall continue to govern. The member contribution rate of persons with retirement coverage modified pursuant to subdivision 1 shall be governed by section 353.65.

(3) When every active member of the local relief association retires or terminates from active duty, the local relief association shall cease to exist as a legal entity and the assets of the special fund of the relief association shall be transferred to a trust fund to be established by the appropriate municipality for the purpose of paying service pensions and retirement benefits to recipient beneficiaries. If there are at least five recipient beneficiaries, the trust fund shall be managed by a board of trustees composed of five members selected by the recipient beneficiaries of the fund, subject to the approval of the governing body of the municipality. If there are fewer than five recipient beneficiaries, the trust fund shall be managed by the governing body of the municipality. The term of the elected members of the board of trustees shall be indefinite and shall continue until a vacancy occurs in one of the board of trustee member positions. Board of trustee members shall not be compensated for their services, but shall be

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reimbursed for any expenses actually and necessarily incurred as a result of the performance of their duties in their capacity as board of trustee members. The municipality shall perform whatever services are necessary to administer the trust fund. ~~The balance of assets remaining in the trust fund shall not revert to the municipality until~~ When all obligations of the trust fund are paid, the balance of the assets remaining in the trust fund shall revert to the municipality for expenditure for law enforcement or firefighting purposes, whichever is applicable.

(4) The financial requirements of the trust fund and the minimum obligation of the municipality with respect to the trust fund shall be determined in accordance with sections 69.77, 356.215 and 356.216 until the unfunded accrued liability of the trust fund is fully amortized in accordance with ~~Laws 1980, Chapter 607 section 69.77, subdivision 2, clause (2).~~ The municipality shall provide in its annual budget for at least the aggregate amount of service pensions, disability benefits, survivorship benefits and refunds which are projected as payable for the following calendar year, as determined by the board of trustees of the trust fund, less the amount of assets in the trust fund as of the end of the most current calendar year for which figures are available, valued pursuant to section 356.20, subdivision 4, clause (1) (a), if the difference between those two figures is a positive number.

(5) In calculating the amount of service pensions and other retirement benefits payable from the local relief association and in calculating the amount of any automatic post retirement increases in those service pensions and retirement benefits based on the salary paid or payable to active members or escalated in any fashion, the salary for use as the base for the service pension or retirement benefit calculation and the post retirement increase calculation for the local relief association shall be the salary for the applicable position as specified in the articles of incorporation or bylaws of the relief association as of the date immediately prior to the effective date of the modification of retirement coverage for newly hired personnel pursuant to subdivision 1, as the applicable salary is reset by the municipality periodically, irrespective of whether retirement coverage for persons holding the applicable position used in calculations is provided by the relief association or by the public employees police and fire fund.

(6) If the modification of retirement coverage implemented pursuant to subdivision 1 is applicable to a local police relief association, the police state aid received by the municipality shall be disbursed pursuant to section 69.031, subdivision 5, clause (2) (c). If the modification of retirement coverage implemented pursuant to subdivision 1 is applicable to a local firefighters' relief association, the fire state aid received by the applicable municipality shall be disbursed as the municipality at its option may elect. The municipality may elect: (1) (a) to transmit the total fire state aid to the treasurer of the local relief association for immediate deposit in the special fund of the relief association; or (2) (b) to apply the total fire state aid toward the employer contribution of the municipality to the public employees police and fire fund pursuant to section

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353.65, subdivision 3; or (3) (c) to allocate the total fire state aid proportionately between the special fund of the local relief association and employer contribution of the municipality to the public employees police and fire fund on the basis of the respective number of active full time salaried firefighters receiving retirement coverage from each.

Sec. 17. Laws 1981, Chapter 156, Section 7, is amended to read:

**Sec. 7. [354.465] TEMPORARY PROVISION MODIFICATION IN SURVIVOR COVERAGE IN CERTAIN INSTANCES.**

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

Sec. 18. **VALIDATION OF CERTAIN SPECIAL LAW APPROVAL.**

Notwithstanding any contrary provision of Minnesota Statutes, Section 645.021, Subdivision 3, any certificate of approval concerning the applicability of Minnesota Statutes, Section 423A.02, Subdivision 4, to the Moorhead firefighters relief association and the Moorhead police relief association filed by the city of Moorhead prior to April 1, 1981 shall be deemed to be proper approval of the applicability of the provisions as required pursuant to Laws 1980, Chapter 607, Article XV, Section 4, Subdivision 4.

Sec. 19. **REPEALER.**

Minnesota Statutes 1981 Supplement, Section 354.48, Subdivision 4a; Laws 1978, Chapters 690, Section 2; and 720, Section 13; and Laws 1981, Chapters 68, Section 1; 160, Section 10; and 224, Sections 73, 92 and 118 are repealed.

Sec. 20. **EFFECTIVE DATE.**

Sections 3, 8 and 17 are effective July 1, 1981. Section 4 is effective May 1, 1981. The balance of this article is effective on the day following final enactment.

Approved March 22, 1982

Changes or additions are indicated by underline, deletions by ~~strikeout~~.