

transportation and Otter Tail county and the city of Fergus Falls and signed by the commissioner and the chair of the Otter Tail county board and the mayor of Fergus Falls and filed in the office of the commissioner.

Subd. 3. REVISOR INSTRUCTION. The revisor of statutes, in compiling the next and subsequent editions of Minnesota Statutes, shall substitute the route established in subdivision 1 for the route discontinued and removed from the trunk highway system according to subdivision 2.

**Sec. 11. TRUNK HIGHWAY SYSTEM; ROUTE NO. 336 ADDED.**

Subdivision 1. ADDITIONAL ROUTE. On execution of the agreement required by subdivision 2, there is added to the trunk highway system a new route in Minnesota Statutes, section 161.115, described as follows:

Route No. 336. Beginning at a point on Route No. 2 at or near Dilworth, thence extending in a general southerly direction following generally the location of present County State-Aid Highway No. 11 to a point on Route No. 392.

Subd. 2. AGREEMENT REQUIRED. Legislative Route No. 336 is added to the trunk highway system only when an agreement to transfer jurisdiction has been approved by the commissioner of transportation and the Clay county board and a copy of the agreement, signed by the commissioner and the chair of the Clay county board, has been filed in the office of the commissioner.

Subd. 3. REVISOR INSTRUCTION. Following execution of the agreement required in subdivision 2, the revisor of statutes, in compiling the next and subsequent editions of Minnesota Statutes, shall add the route identified in subdivision 1.

**Sec. 12. REPEALER.**

Minnesota Statutes 1990, section 169.833, is repealed.

**Sec. 13. EFFECTIVE DATE.**

Sections 10 and 11 are effective the day following final enactment.

Presented to the governor May 31, 1991

Signed by the governor June 4, 1991, 8:45 p.m.

---

**CHAPTER 340—H.F.No. 1035**

*An act relating to retirement; teachers retirement association; making various changes in laws governing the administration of the association; amending Minnesota Statutes 1990, sections 136.82, subdivision 1; 176.021, subdivision 7; 354.05, subdivisions 5, 13, 22, 35, 35a,*

New language is indicated by underline, deletions by ~~strikeout~~.

*and by adding a subdivision; 354.071, subdivision 2; 354.092; 354.093; 354.094, subdivision 1; 354.095; 354.10, subdivisions 1, 2, and 4; 354.33, subdivision 6; 354.35; 354.41, subdivision 7; 354.46, subdivision 2; 354.48, subdivisions 2, 4, 6, 7, and 8; 354.49, subdivision 3; 354.50, subdivision 1; 354.52, subdivision 2, and by adding a subdivision; 354B.04, subdivision 2; 356.30, by adding a subdivision; and 356.87; repealing Minnesota Statutes 1990, sections 354.094, subdivisions 1a and 1b; and 354.48, subdivision 5.*

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

Section 1. Minnesota Statutes 1990, section 136.82, subdivision 1, is amended to read:

Subdivision 1. **GENERALLY.** (a) The executive director of the teachers retirement fund shall redeem shares in the accounts of the Minnesota supplemental retirement investment fund standing in an employee's share account record under the following circumstances, but always in accordance with the laws and rules governing the Minnesota supplemental retirement investment fund:

(b) The executive director shall redeem shares under this subdivision when requested to do so in writing on forms provided by the executive director by a person having shares to the credit of the employee's share account record if the person is age 55 or older and is no longer employed by the state university board or state board for community colleges. In such case the person must receive the cash realized on the redemption of the shares. The person may direct the redemption of not more than 20 percent of the person's shares in the employee's share account record in any one year and may not direct more than one redemption in any one calendar month; provided, however, that the state university board or its designee, in the case of a person employed by the state university board, and the state board for community colleges or its designee, in the case of a person employed by the state board for community colleges, may, upon application, at their sole discretion, permit greater withdrawals in any one year.

(c) The executive director shall redeem shares under this subdivision when requested to do so in writing, on forms provided by the executive director, by a person having shares to the credit of the employee's share account record if the person has left employment by the state university board or state board for community colleges because of a total and permanent disability as defined in section 354.05, subdivision 14. If the executive director finds that the person is totally and permanently disabled and will as a result be unable to return to ~~similar employment~~ any substantial gainful activity, the person must receive the cash realized on the redemption of the shares. The person may direct the redemption of not more than 20 percent of the shares in the employee's share account record in any one year and may not direct more than one redemption in any one calendar month; provided, however, that the state university board or its designee, in the case of a person employed by the state university board, and the state board for community colleges or its designee, in the case of a person employed by the state board for community colleges, may, upon application, at their sole discretion, permit greater withdrawals in any one year. If the person returns to good

New language is indicated by underline, deletions by ~~strikeout~~.

health, the person owes no restitution to the state or a fund established by its laws for a redemption under this paragraph.

(d) The executive director shall redeem shares under this subdivision in the event of the death of a person having shares to the credit of the employee's share account record and leaving a designated beneficiary, when requested to do so in writing, on forms provided by the executive director, by the designated beneficiary. The designated beneficiary must receive the cash realized on the redemption of the shares. If the designated beneficiary is a surviving spouse, the surviving spouse may direct the redemption of not more than 20 percent of the shares in the deceased person's employee's share account record in any one year and may not direct more than one redemption in any one calendar month; provided, however, that the state university board or its designee, in the case of a person employed by the state university board, and the state board for community colleges or its designee, in the case of a person employed by the state board for community colleges, may, upon application, at their sole discretion, permit greater withdrawals in any one year. In that case the surviving spouse must receive the cash realized from the redemption of the shares. Upon the death of the surviving spouse any shares remaining in the employee's share account record must be redeemed by the executive director and the cash realized from the redemption must be distributed to the estate of the surviving spouse.

(e) In the event of the death of a person having shares to the credit of the employee's share account record and leaving no designated beneficiary, the surviving spouse must receive the cash realized on the redemption of the shares as provided in paragraph (d). If there is no surviving spouse, the executive director shall redeem all shares to the credit of the employee's share account record and pay the cash realized from the redemption to the estate of the deceased person.

(f) The executive director shall redeem shares under this subdivision when requested to do so in writing, on forms provided by the executive director, by a person having shares to the credit of the employee's share account record if the person is no longer employed by the state university board or state board for community colleges, but does not qualify under the provisions of paragraphs (b) to (e). In that case, the person is entitled upon application to receive one-half of the cash realized on the redemption of shares and one-half must be credited to the administrative expense reserve account of the supplemental retirement plan for payment of necessary and reasonable administrative expenses of the supplemental retirement plan as provided in section 354.65.

Sec. 2. Minnesota Statutes 1990, section 176.021, subdivision 7, is amended to read:

Subd. 7. **PUBLIC OFFICER.** If an employee who is a public officer of the state or governmental subdivision continues to receive the compensation of office during a period when receiving benefits under the workers' compensation law for temporary total or temporary partial disability or permanent total disability and the compensation of office exceeds \$100 a year, the amount of that

New language is indicated by underline, deletions by ~~strikeout~~.

compensation attributable to the period for which benefits under the workers' compensation law are paid shall be deducted from such benefits. If an employee covered by the Minnesota state retirement system receives total and permanent disability benefits pursuant to section 352.113 or disability benefits pursuant to sections 352.95 and 352B.10, the amount of disability benefits shall be deducted from workers' compensation benefits otherwise payable. If an employee covered by the teachers retirement fund receives total and permanent disability benefits pursuant to section 354.48, the amount of disability benefits must be deducted from workers' compensation benefits otherwise payable. Notwithstanding the provisions of section 176.132, a deduction under this subdivision does not entitle an employee to supplemental benefits under section 176.132.

Sec. 3. Minnesota Statutes 1990, section 354.05, subdivision 5, is amended to read:

Subd. 5. **MEMBER OF FUND.** ~~The term~~ "Member of fund" means every teacher who joins and contributes to the teachers retirement fund as provided in this chapter who has not retired, except a teacher covered by section 354B.02, subdivision 2 or 3, who elects to participate in the individual retirement account plan under chapter 354B. Any former member of the fund who is retired and subsequently resumes teaching service is a member of the fund only for purposes of social security coverage.

Sec. 4. Minnesota Statutes 1990, section 354.05, subdivision 13, is amended to read:

Subd. 13. **ALLOWABLE SERVICE.** "Allowable service" means:

(1) Any service rendered by a teacher for which on or before July 1, 1957, the teacher's account in the retirement fund was credited by reason of employee contributions in the form of salary deductions, payments in lieu of salary deductions, or in any other manner authorized by Minnesota Statutes 1953, sections 135.01 to 135.13, as amended by Laws 1955, chapters 361, 549, 550, 611 or

(2) Any service rendered by a teacher for which on or before July 1, 1961, the teacher elected to obtain credit for service by making payments to the fund pursuant to Minnesota Statutes 1980, section 354.09 and section 354.51 or

(3) Any service rendered by a teacher after July 1, 1957, for any calendar month when the member receives salary from which deductions are made, deposited and credited in the fund, or

(4) Any service rendered by a person after July 1, 1957, for any calendar month where payments in lieu of salary deductions are made, deposited and credited into the fund as provided in Minnesota Statutes 1980, section 354.09, subdivision 4, and section 354.53, or

(5) Any service rendered by a teacher for which the teacher elected to obtain credit for service by making payments to the fund pursuant to Minnesota Stat-

New language is indicated by underline, deletions by ~~strikeout~~.

utes 1980, section 354.09, subdivisions 1 and 4, sections 354.50, 354.51, Minnesota Statutes 1957, section 135.41, subdivision 4, Minnesota Statutes 1971, section 354.09, subdivision 2, or Minnesota Statutes, 1973 Supplement, section 354.09, subdivision 3, or

(6) Both service during years of actual membership in the course of which contributions were currently made and service in years during which the teacher was not a member but for which the teacher later elected to obtain credit by making payments to the fund as permitted by any law then in effect, or

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

Sec. 5. Minnesota Statutes 1990, section 354.05, subdivision 22, is amended to read:

Subd. 22. **DESIGNATED BENEFICIARY.** "Designated beneficiary" means the person designated by a retiree or member to receive the balance of the member's accumulated deductions after death benefits to which a beneficiary is entitled under this chapter. A beneficiary designation is valid only if it is made on an appropriate form provided by the executive director and the properly completed form is received by the fund postmarked on or before the date of death of the retiree or member. ~~If the a retiree or a member had failed to~~ does not designate such a person or if the person designated ~~predeceased~~ predeceases the retiree or the member, beneficiary in such cases means the estate of the deceased retiree or member.

Sec. 6. Minnesota Statutes 1990, section 354.05, subdivision 35, is amended to read:

Subd. 35. **SALARY.** (a) "Salary" means the compensation, upon which member contributions are required and made, that is paid to a teacher before any allowable reductions permitted under the federal Internal Revenue Code of 1986, as amended through December 31, 1988, for employee selected fringe benefits, tax sheltered annuities, deferred compensation, or any combination of these items.

(b) "Salary" does not ~~mean~~ include:

(1) lump sum annual leave payments;

(2) lump sum sick leave payments;

(3) payments in lieu of any employer paid group insurance coverage, includ-

New language is indicated by underline, deletions by ~~strikeout~~.

ing the difference between single and family premium rates, that may be paid to a member with single coverage;

(4) any form of payment made in lieu of any other employer paid fringe benefit or expense;

(5) any form of severance payments;

(6) workers' compensation payments; ~~or~~

(7) disability insurance payments including self-insured disability payments;  
or

(8) payments to school principals and all other administrators for services in addition to the normal work year contract if these additional services are performed on an extended duty day, Saturday, Sunday, holiday, annual leave day, sick leave day, or any other nonduty day.

Sec. 7. Minnesota Statutes 1990, section 354.05, subdivision 35a, is amended to read:

Subd. 35a. **SEVERANCE PAYMENTS.** Severance payments include, but are not limited to:

(1) payments to an employee to terminate employment;

(2) payments, or that portion of payments, that are not clearly for the performance of services by the employee to the employer;

(3) payments to an administrator or former administrator serving as an advisor to a successor or as a consultant to the employer under an agreement to terminate employment within two years or less of the execution of the agreement for compensation that is significantly different than the most recent contract salary; ~~and~~

(4) payments under a procedure that allows the employee to designate the time of payment if the payments are made during the period of formula service credit used to compute a benefit or annuity under section 354.44, subdivision 6 or 7; 354.46, subdivision 1 or 2; or 354.48, subdivision 3; and

(5) lump sum payments during the time period that contains the highest five successive years of salary for additional services performed without pay during other years of salary.

Sec. 8. Minnesota Statutes 1990, section 354.05, is amended by adding a subdivision to read:

Subd. 39. ADMINISTRATOR'S NORMAL WORK YEAR. Normal work year for school principals and all other administrators means 12 consecutive full months of continuous employment from July 1 to June 30.

New language is indicated by underline, deletions by ~~strikeout~~.

Sec. 9. Minnesota Statutes 1990, section 354.071, subdivision 2, is amended to read:

Subd. 2. **NOTICE OF TERMINATION OR DENIAL.** If the executive director terminates a benefit or denies an application or a written request of any person claiming a right under this chapter or the applicable sections of chapters 136, 354B, 355, and 356, the executive director must serve upon that person a written notice. The notice must contain:

(1) the reasons for the termination or denial;

(2) notice that the person may petition the board for a review of the termination or denial and that the petition for review must be filed within 60 days of the receipt of the written notice;

(3) a statement that relevant documentation submitted by the petitioner to the executive director must be received in the office of the teachers retirement association at least 30 days before the meeting prescribed in subdivision 4;

(4) a statement that failure to petition the board within 60 days will preclude the person from contesting in any other court procedure or administrative hearing, the issues determined by the executive director; and

(5) a copy of this section.

Sec. 10. Minnesota Statutes 1990, section 354.092, is amended to read:

**354.092 SABBATICAL LEAVE.**

Subdivision 1. DEFINITION. A sabbatical leave for the purpose of this section ~~shall be~~ means a sabbatical leave as defined in section 125.18 or the applicable personnel policy of the state university and community college boards.

Subd. 2. PAY RATE; CERTIFICATION. A sabbatical leave must be compensated by a minimum of one-third of the salary the member received for a comparable period during the prior fiscal year. Before the end of the fiscal year during which any sabbatical leave ~~begins~~ is granted, the employing unit granting the leave must certify the leave to the association on a form specified by the executive director.

Subd. 3. EMPLOYER AND EMPLOYEE CONTRIBUTIONS. (a) Deductions for employee contributions at the applicable rate specified in section 354.42 must be made by the employing unit from salary paid to the member for a sabbatical leave. The member may also make direct payment of employee contributions at the appropriate rates specified in section 354.42 based upon the difference between the salary received for the sabbatical leave and the salary received for a comparable period during the year immediately preceding the leave. This direct payment must be made by the end of the fiscal year following the fiscal year in which the leave of absence terminated and must be without interest.

New language is indicated by underline, deletions by ~~strikeout~~.

**Subd. 4. SERVICE CREDIT.** If the employee contributions made under this section are less than the employee contributions made for a comparable period during the year immediately preceding the leave, the allowable and formula service credit of the member shall be prorated according to section 354.05, subdivision 25, clause (3), except that if the member is paid full salary for any sabbatical leave of absence, either past or prospective, the allowable and formula service credit shall not be prorated. A member may not receive more than three years of allowable service credit in any ten consecutive years under this section unless the allowable service credit was paid for by the member before July 1, 1962. For sabbatical leaves that begin after June 30, 1986, the required employer contributions specified in section 354.42 must be paid by the employing unit within 30 days after the association's written notification to the employing unit of the amount due. Notwithstanding the provisions of any agreements to the contrary, employee and employer contributions may not be made to receive allowable service credit under this section if the member does not retain the right to full reinstatement both during and at the end of the sabbatical leave.

Sec. 11. Minnesota Statutes 1990, section 354.093, is amended to read:

**354.093 PARENTAL OR MATERNITY LEAVE.**

Before the end of the fiscal year during which any parental or maternity leave is granted, the employing unit granting the leave must certify the leave to the association on a form specified by the executive director. A member of the fund granted parental or maternity leave of absence by the employing authority ~~shall be~~ unit is entitled to service credit not to exceed one year for the period of leave upon payment to the fund by the end of the fiscal year following the fiscal year in which the leave of absence terminated. ~~The amount of such~~ This payment ~~shall~~ must include the required employee, employer and amortization contributions for the period of leave prescribed in section 354.42. ~~Such~~ The payment ~~shall~~ must be based on the member's average full-time monthly salary upon return to teaching service rate on the date the leave of absence commenced, and ~~shall~~ must be without interest. ~~Repayment shall be accompanied by a certified or otherwise adequate copy of the resolution or action of the employing authority granting or approving the leave.~~ Notwithstanding the provisions of any agreements to the contrary, employee and employer contributions may not be made to receive allowable service credit under this section if the member does not retain the right to full reinstatement at the end of the leave.

Sec. 12. Minnesota Statutes 1990, section 354.094, subdivision 1, is amended to read:

Subdivision 1. **SERVICE CREDIT CONTRIBUTIONS.** Before the end of the fiscal year during which any extended leave of absence is granted pursuant to section 125.60 or 136.88, the employing unit granting the leave must certify the leave to the association on a form specified by the executive director. A member granted an extended leave of absence pursuant to section 125.60 or 136.88 may pay employee contributions and receive allowable service credit toward annui-

New language is indicated by underline, deletions by ~~strikeout~~.



ties and other benefits under this chapter, for each year of the leave provided the member and the employing board make the required employer contribution in any proportion they may agree upon, during the period of the leave which shall not exceed five years. A member may not receive more than five years of allowable service credit under this section. The state shall not pay employer contributions into the fund for any year for which a member is on extended leave. The employee and employer contributions ~~shall~~ must be based upon the rates of contribution prescribed by section 354.42 for the salary received during the year immediately preceding the extended leave. Payments for the years for which a member is receiving service credit while on extended leave ~~shall~~ must be made on or before the later of June 30 of each fiscal year for which service credit is received or within 30 days after first notification of the amount due, if requested by the member, is given by the association. No payment is permitted after the following September 30. Payments received after June 30 must include six percent interest from June 30 through the end of the month in which payment is received. Notwithstanding the provisions of any agreements to the contrary, employee and employer contributions may not be made to receive allowable service credit if the member does not have full reinstatement rights as provided in section 125.60 or 136.88, both during and at the end of the extended leave.

Sec. 13. Minnesota Statutes 1990, section 354.095, is amended to read:

**354.095 MEDICAL LEAVE; PAYMENT PROCEDURES.**

Upon granting a medical leave, an employing unit must certify the leave to the association on a form specified by the executive director. A member of the fund who is on an authorized medical leave of absence ~~and subsequently returns to teaching service;~~ is entitled to receive allowable service credit, not to exceed one year, for the period of leave, upon making the prescribed payment to the fund. This payment must include the required employee and employer contributions at the rates specified in section 354.42, subdivisions 2, 3, and 5, as applied to the member's average full-time monthly salary rate on the date of ~~return from~~ the leave of absence commenced plus compound annual interest at the rate of 8.5 percent ~~per year~~ from the ~~midpoint date of the leave until the date end of the fiscal year during which the leave terminates to the end of the month during which~~ payment is made. The member must pay the total amount required unless the employing unit, at its option, pays the employer contributions. The total amount required must be paid before the effective date of retirement or by the end of the fiscal year following the fiscal year in which the leave of absence terminated, whichever is earlier. ~~Payment must be accompanied by a copy of the resolution or action of the employing authority granting the leave and the employing authority, upon granting the leave, must certify the leave to the association on a form specified by the executive director.~~ A member may not receive more than one year of allowable service credit during any fiscal year by making payment under this section. A member may not receive disability benefits under section 354.48 and receive allowable service credit under this section for the same period of time. Notwithstanding the provisions of any agreement to the contrary, employee and employer contributions may not be made to receive allowable service credit under this section if the member does not retain the right to full reinstatement both during and at the end of the medical leave.

New language is indicated by underline, deletions by ~~strikeout~~.

Sec. 14. Minnesota Statutes 1990, section 354.10, subdivision 1, is amended to read:

Subdivision 1. **EXEMPTION; EXCEPTIONS.** The right of a teacher to take advantage of the benefits provided by this chapter, is a personal right only and ~~shall is~~ not be assignable. All money to the credit of a teacher's account in the fund or any money payable to the teacher from the fund ~~shall belong~~ belongs to the state of Minnesota until actually paid to the teacher or a beneficiary pursuant to the provisions of this chapter. Any power of attorney, assignment or attempted assignment of a teacher's interest in the fund, or of the beneficiary's interest therein, by a teacher or a beneficiary, ~~shall be null and is~~ void and ~~the same shall be~~ is exempt from taxation under chapter 291 and from garnishment or levy under attachment or execution, except as provided in subdivision 2 or 3, or section 518.58, 518.581, or 518.611.

Sec. 15. Minnesota Statutes 1990, section 354.10, subdivision 2, is amended to read:

Subd. 2. **AUTOMATIC DEPOSITS.** The board may pay an annuity or benefit to a banking institution, qualified under chapter 48, that is a trustee for a person eligible to receive the annuity or benefit. Upon completion of the proper forms as provided by the executive director, the annuity or benefit amount may be electronically transferred or the annuity or benefit check may be mailed to a banking institution, savings association, or credit union for deposit to the recipient's individual account or joint account with the recipient's spouse or any other person designated by the recipient. Any overpayment to a joint account after the death of the annuity or benefit recipient must be repaid to the fund by the joint tenant if the overpayment is not repaid to the fund by the banking institution, savings association, or credit union. The board ~~shall~~ may prescribe the conditions which ~~shall~~ govern these procedures.

Sec. 16. Minnesota Statutes 1990, section 354.10, subdivision 4, is amended to read:

Subd. 4. **CHANGES IN DESIGNATED BENEFICIARIES.** Any beneficiary designated by a ~~teacher retiree or member~~ under ~~the terms of this chapter~~ section 354.05, subdivision 22, may be changed or revoked by the ~~teacher at pleasure, in such manner as the board may prescribe~~ retiree or member on a form provided by the executive director. A change or revocation made under this subdivision is valid only if the properly completed form is received by the fund postmarked on or before the date of death of the retiree or the member. In case ~~If~~ a designated beneficiary dies before the ~~teacher retiree or member~~ designating the beneficiary ~~dies~~, and a new beneficiary is not designated, the ~~teacher's~~ retiree's or member's estate ~~shall be~~ is the beneficiary.

Sec. 17. Minnesota Statutes 1990, section 354.33, subdivision 6, is amended to read:

Subd. 6. **COMBINATIONS OF BASIC AND COORDINATED SERVICE.** ~~When any~~ A person's annuity must be computed as a basic member for

New language is indicated by underline, deletions by ~~strikeout~~.

any service previously accrued as a basic member if the person retires and whose annuity is computed as with the status of a coordinated member as a result of one or both of the following events: (1) transferring from public school teaching to state university teaching, and/or; (2) not rendering performing teaching service within a fiscal year; shall have the annuity computed as a basic member for such service formerly accrued as a basic member. A person's annuity must be computed as a coordinated member for any service previously accrued as a coordinated member if the person retires with the status of a basic member as a result of transferring from public school teaching to community college teaching.

Sec. 18. Minnesota Statutes 1990, section 354.35, is amended to read:

**354.35 OPTIONAL ACCELERATED RETIREMENT ANNUITY BEFORE AGE 65.**

Any coordinated member who retires before age 65 may elect to receive an optional accelerated retirement annuity from the association which provides for different annuity amounts over different periods of retirement. The election of this optional accelerated retirement annuity ~~shall be~~ is exercised by making an application to the board on a form provided by the board. The optional accelerated retirement annuity ~~shall must~~ take the form of an annuity payable for the period before the member attains ~~normal retirement age 65~~ in a greater amount than the amount of the annuity calculated under section 354.44 on the basis of the age of the member at retirement, but the optional accelerated retirement annuity must be the actuarial equivalent of the member's annuity computed on the basis of the member's age at retirement. The greater amount must be paid until the retiree reaches ~~normal retirement age 65~~ and at that time the payment from the association must be reduced. For each year the retiree is under age 65, up to five percent of the total life annuity required reserves may be used to accelerate the optional retirement annuity under this section. The method of computing the optional accelerated retirement annuity provided in this section ~~shall be~~ is established by the board of trustees. In establishing the method of computing the optional accelerated retirement annuity, the board of trustees must obtain the written approval of the commission-retained actuary. The written approval must be a part of the permanent records of the board of trustees.

Sec. 19. Minnesota Statutes 1990, section 354.41, subdivision 7, is amended to read:

Subd. 7. **EXCEPTIONS.** Members of the fund as described in subdivision 4 ~~shall or 9 and employees of the teachers retirement association are not be~~ eligible for election to the board of trustees.

Sec. 20. Minnesota Statutes 1990, 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 50 years and has credit for at least three years of

New language is indicated by underline, deletions by ~~strikeout~~.

allowable service or who has credit for at least 30 years of allowable service irrespective of age ~~shall be~~ is 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 section 354.47, subdivision 1, the surviving spouse ~~shall be~~ is 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, subdivision 2, 6, or 7, whichever is applicable. The surviving spouse may apply for the annuity at any time after the date on which the deceased employee would have attained the required age for retirement based on the employee's allowable service. This benefit accrues from the day following the date of death but may not begin to accrue more than six months before the date the application is filed with the executive director. Sections 354.44, ~~subdivisions~~ subdivision 6 ~~and 7~~, and 354.60 apply to a deferred annuity payable under this section. The benefit ~~shall be~~ is payable for life.

Sec. 21. Minnesota Statutes 1990, section 354.48, subdivision 2, is amended to read:

Subd. 2. **APPLICATIONS.** Any person described in subdivision 1, or another person authorized to act on behalf of the person, may make application for a total and permanent disability benefit only within the 18-month period following the termination of teaching service. This benefit accrues from the day following the commencement of disability or the day following the last day for which salary is paid, whichever is later, but may not begin to accrue more than 90 days before the date the application is filed with the ~~board~~ executive director. If salary is being received for either annual or sick leave during the period, payments accrue from the day following the last day for which this salary is paid.

Sec. 22. Minnesota Statutes 1990, section 354.48, subdivision 4, is amended to read:

Subd. 4. **DETERMINATION BY THE ~~BOARD~~ EXECUTIVE DIRECTOR.** The ~~board~~ executive director shall have the member examined by at least two licensed physicians selected by the medical advisor. These physicians shall make written reports to the ~~board~~ executive director concerning the member's disability including medical opinions as to whether or not the member is permanently and totally disabled within the meaning of section 354.05, subdivision 14. The ~~board~~ executive director shall also obtain written certification from the last employer stating whether or not the member was separated from service because of a disability which would reasonably prevent further service to the employer and as a consequence the member is not entitled to compensation from the employer. If upon the consideration of the reports of the physicians and any other evidence presented by the member or others interested therein, the ~~board~~ executive director finds the member totally and permanently disabled, ~~the board~~ the executive director shall grant the member a disability benefit. The fact that

New language is indicated by underline, deletions by ~~strikeout~~.

an employee is placed on leave of absence without compensation because of disability shall not bar the member from receiving a disability benefit.

Sec. 23. Minnesota Statutes 1990, section 354.48, subdivision 6, is amended to read:

Subd. 6. **REGULAR PHYSICAL EXAMINATIONS.** At least once each year during the first five years following the allowance of a disability benefit to any member, and at least once in every three-year period thereafter, the ~~board~~ executive director shall require the disability beneficiary to undergo a medical examination to be made at the place of residence of such person, or at any other place mutually agreed upon, by a physician or physicians engaged by the ~~board~~ executive director. If any examination indicates that the member is no longer permanently and totally disabled or that the member is engaged or is able to engage in a substantial gainful occupation, payments of the disability benefit by the fund shall be discontinued. The payments shall discontinue as soon as the member is reinstated to the payroll following sick leave, but ~~in no case shall~~ payment may not be made for more than 60 days after physicians engaged by the ~~board~~ executive director find that ~~such~~ the person is no longer permanently and totally disabled.

Sec. 24. Minnesota Statutes 1990, section 354.48, subdivision 7, is amended to read:

Subd. 7. **PARTIAL REEMPLOYMENT.** ~~Should~~ If the disabled person ~~resume~~ resumes a gainful occupation in which earnings are less than the person's salary at the date of disability, the amount of ~~such~~ earnings plus the disability benefit originally granted may not exceed the salary at the date of disability. If the sum of ~~such~~ earnings plus the disability benefit originally granted exceeds the salary at the date of disability, the amount of excess earnings must be deducted from the disability benefit payable during the following calendar year. The provisions of this subdivision shall not prohibit the ~~board~~ executive director from making a determination that a member is no longer totally and permanently disabled or that the member is engaged or is able to engage in a substantial gainful occupation based on the results of the regular physical examinations required by subdivision 6 or any other physical examinations required by the board. Payment of the disability benefit provided in this subdivision during a period of partial reemployment shall be discontinued if the ~~board~~ executive director finds that the member is no longer totally and permanently disabled.

Sec. 25. Minnesota Statutes 1990, section 354.48, subdivision 8, is amended to read:

Subd. 8. **REFUSAL OF EXAMINATION.** ~~Should~~ If any ~~such~~ disabled person ~~refuse~~ refuses to submit to a medical examination as ~~herein provided~~ required under this section, payments by the fund ~~shall~~ must be discontinued and all rights of the member in any disability benefit ~~shall~~ must be revoked by the ~~board~~ executive director.

New language is indicated by underline, deletions by ~~strikeout~~.

Sec. 26. Minnesota Statutes 1990, section 354.49, subdivision 3, is amended to read:

Subd. 3. **REFUND IN CERTAIN INSTANCES.** Any person not covered by the formula program who has attained normal retirement age with less than three years of credited allowable the minimum service shall be required for an annuity and who ceases to be a member because of termination of teaching service is entitled upon application to receive a refund in an amount equal to the person's accumulated deductions plus interest at the rates used to compute annuities under section 354.44, subdivision 2 in lieu of a proportionate annuity pursuant to section 356.32 except those. If a person who has attained normal retirement age is eligible for an annuity or is covered under the provisions of section 354.44, subdivision 6 by the formula program, in which case the refund shall be is an amount equal to the accumulated deductions credited to the person's account as of June 30, 1957, and after July 1, 1957, the accumulated deductions plus interest at the rate of six percent compounded annually. For the purpose of this subdivision, interest must be computed on fiscal year end balances to the first day of the month in which the refund is issued.

Sec. 27. Minnesota Statutes 1990, section 354.50, subdivision 1, is amended to read:

Subdivision 1. When any member accepts a refund provided in section 354.49, all existing service credits to which the member was entitled prior to the acceptance of such before accepting the refund shall terminate and shall are not again be restored until the former member acquires not less than two years allowable service credit subsequent to after taking the last refund. In that event the former member may repay such the refund. If more than one refund has been taken, all refunds must be repaid. Teaching service covered under the provisions of chapter 354B may be used to fulfill the two-year requirement of this subdivision.

Sec. 28. Minnesota Statutes 1990, section 354.52, subdivision 2, is amended to read:

Subd. 2. On or before August 1 each year, each school board or managing body shall, on or before August 1, each year, must report to the teachers retirement board executive director giving an itemized summary of the total amount withheld from the salaries of teachers for teachers retirement deductions and such all other information as the executive director may require requires. If the itemized summary is received after August 1 in any year, there shall be is a penalty not to exceed \$25 \$50 for each month or portion thereof which the summary is delinquent, as determined by the board of trustees executive director. The penalty shall must be paid by the school board or the managing body.

Sec. 29. Minnesota Statutes 1990, section 354.52, is amended by adding a subdivision to read:

Subd. 2a. Before each February 15, each school board or managing body must report to the executive director the amount of income earned during the previous calendar year by each retiree for teaching service performed after retirement. This annual report must be based on reemployment income as

New language is indicated by underline, deletions by ~~strikeout~~.

defined in section 354.44, subdivision 5, and it must be made on a form provided by the executive director. Signing the report has the force and effect of an oath as to the correctness of the amount of postretirement reemployment income earned. If the required report is received after February 15 in any year there is a penalty not to exceed \$50 for each month or portion thereof which the report is late, as determined by the executive director. The penalty must be paid by the school board or managing body.

Sec. 30. Minnesota Statutes 1990, section 354B.04, subdivision 2, is amended to read:

Subd. 2. **EMPLOYER CONTRIBUTIONS.** The employer of persons in covered employment who participate in the plan shall make an employer contribution to the plan in an amount equal to the amount prescribed by section 354.42, subdivision 3; ~~and shall continue to make an additional employer contribution to the teachers retirement association in an amount equal to the amount prescribed by section 354.42, subdivision 5.~~

Sec. 31. Minnesota Statutes 1990, section 356.30, is amended by adding a subdivision to read:

Subd. 2a. PURCHASES OF PRIOR SERVICE. If a purchase of prior service is made under the provisions of Laws 1988, chapter 709, article 3, or any similar provision which allows a purchase of service credit in any of the funds enumerated in subdivision 3, the amount of required reserves calculated as prescribed in Laws 1988, chapter 709, article 3, must be paid to each fund based on the amount of benefit increase payable from that fund as a result of the purchase of prior service.

Sec. 32. Minnesota Statutes 1990, section 356.87, is amended to read:

#### 356.87 HEALTH INSURANCE WITHHOLDING.

Upon authorization of a person entitled to receive benefits, the executive director of a public pension fund listed in section 356.20, subdivision 2, shall, upon authorization of a person entitled to receive benefits, must withhold premium amounts from the pension benefits and pay the amounts to the public employees insurance plan. The insurance plan must reimburse the public pension fund for the administrative expense of withholding the premium amounts and must also assume any liability which may result from the failure of a public pension fund to properly withhold the premium amounts from the benefits of a person.

Sec. 33. **TRANSFER.**

Notwithstanding Minnesota Statutes, section 354B.03, subdivision 3, or any other provision of law to the contrary, a person who is an employee of the state university board on the effective date of this section who was employed by the state university board before 1964, and who elected to transfer retirement coverage from the teachers retirement association to the individual retirement account plan created in Minnesota Statutes, chapter 354B, may revoke that

New language is indicated by underline, deletions by ~~strikeout~~.

transfer prospectively and have future service credited by the teachers retirement association. A revocation must be made in a manner prescribed by the executive director of the teachers retirement association and must be made within 60 days of the effective date of this section. The election is effective only for future service and does not permit transfer to the teachers retirement association of any contributions made to the individual retirement account plan.

Sec. 34. **REPEALER.**

Minnesota Statutes 1990, sections 354.094, subdivisions 1a and 1b; and 354.48, subdivision 5, are repealed.

Sec. 35. **EFFECTIVE DATES.**

Section 3 is effective July 1, 1991. Section 30 is effective for the first payroll period beginning after July 1, 1991. Section 33 is effective the day following final enactment. All other sections are effective the day following final enactment.

Presented to the governor May 31, 1991

Signed by the governor June 4, 1991, 8:59 p.m.

---

**CHAPTER 341—H.F.No. 1584**

*An act relating to retirement; the public employees retirement association; making various changes reflecting benefits, administration, and investment practices; amending Minnesota Statutes 1990, sections 353.01, subdivisions 2b, 6, 10, 15, 16, and 20; 353.03, subdivision 1; 353.27, subdivisions 4, 7, 12, 12a, and by adding subdivisions; 353.28, subdivision 6; 353.29, subdivision 4; 353.31, subdivision 1; 353.32, subdivision 1a; 353.33, subdivision 3a; 353.34, subdivision 1; 353.64, by adding a subdivision; 353.656, subdivision 1a; 353.657; 353A.01, subdivision 1; 353A.02, subdivision 16, and by adding a subdivision; 353A.03; 353A.06; 353A.08, subdivision 1; 353C.06, subdivision 3; 353C.07, subdivision 1; 353C.08, subdivision 2; 353C.09; 353D.01, subdivision 2; 353D.02; 353D.04; 353D.05, subdivision 2; 353D.07, subdivisions 2 and 3; 353D.12, subdivision 1; 354B.04, subdivision 2; 356.371, subdivision 3; 356.86, subdivisions 2 and 4; 356.87; Laws 1990, chapter 570, article 8, section 14, subdivision 1; and repealing Minnesota Statutes 1990, sections 353.33, subdivision 5a; and 353C.07, subdivision 2.*

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

Section 1. Minnesota Statutes 1990, section 353.01, subdivision 2b, is amended to read:

Subd. 2b. **EXCLUDED EMPLOYEES.** The following persons are excluded from the meaning of "public employee":

New language is indicated by underline, deletions by ~~strikeout~~.