received previously, or upon like notice the governing body may invite other bids upon the same or different terms and conditions.

Sec. 6. Minnesota Statutes 1982, section 475.60, is amended by adding a subdivision to read:

Subd. 7. **INVESTMENT OF PROCEEDS.** A municipality, after it has contracted for the sale of obligations, may enter into a contract for the future purchase of securities described in section 475.66, for a purchase price, including accrued interest on it, not in excess of the sale price of the obligations, excluding accrued interest on them. The contract shall provide a settlement date for the purchase of the securities which is not earlier than the anticipated delivery date of the obligations.

Sec. 7. **REPEALER.**

Minnesota Statutes 1982, sections 475.71; and 475.76, subdivision 5, are repealed.

Approved April 25, 1984

CHAPTER 564 — S.F.No. 147

An act relating to retirement; making various changes in benefits, contributions, and financing in laws governing various public pension funds; directing reimbursement or credit of certain public pension contributions; appropriating funds; amending Minnesota Statutes 1982, sections 3.85, by adding subdivisions; 352.04, subdivisions 2 and 3; 352.113, subdivision 3; 352.115, subdivision 1; 352.12, subdivisions 1 and 2; 352.22, subdivision 2; 352.92; 352.93, subdivisions 2 and 3; 352.95, subdivision 1a; 352B.11, subdivision 2; 353.27, subdivision 3a; 353.30, subdivision 1c; 353.31, subdivision 1; 353.32, subdivision 1a; 353.33, subdivision 2; 353.651, subdivision 3; 354.42, subdivision 5; 354.44, subdivision 6; 354.46, subdivisions 1 and 2; 354.47, subdivision 1; 354.48, subdivisions 2 and 3a; 354.49, subdivisions 2 and 3; 354.62, subdivision 5; 354A.23, by adding a subdivision; 354A.37, subdivisions 3 and 4; 356.20, subdivision 4; and 356.215, subdivision 4; Minnesota Statutes 1983 Supplement, sections 3A.03, subdivision 2; 352.113, subdivision 2; 352.115, subdivision 8; 352B.02, subdivision 1; 352B.11, subdivision 1; 352C.09, subdivision 2; 353.32, subdivision 1; and 353.34, subdivision 2; Laws 1983, chapters 301, section 225, subdivision 1, and by adding a subdivision; and 314, article 12, section 1, subdivision 2; proposing new law coded in Minnesota Statutes, chapter 356; repealing Minnesota Statutes 1982, sections 352.022; 353.38; 354.07, subdivision 8; and Laws 1983, chapter 301, section 225, subdivision 2.

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

Section 1. Minnesota Statutes 1982, section 3.85, is amended by adding a subdivision to read:

Subd. 11. **RULES FOR PENSION VALUATIONS AND COST ESTIMATES.** The commission shall by June 30, 1985, adopt rules prescribing specific detailed methods of calculating, evaluating, and displaying current and proposed law liabilities, costs, and actuarial equivalents of all public employee pension plans in Minnesota. These rules shall be consistent with the general direction prescribed in chapter 356.

There is appropriated from the general fund to the commission not to exceed $75,000 in fiscal year 1985, and $25,000 in each fiscal year thereafter for developing, implementing, and annually updating the rules adopted pursuant to this section.

Sec. 2. Minnesota Statutes 1982, section 3.85, is amended by adding a subdivision to read:

Subd. 12. **LEGISLATIVE COMMISSION ON PENSIONS AND RETIREMENT TO PREPARE VALUATIONS AND MAKE REPORTS TO LEGISLATURE.** (a) The legislative commission on pensions and retirement shall annually contract with an established actuarial consulting firm to conduct valuations and finance adequacy studies for the funds specified in (b). The contract shall also include provisions for performing cost analyses of proposals for changes in benefit and funding policies.

(b) The plans which the legislative commission on pension and retirement shall include in the contract for valuation and analysis are:

(1) the Statewide Teachers Retirement Association;

(2) the General Plan, Minnesota State Retirement System;

(3) the Correctional Plan, Minnesota State Retirement System;

(4) the State Patrol Plan, Minnesota State Retirement System;

(5) the Judges Plan, Minnesota State Retirement System;

(6) the Minneapolis Employees Retirement Fund;

(7) the General Plan, Public Employees Retirement Association;

(8) the Police and Fire Plan, Public Employees Retirement Association;

(9) the Duluth Teachers Retirement Association;

(10) the Minneapolis Teachers Retirement Association;

(11) the St. Paul Teachers Retirement Association; and

(12) the Legislator's Retirement Plan.

(c) The annual contracts shall include the following objectives:

(1) Every year beginning in fiscal year 1986, the contract shall specify completion of standard valuations for the period ending June 30 of the preceding fiscal year with contents as described in section 356.215, subdivision 4; and cash flow forecasts through the amortization target date.

(2) Every four years, beginning in fiscal year 1986, the contract shall specify completion of an experience study for the four-year period ending June 30 of the preceding fiscal year. The experience study shall evaluate the appropriateness of continuing to use for future valuations the assumptions relating to: individual salary progression; rate of return on investments; payroll growth; mortality; withdrawal; disability; retirement; and any other experience-related factor that could impact the future financial condition of the retirement funds.

(d) The commission shall annually prepare a report to the legislature summarizing the results of the valuations and cash flow projections and shall include with its report recommendations concerning the appropriateness of the support rates to achieve proper funding of the retirement funds by the required funding dates. It shall also, within two months of the completion of the quadrennial experience studies, prepare a report to the legislature on the appropriateness of the valuation assumptions listed in paragraph (c), clause (2).

(e) Beginning with the fiscal year commencing July 1, 1985, there is annually appropriated to the commission $400,000 for the purchase of actuarial consulting services to prepare annual valuations, cash flow forecasts, and cost analyses of benefit or funding proposals.

(f) There is appropriated quadrennially, beginning in fiscal year 1986, $100,000 for the purchase of actuarial consulting services to perform the experience study described in paragraph (c), clause (2).

Sec. 3. Minnesota Statutes 1983 Supplement, section 3A.03, subdivision 2, is amended to read:

Subd. 2. **REFUND.** (1) Any person who has made contributions pursuant to subdivision 1 who is no longer a member of the legislature is entitled to receive upon application to the director a refund of all contributions credited to the member's account with interest at the rate of ~~3-1/2~~ five percent per annum compounded annually ~~after the third year of service~~.

(2) The refund of contributions as provided in clause (1) above terminates all rights of a former member of the legislature or his or her survivors under this chapter. Should the former member of the legislature again be a member of the legislature after having taken a refund as provided above, he or she shall be considered a new member. However, a new member may reinstate the rights and credit for service forfeited, provided the new member repays all refunds taken plus interest thereon at six percent per annum compounded annually.

(3) No person shall be required to apply for or accept a refund.

Sec. 4. Minnesota Statutes 1982, section 352.04, subdivision 2, is amended to read:

Subd. 2. **EMPLOYEE CONTRIBUTIONS.** The employee contribution to the fund shall be an amount equal to ~~3.46~~ 3.73 percent of salary, beginning with the first full pay period after ~~December 31, 1981~~ June 30, 1984. These contributions shall be made by deduction from salary in the manner provided in subdivision 4.

Sec. 5. Minnesota Statutes 1982, section 352.04, subdivision 3, is amended to read:

Subd. 3. **EMPLOYER CONTRIBUTIONS.** The employer contribution to the fund shall be an amount equal to ~~the total amount deducted from the salaries of employees on each payroll abstract, plus an additional 1.58 percent of salary beginning with the first full pay period after July 1, 1982. For the period beginning with the first full pay period after December 31, 1981, and ending with the last full pay period before July 1, 1982, the contribution shall be an amount equal to 3.46 percent of salary plus an additional 1.74 percent of salary. The employer contribution shall be made in the manner provided in subdivisions 5 and 6~~ 3.90 percent of salary beginning with the first full pay period after June 30, 1984.

Sec. 6. Minnesota Statutes 1983 Supplement, section 352.113, subdivision 2, is amended to read:

Subd. 2. **APPLICATION; ACCRUAL OF BENEFITS.** An employee making claim for a total and permanent disability benefit shall file a written application therefor in the office of the system in a form and manner prescribed by the executive director. The benefit shall begin to accrue ~~90 days~~ the day following the commencement of disability or the day following the last day paid whichever is later but in no event earlier than 60 days prior to the date the application is filed with the director.

Sec. 7. Minnesota Statutes 1982, section 352.113, subdivision 3, is amended to read:

Subd. 3. **COMPUTATION OF BENEFITS.** The total and permanent disability benefit shall be computed in the manner provided in section 352.115. The disability benefit shall be the normal annuity without reduction for each month the employee is under age 65 at the time of becoming disabled. A disabled employee may elect to receive the normal disability benefit or an optional annuity as provided in section 352.116, subdivision 3. The election of an optional annuity shall be made prior to the commencement of payment of the disability benefit and shall be effective ~~30 days after receipt of the election or~~ the date on which the disability begins to accrue as provided in subdivision 2~~, whichever occurs later. Upon becoming effective, the optional annuity shall begin to accrue on the same date as provided for the disability benefit.~~

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

Sec. 8. Minnesota Statutes 1982, section 352.115, subdivision 1, is amended to read:

Subdivision 1. **AGE AND SERVICE REQUIREMENTS.** After separation from state service any employee (a) who has attained the age of at least ~~62~~ 55 years and who is entitled to credit for not less than ten years allowable service or (b) who has ~~attained the age of at least 58 years and who is entitled to~~ received credit for not less than ~~20~~ 30 years allowable service regardless of age is entitled upon application to a retirement annuity.

Sec. 9. Minnesota Statutes 1983 Supplement, section 352.115, subdivision 8, is amended to read:

Subd. 8. **ACCRUAL OF ANNUITY.** State employees shall make application for an annuity but such application shall not be made more than 60 days prior to the time the employee is eligible to retire by reason of both age and service requirements. If the director determines an applicant for annuity has fulfilled all the requirements of the law to entitle him to an annuity, he shall authorize payment thereof in accordance with the provisions of this chapter and payment shall be made pursuant to this authorization. An annuity shall begin to accrue no earlier than 60 days prior to the date the application is filed with the director ~~except that if an optional annuity as provided in section 352.116, subdivision 3 is selected the annuity shall begin to accrue 30 days after the application is filed with the director,~~ but in no event prior to the day following the termination of state service or prior to the day the employee is eligible to retire by reason of both age and service requirements. The retirement annuity shall cease with the last payment which had accrued to the retired employee during his lifetime unless he elected an optional annuity provided in section 352.116, subdivision 3, and he had become entitled to payment thereof. The joint and last survivor annuity shall cease with the last payment received by the survivor in his or her lifetime. If a retired employee had not selected an optional annuity, or a survivor annuity is not payable under the option, and a spouse survives, such spouse shall be entitled only to the annuity for the calendar month in which the retired employee died. If an optional annuity is payable after the death of the retired employee, the survivor shall be entitled to the annuity for the calendar month in which the retired employee died.

Sec. 10. Minnesota Statutes 1982, section 352.12, subdivision 1, is amended to read:

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 or if a former employee who has sufficient service credit to be entitled to an annuity dies before the benefit has become 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 employee's surviving children in equal shares or, if none, to the employee's surviving parents in equal shares 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 ~~three and one-half~~ five 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 installment 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 1982, section 352.12, subdivision 2, is amended to read:

Subd. 2. **SURVIVING SPOUSE BENEFIT.** If an employee or former employee who has attained the age of at least ~~62~~ 55 years and has credit for not less than ten years allowable service ~~or who has attained the age of at least 58 years and has credit for not less than 20 years allowable service dies before his state service has terminated or if an employee who has filed a valid application for an annuity or disability benefit prior to the termination of his state service~~ or who has credit for not less than 30 years of allowable service, regardless of age attained, dies before ~~the~~ an annuity or disability benefit has become payable, notwithstanding any designation of beneficiary to the contrary, his or her surviving spouse may elect to receive, in lieu of the ~~refundment~~ refund with interest provided in subdivision 1, an annuity equal to the joint and ~~50~~ 100 percent survivor annuity which the employee could have qualified for had he ~~retired~~ or she terminated service on the date of death~~,~~. The annuity shall be computed as provided in section 352.115, subdivisions 1, 2, and 3, and section 352.116, subdivisions 1 and 3. The annuity shall cease with the last payment received by the surviving spouse in his or her lifetime. An amount equal to the excess, if any, of the accumulated contributions which were credited to the account of the deceased employee over and above the total of the benefits paid and payable to the surviving spouse shall be paid to the deceased employee's last designated beneficiary or, if none, to the surviving children of the deceased spouse in equal shares or, if none, to the surviving parents of the deceased spouse or, if none, to the representative of the estate of such deceased spouse. Any employee may request in writing that this subdivision not apply and that payment be made only to his designated beneficiary as otherwise provided by this chapter.

Sec. 12. Minnesota Statutes 1982, 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 after June 30, 1973, by reason of termination of state service shall receive a refundment in an amount equal to his accumulated contributions plus interest at the rate of ~~three and~~

~~one-half~~ five percent per annum compounded annually ~~on deductions taken after the third year of coverage except that if the employee, due to age, could not qualify for an annuity upon reaching compulsory retirement age had he continued in covered employment, he shall be paid interest from the date of coverage~~. Such interest shall be computed to the first day of the month in which the refund is processed and shall be based on fiscal year balances.

Sec. 13. Minnesota Statutes 1982, section 352.92, is amended to read:

352.92 **CORRECTIONAL EMPLOYEE CONTRIBUTIONS.**

Subdivision 1. **EMPLOYEE CONTRIBUTIONS.** Beginning with the first full pay period after July 1, ~~1982~~ 1984, in lieu of employee contributions payable under section 352.04, subdivision 2, contributions by covered correctional employees shall be in an amount equal to ~~4.50~~ 4.90 percent of salary. ~~For the period beginning with the first full pay period after December 31, 1981, and ending with the last full pay period before July 1, 1982, the contribution shall be in an amount equal to 3.78 percent of salary.~~

Subd. 2. **EMPLOYER CONTRIBUTIONS.** Beginning with the first full pay period after July 1, ~~1982~~ 1984, in lieu of employer contributions payable under section 352.04, subdivision 3, the employer shall contribute for covered correctional employees ~~(1)~~ an amount equal to ~~1-1/2 times the deduction from salaries of covered correctional employees on each payroll abstract, plus (2) an additional amount of 1.32 percent of salaries of covered correctional employees on each payroll abstract. For the period beginning with the first full pay period after December 31, 1981, and ending with the last full pay period before July 1, 1982, the contribution shall be an amount equal to 5.66 percent of salaries of covered correctional employees on each payroll abstract plus an additional amount equal to 3.16 percent of salaries of covered correctional employees on each payroll abstract~~ 8.70 percent of salary.

Sec. 14. Minnesota Statutes 1982, section 352.93, subdivision 2, is amended to read:

Subd. 2. The monthly annuity under this section shall be determined by multiplying the average monthly salary by the number of years, or completed months, of covered correctional service by 2.5 percent for the first ~~20~~ 25 years of correctional service and two percent for each year thereafter; provided however, the monthly annuity shall not exceed 75 percent of the average monthly salary.

Sec. 15. Minnesota Statutes 1982, section 352.93, subdivision 3, is amended to read:

Subd. 3. The annuity under this section shall begin to accrue as provided in section 352.115, subdivision 8, and shall be paid for an additional 84 full calendar months or to the first of the month following the month in which ~~he~~ the employee becomes age 65, whichever occurs first, except that in no event shall payment cease prior to the first of the month following the month in which the employee becomes 62, and then be reduced to the amount as calculated under section 352.115, except that if this amount, when added to the social security benefit based on state service the employee is eligible to receive at such time, is less than the benefit payable under subdivision 2, the retired employee shall receive an amount that when added to such social security benefit will equal the amount payable under subdivision 2. When an annuity is reduced under this subdivision, the percentage adjustments, if any, that have been applied to the original annuity under section 11A.18, prior to the reduction, shall be compounded and applied to the reduced annuity. A former correctional employee employed by the state in a position covered by the regular plan between the ages of 58 and 65 shall receive a partial return of his correctional contributions at retirement with five percent interest based on the following formula:

Employee contributions contributed as a correctional employee in excess of the contributions such employee would have contributed as a regular employee	X	Years and complete months of regular service between ages 58 and 65 7

Sec. 16. Minnesota Statutes 1982, section 352.95, subdivision 1a, is amended to read:

Subd. 1a. **OPTIONAL ANNUITY ELECTION.** A disabled correctional employee may elect the normal disability benefit or an optional annuity as provided in section 352.116, subdivision 3. The election of an optional annuity shall be made prior to commencement of payment of the disability benefit and shall be effective ~~30 days after receipt of the election or~~ the date on which the disability benefit begins to accrue as provided in subdivision 3~~, whichever occurs later~~. Upon becoming effective, the optional annuity shall begin to accrue on the same date as provided for the disability benefit.

Sec. 17. Minnesota Statutes 1983 Supplement, section 352B.02, subdivision 1, is amended to read:

Subdivision 1. There is hereby established a state patrol retirement fund, the membership of which shall consist of all persons defined in section 352B.01, subdivision 2. Each member shall pay a sum equal to 8.5 percent of the member's salary. Member contribution amounts shall be deducted each pay period by the department head, who shall cause the total amount of the deductions to be paid to the state treasurer, and shall cause a detailed report of all deductions to be made each pay period to the executive director of the Minnesota state retirement system. In addition thereto, there shall be paid out of money appropriated to the departments for this purpose, by the department heads, a sum equal to ~~12~~ 18.9 percent of the salary upon which deductions were

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made~~,~~ ~~and a sum equal to nine percent of the salaries upon which deductions were made for the purpose of amortizing the actuarial deficit of the fund~~.

These amounts shall be credited to the state patrol retirement fund. All moneys received shall be deposited by the state treasurer in the state patrol retirement fund. Out of the fund shall be paid the administrative expenses of the retirement fund, and the benefits and annuities as hereinafter provided. The legislative auditor shall audit the fund and the executive director shall procure an actuarial study of the fund in accordance with chapter 356, the cost of which shall be borne by the fund.

Sec. 18. Minnesota Statutes 1983 Supplement, section 352B.11, subdivision 1, is amended to read:

Subdivision 1. **REFUND OF PAYMENTS.** Should any member who has not received other benefits under this chapter become separated, either voluntarily or involuntarily, from state service that entitled him or her to be a member, the member, or in the event of the member's death, the member's estate, shall be entitled to receive a refund of all payments which have been made by salary deductions <u>plus interest at the rate of five percent per annum compounded annually</u> upon application on a form prescribed by the executive director.

Sec. 19. Minnesota Statutes 1982, section 352B.11, subdivision 2, is amended to read:

Subd. 2. **DEATH; PAYMENT TO SPOUSE AND CHILDREN.** In the event any member serving actively as a member, a member receiving the disability benefit provided by section 352B.10, clause (1), or a former member receiving a disability benefit as provided by section 352B.10, clause (3) dies from any cause, the surviving spouse and dependent child or dependent children shall be entitled to benefit payments as follows:

(a) A member with at least ten years of allowable service or a former member with at least 20 years of allowable service is deemed to have elected a 100 percent joint and survivor annuity payable to a surviving spouse only on or after the date the member or former member attained or would have attained the age of 55.

(b) The surviving spouse of a member who had credit for less than ten years of service shall receive, for life, a monthly annuity equal to 20 percent of that portion of the average monthly salary of the member from which deductions were made for retirement. If the surviving spouse remarries, the annuity shall cease as of the date of the remarriage.

(c) The surviving spouse of a member who had credit for at least ten years of service and who dies after attaining 55 years of age, may elect to receive a 100 percent joint and survivor annuity, for life, notwithstanding a subsequent remarriage, in lieu of the annuity prescribed in clause (b).

(d) The surviving spouse of any member who had credit for ten years or more and who was not 55 years of age at death, shall receive the benefit equal to 20 percent of the average monthly salary as described in clause (b) until the deceased member would have reached his or her 55th birthday, and beginning the first of the month following that date, may elect to receive the 100 percent joint and survivor annuity. If the surviving spouse remarries prior to the deceased member's 55th birthdate, all benefits or annuities shall cease as of the date of remarriage. Remarriage subsequent to the deceased member's 55th birthday shall not affect the payment of the benefit.

(e) Each dependent child shall receive a monthly annuity equal to ten percent of that portion of the average monthly salary of the former member from which deductions were made for retirement. A dependent child over the age of 18 years and under the age of 22 years also may receive the monthly benefit provided herein, if the child is continuously attending an accredited school as a full time student during the normal school year as determined by the director. If the child does not continuously attend school but separates from full time attendance during any portion of a school year, the annuity shall cease at the end of the month of separation. In addition, a payment of $20 per month shall be prorated equally to surviving dependent children when the former member is survived by one or more dependent children. Payments for the benefit of any qualified dependent child shall be made to the surviving spouse, or if there be none, to the legal guardian of the child. The maximum monthly benefit shall not exceed 40 percent of the average monthly salary for any number of children.

(f) If the member shall die under circumstances which entitle the surviving spouse and dependent children to receive benefits under the workers' compensation law, amounts equal to the workers' compensation benefits received by them shall not be deducted from the benefits payable pursuant to this section.

(g) The surviving spouse of a deceased former member who had credit for ten or more years of allowable service, but excluding the spouse of a former member receiving a disability benefit under the provisions of section 352B.10, clause (3), shall be entitled to receive the 100 percent joint and survivor annuity at such time as the deceased member would have reached his or her 55th birthdate, provided the surviving spouse has not remarried prior to that date. In the event of the death of a former member who does not qualify for other benefits under this chapter, the surviving spouse or, if none, the children or heirs shall be entitled to receive a refund of the accumulated deductions left in the fund <u>plus interest at the rate of five percent per annum compounded annually</u>.

Sec. 20. Minnesota Statutes 1983 Supplement, section 352C.09, subdivision 2, is amended to read:

Subd. 2. (1) Any person who has made contributions pursuant to subdivision 1 who is no longer a constitutional officer or commissioner is entitled to receive upon application to the director a refund of all contributions credited to his or her account with interest at the rate of ~~3-1/2~~ five percent per annum compounded annually ~~after the third year of service~~.

(2) The refund of contributions as provided in clause (1) above terminates all rights of a former constitutional officer or commissioner or his or her survivors under the provisions of this chapter. Should the former constitutional officer or commissioner again hold such office after having taken a refund as provided above, he or she shall be considered a new member and may reinstate the rights and credit for service forfeited provided he or she repays all refunds previously taken plus interest at six percent per annum compounded annually.

(3) No person shall be required to apply for or accept a refund.

Sec. 21. Minnesota Statutes 1982, section 353.27, subdivision 3a, is amended to read:

Subd. 3a. **ADDITIONAL EMPLOYER CONTRIBUTION.** An additional employer contribution shall be made equal to (a) two and one-half percent of the total salary of each "basic member"; and (b) ~~one and one-half~~ one-quarter of one percent of the total salary of each "coordinated member." These contributions shall be made from funds available to the employing subdivision by the means and in the manner provided in section 353.28.

Sec. 22. Minnesota Statutes 1982, section 353.30, subdivision 1c, is amended to read:

Subd. 1c. Any person who has received credit for at least 30 years of allowable service or any person who has attained the age of at least ~~62~~ 55 years but not more than 65 years, and who received credit for at least ten years of allowable service is entitled upon application to a retirement annuity in an amount equal to the normal annuity provided in section 353.29, subdivisions 2 and 3, reduced by one-quarter of one percent for each month that the member is under age 65 at the time of retirement, except that for any member who has 30 or more years of allowable service the reduction shall be applied only for each month that the member is under age 62 at the time of retirement.

Sec. 23. Minnesota Statutes 1982, 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~~ 50 percent of the member's

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	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 ~~$700~~ $1,000, and the minimum benefit per family shall not be less than ~~30~~ 50 percent of the ~~"~~basic member's~~"~~ specified average monthly 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. 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 section 353.32, subdivision 1a.

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. 24. Minnesota Statutes 1983 Supplement, section 353.32, subdivision 1, is amended to read:

Subdivision 1. **BEFORE RETIREMENT.** If a member or former member who terminated public service dies before retirement or before he has received any retirement annuity and no other payment of any kind is or may become payable to any person, a refund shall be paid to his designated beneficiary or, if there be none, to his surviving spouse, or, if none, to the legal representative of his estate. Such refund shall be in an amount equal to his accumulated deductions plus interest thereon at the rate of ~~3-1/2~~ five percent per annum compounded annually less the sum of any disability or survivor benefits, if any, that may have been paid by the fund; provided that a survivor who has a right to

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benefits pursuant to section 353.31 may waive such benefits in writing, except such benefits for a dependent child under the age of 18 years may only be waived pursuant to an order of the district court.

Sec. 25. Minnesota Statutes 1982, section 353.32, subdivision 1a, is amended to read:

Subd. 1a. **SURVIVING SPOUSE OPTIONAL ANNUITY.** If a member or former member who has attained the age of at least ~~58~~ 55 years and has credit for not less than ~~20~~ ten years of allowable service, or ~~has attained the age of at least 62 years and~~ who has credit for not less than ~~10~~ 30 years of allowable service~~, dies before public service has terminated, or if an employee who has filed a valid application for an annuity or disability benefit prior to termination of public service~~, regardless of age attained, dies before the annuity or disability benefit has become payable, notwithstanding any designation of beneficiary to the contrary, the surviving spouse may elect to receive, in lieu of a refund with interest provided in subdivision 1, or survivor benefits otherwise payable pursuant to section 353.31, an annuity equal to the ~~50~~ 100 percent joint and survivor annuity which the member could have qualified for had the member terminated service on the date of death~~,~~. The annuity shall be computed as provided in sections 353.29, subdivisions 2 and 3; and 353.30, subdivisions 1, 1a, 1b and 1c. No payment shall accrue beyond the end of the month in which entitlement to the annuity has terminated. An amount equal to the excess, if any, of the accumulated contributions which were credited to the account of the deceased employee over and above the total of the annuities paid and payable to the surviving spouse shall be paid to the deceased member's last designated beneficiary or, if none, to the legal representative of the estate of the deceased member. Any member may specify in writing that this subdivision shall not apply and that payment shall be made only to the designated beneficiary, as otherwise provided by this chapter.

Sec. 26. Minnesota Statutes 1982, section 353.33, subdivision 2, is amended to read:

Subd. 2. **APPLICATIONS; ACCRUAL OF BENEFITS.** Every claim or demand for a total and permanent disability benefit shall be initiated by written application in the manner and form prescribed by the executive director, filed in the office of the retirement association, showing compliance with the statutory conditions qualifying the applicant for a total and permanent disability benefit. A member or former member who became totally and permanently disabled during his period of membership may file his application for total and permanent disability benefits within three years next following termination of public service, but not thereafter. This benefit shall begin to accrue ~~90 days~~ the day following the commencement of disability, 90 days preceding the filing of the application, or, if annual or sick leave is paid for more than the said 90 day period, from the date salary ceased whichever is later. No payment shall accrue beyond the end of the month in which entitlement has terminated. If the disabilitant dies prior to negotiating the check for the month in which death occurs, payment will be made to the surviving spouse, or if none, to the designated beneficiary, or if none, to the estate.

Sec. 27. Minnesota Statutes 1983 Supplement, section 353.34, subdivision 2, is amended to read:

Subd. 2. **REFUND ~~WITHOUT~~ WITH INTEREST.** Except as provided in subdivision 1, any person who ceases to be a public employee shall receive a refund in an amount equal to his accumulated deductions ~~without interest for the first three years of membership and thereafter accumulated deductions~~ with interest to the first day of the month in which the refund is processed at the rate of ~~three and one-half~~ five percent per annum compounded annually ~~after the third year of membership~~ based on fiscal year balances.

Sec. 28. Minnesota Statutes 1982, section 353.651, subdivision 3, is amended to read:

Subd. 3. **RETIREMENT ANNUITY FORMULA.** The average salary as defined in subdivision 2, multiplied by two and one-half percent per year of allowable service for the first ~~20~~ 25 years and two percent per year of allowable service thereafter, shall determine the amount of the "normal" retirement annuity. If the member has earned allowable service for performing services other than those of a police officer or fire fighter, the annuity representing such service shall be computed in accordance with sections 353.29 and 353.30.

Sec. 29. Minnesota Statutes 1982, section 354.42, subdivision 5, is amended to read:

Subd. 5. For the purpose of amortizing the unfunded entry-age normal liability an additional employer contribution shall be made in the amount of ~~3.05~~ 4.48 percent of the salary of each member ~~for the purpose of amortizing the deficit in the fund~~. For the fiscal year ending June 30, 1985, the commissioner of finance shall increase allotments to state agencies having members covered by the teachers retirement association in an amount equal to 1.43 percent of the salaries of basic and coordinated plan members of the teachers' retirement fund.

This contribution shall be made in the manner provided in section 354.43.

Sec. 30. Minnesota Statutes 1982, section 354.44, subdivision 6, is amended to read:

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

For all years of formula service credit "average salary" for the purpose of determining the member's retirement annuity means the average salary upon which contributions were made and upon which payments were made to increase the salary limitation provided in Minnesota Statutes 1971, Section 354.511 for the highest five successive years of formula service credit provided however that such "average salary" shall not include any more than the equivalent of 60 monthly salary payments.

(2) The average salary as defined in clause (1), multiplied by the following percentages per year of formula service credit shall determine the amount of the annuity to which the member qualifying therefor is entitled:

	Coordinated Member	Basic Member
Each year of service during first ten	1.0 percent per year	2.0 percent per year
Each year of service thereafter	1.5 percent per year	2.5 percent per year

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

Sec. 31. Minnesota Statutes 1982, section 354.46, subdivision 1, is amended to read:

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~~ 50 percent of the basic member's monthly average salary paid in the last full fiscal year preceding death

(b) Each

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

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 ~~$700~~ $1,000 for any one family, and the minimum benefit per family shall not be less than ~~30~~ 50 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.

Sec. 32. Minnesota Statutes 1982, section 354.46, subdivision 2, is amended to read:

Subd. 2. **DEATH WHILE ELIGIBLE DESIGNATED BENEFICIARY BENEFIT.** The surviving spouse of any member or former member who has attained the age of at least 55 years and has credit for at least ~~20~~ ten years of allowable service or who has credit for at least 30 years of allowable service irrespective of age shall be entitled to joint and survivor annuity coverage in the event of death of the member prior to retirement. 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. 33. Minnesota Statutes 1982, 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 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~~ <u>five</u> 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. 34. Minnesota Statutes 1982, section 354.48, subdivision 2, is amended to read:

Subd. 2. **APPLICATIONS.** Any person described in subdivision 1 may make application for a total and permanent disability benefit within 18 months following termination of teaching service but not thereafter. This benefit shall begin to accrue ~~90 days~~ <u>the day</u> following the commencement of disability or the day following the date on which salary ceases, whichever is later, but shall not begin to accrue more than 90 days prior to the date the application is filed with the board. If salary is being received for either annual or sick leave during the period, payments shall accrue from the date salary ceases.

Sec. 35. Minnesota Statutes 1982, section 354.48, subdivision 3a, is amended to read:

Changes or additions are indicated by <u>underline</u>, deletions by ~~strikeout~~.

Subd. 3a. **OPTIONAL ANNUITY ELECTION.** A disabled member may elect to receive the normal disability benefit or an optional annuity as provided in section 354.45, subdivision 1. The election of an optional annuity shall be made prior to commencement of payment of the disability benefit and shall be effective ~~30 days after receipt of the election or~~ and shall begin to accrue on the same date ~~on which~~ the disability benefit begins to accrue~~, whichever occurs later. Upon becoming effective, the optional annuity shall begin to accrue on the same date as provided for the disability benefit~~.

Sec. 36. Minnesota Statutes 1982, section 354.49, subdivision 2, is amended to read:

Subd. 2. Except as provided in section 354.44, subdivision 1, any person who ceases to be a member by reason of termination of teaching service, shall receive a refundment in an amount equal to his accumulated deductions ~~without~~ with interest at the rate of five percent per annum compounded annually plus any variable annuity account accumulations payable pursuant to section 354.62, subdivision 5, clause (4).

Sec. 37. Minnesota Statutes 1982, section 354.49, subdivision 3, is amended to read:

Subd. 3. Any person who has attained the age of at least 65 with less than ten years of credited allowable service shall be entitled to receive a refund in an amount equal to his accumulated deductions plus interest in lieu of a proportionate annuity pursuant to section 356.32 except those covered under the provisions of section 354.44, subdivisions 6 or 7 in which case the refund shall be an amount equal to his accumulated deductions credited to his account as of June 30, 1957 and after July 1, 1957 his accumulated deductions plus interest at the rate of ~~three and one-half~~ five percent compounded annually.

Sec. 38. Minnesota Statutes 1982, section 354.62, subdivision 5, is amended to read:

Subd. 5. **VARIABLE RETIREMENT ANNUITY.** (1) At retirement the amount of the member's variable account accumulation in the employee variable annuity contribution account, based on the valuation at the previous fiscal year end plus any contributions made by the person since the end of the previous fiscal year, and an equal amount from the employer variable annuity contribution account shall be transferred to the variable annuity reserve account, and the variable retirement annuity for the member shall be determined by the member's age, and sex, and the amount transferred for the member to the variable annuity reserve account at the date of retirement. The amount of the annuity shall be calculated on the basis of an appropriate annuity table of mortality with an interest assumption ~~as provided in section 354.07, subdivision 1~~ of eight percent, except that if the member elects to have the accumulation transferred to the Minnesota postretirement investment fund as authorized by clause (8), the annuity shall be calculated with an interest assumption of five percent.

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

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

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

(5) If a member is determined to be totally and permanently disabled as provided in sections 354.05, subdivision 14; and 354.48, the member shall be entitled to the annuity provided in this subdivision.

(6) Those members eligible for retirement as provided in section 354.44, subdivision 1 shall upon application for the annuity provided therein be entitled to the annuity provided in this subdivision. The annuity elected in accordance with sections 354.44, and 354.45 shall be the annuity applicable to this subdivision.

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

(8) At retirement, a member may elect to have the amount of the member's variable annuity accumulation in the employee variable annuity contribution account and an equal amount from the employer variable annuity contribution account transferred to the Minnesota post-retirement investment fund as provided in section 354.63, subdivision 2, clause (2). This election may also be made by a surviving spouse who receives an annuity under clause (3) of this subdivision. The election shall be made on a form provided by the executive secretary.

Sec. 39. Minnesota Statutes 1982, section 354A.23, is amended by adding a subdivision to read:

Subd. 3. Notwithstanding anything to the contrary in the articles and bylaws of the basic programs enumerated in chapter 354A, the payment of interest on refunds and interest on repayment of refunds shall be computed in the same manner as for the coordinated programs covered by chapter 354A.

Sec. 40. Minnesota Statutes 1982, section 354A.37, subdivision 3, is amended to read:

Subd. 3. **COMPUTATION OF REFUND AMOUNT.** A former coordinated member who qualifies for a refund pursuant to subdivision 1 shall receive a refund equal to the amount of the former coordinated member's accumulated contributions ~~without~~ with interest at the rate of five percent per annum compounded annually.

Sec. 41. Minnesota Statutes 1982, section 354A.37, subdivision 4, is amended to read:

Subd. 4. **CERTAIN REFUNDS AT AGE 65.** Any coordinated member who has attained the age of at least 65 with less than ten years of allowable service credit and has terminated active teaching service shall be entitled to a refund in lieu of a proportionate annuity pursuant to section 356.32. The refund shall be equal to the coordinated member's accumulated employee contributions plus interest at the rate of ~~3-1/2~~ five percent compounded annually.

Sec. 42. Minnesota Statutes 1982, section 356.20, subdivision 4, is amended to read:

Subd. 4. **CONTENTS OF FINANCIAL REPORT.** Each financial report required by this section shall include:

(1) An exhibit prepared according to applicable actuarial standards enumerated in section 356.215, and specified in rules adopted by the legislative commission on pensions and retirement by an approved actuary as defined in section 356.215, subdivision 6 showing the accrued assets of the fund, the accrued liabilities, including accrued reserves, and the accrued unfunded liability of the fund. The exhibit shall contain the certificate of an approved actuary certifying that the required reserves for any benefits provided under a benefit formula are

computed in accordance with the Entry Age Normal Cost (Level Normal Cost) actuarial method and rules adopted by the legislative commission on pensions and retirement.

(a) Assets shown in the exhibit shall include the following items of actual assets:

Cash in office

Deposits in banks

Accounts receivable:

Accrued members' contributions

Accrued employer contributions

Other

Accrued interest on investments

Dividends on stocks, declared but not yet received

Investment in bonds at amortized cost

Investment in stocks at cost

Investment in real estate

Equipment at cost, less depreciation

Other

Total assets ....

(b) The exhibit shall include a statement of the unfunded accrued liability of the fund. If the assets of the fund exceed the liabilities, the excess shall be listed as surplus and indicated in the exhibit following the item of reserves.

(c) The exhibit shall include a footnote showing accumulated member contributions without interest.

(d) Current liabilities shown in the exhibit shall include the following items:

Current:

Accounts payable

Annuity payments

Survivor benefit payments

Refund to members

Accrued expenses

Suspense items

Total current liabilities ....

(e) The exhibit shall include an item for accrued necessary reserves which shall be listed as "total reserves required as per attached schedule." The attached schedule shall contain the owing information on the reserves required:

1. For active members

a. Retirement benefits

b. Disability benefits

c. Refund liability due to death or withdrawal

d. Survivors' benefits

2. For deferred annuitants

3. For former members without vested rights

4. For annuitants

a. Retirement

b. Disability annuities

c. Surviving spouses' annuities

d. Surviving children's annuities

5. In addition to the foregoing, if there are additional benefits not appropriately covered by the foregoing four items of reserves required, they shall be listed separately.

(2) An income statement on an accrual basis showing all income and all deductions from income for the fiscal year. The statement shall show separate items for employee contributions, employer regular contributions, employer additional contributions if provided by law, investment income, profit on the sale of investments, and other income, if any.

(3) A statement of deductions from income, which shall include separate items for benefit payments, retirement benefits, disability benefits, surviving spouse benefits, surviving children's benefits, refunds to members terminating employment, refunds due to death of members and due to death of annuitants, the increase in total reserves required, general administrative expense incurred, loss on sale of investments, and any other deductions.

(4) A statement showing appropriate statistics as to membership and beneficiaries of the fund, with indications of changes in the statistical data which may result from the current year's operation.

(5) Any additional statements or exhibits which will enable the management of the fund to portray a true interpretation of the fund's financial condition, except that the term "surplus" or the term "excess of assets" shall not be used except as otherwise specifically provided for in this section, nor shall any representation of assets and liabilities other than as provided for in this section be included in the additional statements or exhibits.

(6) A more detailed or subdivided itemization of any of the items required by this section, if the management of the fund so desires.

Sec. 43. Minnesota Statutes 1982, section 356.215, subdivision 4, is amended to read:

Subd. 4. **ACTUARIAL VALUATIONS; CONTENTS.** Actuarial valuations shall be made in conformity with the requirements of the definition contained in subdivision 1 <u>and rules adopted by the legislative commission on pensions and retirement</u>. Each actuarial valuation shall measure all aspects of the fund in accordance with changes in benefit plans, if any, and salaries as will be in force during the ensuing fiscal year. Each actuarial valuation shall be in accordance with the entry age normal cost (level normal cost) method.

Each actuarial valuation required under this section shall include:

(1) For each fund providing any benefits under a benefit formula, the level normal cost of the benefits provided by the laws governing the fund as of the date of the valuation, computed in accordance with the entry age normal cost (level normal cost) method. The normal cost shall be expressed as a level percentage of the future payroll of the active participants of the fund as of the date of the valuation.

(2) The accrued liabilities of the fund which shall be equal to the present value of all benefits minus the present value of future normal costs calculated in accordance with the entry age normal cost method.

(3) For each fund providing benefits under the money purchase or defined contribution method, the member contributions accumulated at interest, as apportioned to members accounts, to the date of the valuation. These accumulations shall be separately tabulated in such manner as to reflect properly any differences in money purchase or defined contribution annuity rates which may apply.

(4) ~~An~~ <u>For funds governed by chapters 3A, 352, 352B, 352C, 353, 354, 354A, and 490, a preretirement</u> interest assumption of ~~five~~ <u>eight</u> percent, <u>a post-retirement interest assumption of five percent,</u> and an assumption that in each future year the salary on which a retirement or other benefit is based is ~~1.035~~ <u>1.065</u> multiplied by the salary for the preceding year. <u>For all other funds, a preretirement interest assumption of five percent, a post-retirement interest assumption of five percent, and an assumption that in each future year the salary</u>

on which a retirement or other benefit is based is 1.035 multiplied by the salary for the preceding year.

(5) Other assumptions as to mortality, disability, retirement, withdrawal, entry age and retirement age ~~that are appropriate to the fund, which shall be~~ set ~~forth in the valuation report~~ at levels consistent with those determined in the most recent experience study completed pursuant to section 356.215, subdivision 5, and set forth in the valuation report.

(6) An actuarial balance sheet showing ~~accrued assets, accrued liabilities, and the deficit from full funding of liabilities (unfunded accrued liability). The accrued liabilities shall include the following required reserves:~~

~~(a) For active members~~
~~1. Retirement benefits~~
~~2. Disability benefits~~
~~3. Refund liability due to death or withdrawal~~
~~4. Survivors' benefits~~
~~(b) For deferred annuitants' benefits~~
~~(c) For former members without vested rights~~
~~(d) For annuitants~~
~~1. Retirement annuities~~
~~2. Disability annuities~~
~~3. Surviving spouses' annuities~~
~~4. Surviving children's annuities~~

current and expected future benefit obligations, current and expected future assets, and the current and expected future unfunded liabilities. Specifically, the balance sheet shall be organized in the following manner:

CURRENT AND EXPECTED FUTURE ASSETS

Current Assets		
Cash and equivalents	$...	
Fixed income investments	...	
Equity investments	...	
Total Current Assets		$...
Expected Future Assets		
Present value of expected future supplemental contributions	...	
Present value of future normal costs	...	
Total Expected Future Assets		$...
Total Current and Expected Future Assets		$...

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

CURRENT AND EXPECTED FUTURE BENEFIT OBLIGATIONS

Current Benefit Obligations		
Actuarial value of benefit obligations on account of service rendered to date:		
For annuitants		
Retirement annuities	$...	
Disability annuities	...	
Surviving spouses' annuities	...	
Surviving children's annuities	...	
For former members without vested rights	...	
For deferred annuitants' benefits	...	
For active employees		
Retirement benefits	...	
Disability benefits	...	
Refund liability due to death or withdrawal	...	
Survivors' benefits	...	
Total Current Benefit Obligations		$...
Expected Future Benefit Obligations		
Actuarial value of benefit obligations on account of future service for active employees		...
Total Current and Expected Future Benefit Obligations		$...
Current Unfunded Liability		
(Total Current Benefit Obligations less Total Current Assets):		$...
Current and Future Unfunded Liability		
(Total Current and Expected Future Benefit Obligations less Total Current and Expected Future Assets):		$...

For the purpose of this subdivision, the terms

(a) "expected future statutory supplemental contributions" means the sum of future employee and employer contributions at the rates specified in statute at the time the valuation is completed reduced by the present value of future normal costs; and

(b) "current assets" means the value of all assets at cost, plus one-third of any unrealized capital gains or losses, plus realized income, including realized capital gains or losses.

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

In addition to the above ~~required~~ ~~reserves~~ itemization of benefit obligations, separate items shall be shown for additional benefits, if any, which may not be appropriately included in the ~~reserves~~ ~~listed~~ list shown above.

(7) In addition to the level normal cost, the additional annual contribution which would be required to retire the current unfunded accrued liability. For funds governed by chapters 3A, 352, 352B, 352C, 353, 354, 354A, and 490, the additional contribution shall be calculated on a level ~~dollar basis by the established date for full funding which is in effect at the time of the valuation~~ percent basis by the established date for full funding which is in effect at the time of the valuation. The level percent additional contribution shall be calculated assuming annual payroll growth of 6.5 percent. For all other funds, the additional annual contribution shall be calculated on a level dollar basis.

If, after the first actuarial valuation date occurring after June 1, 1979, there has not been a change in any or all of the actuarial assumptions used for calculating the accrued liability of the fund, a change in the benefit plan governing annuities and benefits payable from the fund, a change in the actuarial cost method used in calculating the accrued liability of all or a portion of the fund, or a combination of the three, which change or changes by themselves without inclusion of any other items of increase or decrease produce a net increase in the unfunded accrued liability of the fund, the established date for full funding for the first actuarial valuation made after June 1, 1979 and each successive actuarial valuation shall be the first actuarial valuation date which occurs after June 1, 2009.

If after the first actuarial valuation date occurring after June 1, 1979, there has been a change in any or all of the actuarial assumptions used for calculating the accrued liability of the fund, a change in the benefit plan governing annuities and benefits payable from the fund, a change in the actuarial cost method used in calculating the accrued liability of all or a portion of the fund, or a combination of the three, which change or changes by themselves without inclusion of any other items of increase or decrease produce a net increase in the unfunded accrued liability in the fund, the established date for full funding shall be determined using the following procedure:

(i) The unfunded accrued liability of the fund shall be determined in accordance with the plan provisions governing annuities and retirement benefits and the actuarial assumptions in effect prior to an applicable change;

(ii) The level annual dollar contribution or level percentage, whichever is applicable, which is needed to amortize the unfunded accrued liability amount determined pursuant to subclause (i) by the established date for full funding in effect prior to the change shall be calculated using the interest assumption specified in clause (4) in effect prior to the change;

(iii) The unfunded accrued liability of the fund shall be determined in accordance with any new plan provisions governing annuities and benefits payable from the fund and any new actuarial assumptions and the remaining plan provisions governing annuities and benefits payable from the fund and actuarial assumptions in effect prior to the change;

(iv) The level annual dollar contribution or level percentage, whichever is applicable, which is needed to amortize the difference between the unfunded accrued liability amount calculated pursuant to subclause (i) and the unfunded accrued liability amount calculated pursuant to subclause (iii) over a period of 30 years from the end of the plan year in which the applicable change is effective shall be calculated using the interest assumption specified in clause (4) in effect subsequent to any applicable change;

(v) The level annual dollar or level percentage amortization contribution pursuant to subclause (iv) shall be added to the level annual dollar amortization contribution or level percentage calculated pursuant to subclause (ii);

(vi) The period in which the unfunded accrued liability amount determined in subclause (iii) will be amortized by the total level annual dollar or level percentage amortization contribution computed pursuant to subclause (v) shall be calculated using the interest assumption specified in clause (4) in effect subsequent to any applicable change, rounded to the nearest integral number of years, but which shall not exceed a period of 30 years from the end of the plan year in which the determination of the established date for full funding using the procedure set forth in this clause is made and which shall not be less than the period of years beginning in the plan year in which the determination of the established date for full funding using the procedure set forth in this clause is made and ending by the date for full funding in effect prior to the change; and

(vii) The period determined pursuant to subclause (vi) shall be added to the date as of which the actuarial valuation was prepared and the date obtained shall be the new established date for full funding.

~~(8) An actuarial balance sheet shall not include as an asset the present value of the contributions required under clause (7).~~

~~(9)~~ (8) An analysis by the actuary explaining the increase or decrease in the unfunded accrued liability since the last valuation. The explanation shall subdivide the increase or decrease in unfunded accrued liability into at least the following parts:

(a) Increases or decreases in unfunded accrued liability because of changes in benefits;

(b) Increases and decreases in unfunded accrued liability because of each change, if any, in actuarial assumptions;

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

(c) Actuarial gains or losses resulting from any deviations of actual investment earnings, actual mortality rates, actual salary increase rates, actual disability rates, actual withdrawal rates and actual retirement rates from the assumptions on which the valuations are based;

(d) Increases or decreases in unfunded accrued liability because of other reasons, including the effect of the amortization contribution required under clause (7); and

(e) Increases or decreases in unfunded accrued liability because of changes in eligibility requirements or groups included in the membership of the fund.

~~(10)~~ (9) A tabulation of active membership and annuitants in the fund. If the membership of a fund is under more than one general benefit program, a separate tabulation shall be made for each general benefit program. The tabulations shall be submitted in the following form:

Annual

	Number	Payroll
(a) Active members		
As of last valuation date		
new entrants		
Total		
Separations from active service		
Refund of contributions		
Separation with deferred annuity		
Separation with neither refund nor deferred annuity		
Disability		
Death		
Retirement with service annuity		
Total separations		
As of current valuation date		

	Number	Annual Annuity Benefit
(b) Annuitants		
As of last valuation date		
New entrants		
Total		
Terminations		
Deaths		
Other		
Total terminations		
As of current valuation date		

The tabulation required under subclause (b) shall be made separately for each of the following classes of annuitants:

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

(a) Service retirement annuitants
(b) Disabled annuitants
(c) Surviving spouse annuitants
(d) Surviving children annuitants
(e) Deferred annuitants

~~(11)~~ (10) A statement of the administrative expenses in dollars and also as a percentage of covered payroll.

~~(12)~~ (11) A summary of the principal provisions of the plan upon which the valuation is based.

Sec. 44. **[356.70] EARLY RETIREMENT.**

Subdivision 1. **COMBINED AGE AND SERVICE REQUIREMENT.** Any member of a retirement plan established pursuant to chapters 352, 353, 354, or 354A who has attained the age of at least 55 years and whose attained age plus credited allowable service totals 85, is entitled, upon application prior to December 31, 1986, to the normal retirement annuity provided in these chapters without any reduction in annuity by reason of such early retirement.

Subd. 2. **REPORTS.** The retirement associations to which this section applies shall request and the employing units of members retiring under the provisions of this section shall provide to the retirement association information on the salary, retirement contributions, and social security contributions paid by the employing unit to individuals filling the position vacated by the retiree. The employing unit shall also provide information on net savings, if any, made possible by the provisions of this section.

The retirement associations shall prepare reports to the legislature summarizing this information and other information in its possession relating to characteristics of retirees retiring under the provisions of this section including:

(a) age at time of retirement;

(b) years of service;

(c) salary at time of retirement;

(d) high-five average salary used to determine the retirement annuity; and

(e) monthly benefit.

The reports shall be made to the legislature within 30 days following the end of calendar years 1984, 1985, and 1986 and shall cover all retirees retiring under the provisions of this section.

Sec. 45. Laws 1983, chapter 301, section 225, subdivision 1, is amended to read:

Subdivision 1. **REIMBURSEMENT REQUIRED.** Any public employee or official ~~who retires from January 1, 1983 to June 30, 1985, and~~ whose

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

pension contributions were increased by Laws 1982, Third Special Session chapter 1, article 2, section 2, subdivision 1, paragraph (v) and who has not previously received a refund of those contributions, must, upon application, be reimbursed for the amount of increased contributions paid by the official or employee because of that law. Reimbursement must be in a lump sum to the employee or official~~, or his or her survivor, at the same time as the first annuity payment~~ between October 1 and October 15, 1984, except that refunds to employees or officials retiring or terminating service prior to October 1, 1984, shall be paid at the same time as the first annuity payment or within 90 days after termination, as the case may be. The amount of the reimbursement is the amount that the employee's or official's contributions increased because of Laws 1982, Third Special Session chapter 1, article 2, section 2, subdivision 1, paragraph (v) ~~plus interest at the then current rate paid on refunds by the relief or retirement association~~. Reimbursement shall be paid by the retirement or relief association to which the employee belongs. Reimbursement may be made without application if the governing board of the appropriate retirement system or association determines that this method is feasible.

Sec. 46. Laws 1983, chapter 301, section 225, is amended by adding a subdivision to read:

Subd. 1a. **CREDIT REQUIRED.** The executive director of the Minnesota state retirement system shall credit to the share account in the supplemental retirement fund of any participant in the unclassified employees program established by Minnesota Statutes, chapter 352D, an amount equal to the amount by which employer contributions on behalf of that participant were reduced by reason of the law cited in subdivision 1. Funds sufficient to make the credits required by this subdivision are appropriated from the general fund to the executive director.

Sec. 47. **COMMISSIONER OF FINANCE TO REDUCE ALLOTMENTS.**

The commissioner of finance shall reduce the fiscal year 1985 allotments to any agencies or institutions receiving a state appropriation pursuant to Laws 1983, chapters 258, 293, 301, or 312 and having employees contributing to the public employees retirement association, state employees retirement fund, the correctional employees retirement fund, and the highway patrol retirement fund. The reduction shall be in an amount equal to the estimated fiscal year 1985 salaries of members of these plans multiplied by the differences between the employer contribution rate in effect prior to July 1, 1984, and the employer rate in effect after June 30, 1984.

Sec. 48. **ANNUAL APPROPRIATION.**

There is appropriated and transferred from the general fund to the commissioner of finance, $1,000,000 annually for distribution among those local police and salaried firefighters relief associations that receive amortization state aid according to Minnesota Statutes, section 423A.02. Distribution shall be made according to that proportion the unfunded accrued liability of each relief association bears to the total unfunded accrued liabilities of all relief associations as reported in the most recent actuarial valuations of the relief associations that receive amortization state aid according to section 423A.02. Moneys shall be distributed to the relief associations at the same time fire and police department state aid is distributed according to section 69.021.

Sec. 49. Laws 1983, chapter 314, article 12, section 1, subdivision 2, is amended to read:

Subd. 2. **TEACHERS RETIREMENT ASSOCIATION: TEACHERS STATEWIDE.** To the teachers retirement association, to meet the state's obligation prescribed in Minnesota Statutes, section 354.43, there is appropriated:

$87,508,200.........1984,

$~~92,137,200~~ 104,476,000.........1985.

Sec. 50. **TEACHERS RETIREMENT ASSOCIATION FUNDING.**

There is appropriated to the commissioner of finance from the general fund $1,965,000 for the purpose of meeting the increased contribution requirements for the teacher's retirement fund necessitated by the passage of section 29, during the fiscal year commencing July 1, 1984.

Sec. 51. **REPEALER.**

Minnesota Statutes 1982, sections 352.022; 353.38; and 354.07, subdivision 8; and Laws 1983, chapter 301, section 225, subdivision 2, are repealed.

Sec. 52. **EFFECTIVE DATES.**

Sections 1 through 5, 10, 12, 13, 17 through 21, 24, 27, 29, 33, 36, 37, 39 through 41, and 47 through 50 are effective July 1, 1984. The remaining sections are effective the day following final enactment. The provisions of section 43 are applicable to all valuations performed beginning with the valuations for the fiscal year ending June 30, 1984.

Approved April 26, 1984

CHAPTER 565 — S.F.No. 1337

An act relating to landlords and tenants; increasing the interest rate paid by landlords on rental deposits; amending Minnesota Statutes 1982, section 504.20, subdivision 2.

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