

CHAPTER 356

RETIREMENT SYSTEMS, GENERALLY

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356.01-356.14 [Obsolete]

356.15 [Renumbered 9.28]

356.16 [Obsolete]

356.17 [Renumbered 3.30]

356.18 REQUESTS FOR RELIEF AND RETIREMENT INCREASES. Subdivision 1. No increase authorized by any law hereafter enacted, in any pension, annuity, or retirement paid by the public employees retirement association, the state employees retirement association, the state teachers retirement fund, any police or firefighter's retirement fund, or from any relief or retirement fund to which contributions are made from moneys derived from taxation, shall be paid to any pensioner, annuitant, or recipient unless he shall first request in writing that payment of such increase be made.

Subd. 2. No such increase as described in subdivision 1 under authority of any law heretofore enacted being paid on the effective date of this section shall continue to be paid to any pensioner, annuitant, or recipient unless he shall first request in writing that the payment of the increase be continued.

[1963 c 521 s 1; 1977 c 429 s 63]

356.20 FINANCIAL REPORTS REQUIRED. Subdivision 1. The governing or managing board or administrative officials of the public pension and retirement funds enumerated in subdivision 2 shall annually prepare and file a financial report following the close of each fiscal year. This requirement shall also apply to any fund which may be a successor to any organization so enumerated or to any newly formed retirement fund or association operating under the control or supervision of any public employee group, governmental unit, or institution receiving a portion of its support through legislative appropriations, with the exception of any local fire fund now governed by sections 69.771 to 69.776. Such report shall be prepared under the supervision and at the direction of the management of each fund and shall be signed by its chairman and secretary.

Subd. 2. (1) State employees retirement fund.

(2) Public employees retirement fund.

(3) Teachers retirement fund.

(4) Highway patrolmen's retirement fund.

(5) Metropolitan transit commission-transit operating division employees retirement plan.

(6) Minneapolis teachers retirement fund association.

(7) St. Paul teachers retirement fund association.

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- (8) Duluth teachers retirement fund association.
- (9) Municipal employees retirement board of Minneapolis.
- (10) University of Minnesota police retirement plan.
- (11) University of Minnesota faculty retirement plan.
- (12) Judges retirement fund.
- (13) Any police or firefighter's relief association enumerated in section 69.77, subdivision 1a.

Subd. 3. Each financial report is a public record. A copy thereof or a synopsis containing the information required by this section shall be distributed annually to each member of the fund and to the governing body of each governmental subdivision of the state which makes employers contributions thereto or in whose behalf taxes are levied for the employers' contribution. A signed copy of each report shall be delivered not later than six months after the close of each fiscal year to any interim or study committee or commission of the legislature assigned to consider pension and retirement funds or plans. In the absence of the creation of such a committee or commission a signed copy of such report shall be delivered to the secretary of the senate and the chief clerk of the house of representatives not later than ten days after the convening of the next regular session of the legislature following the close of the fiscal year for which such report is prepared.

Subd. 4. Each financial report required by this section shall include:

(1) An exhibit prepared according to applicable actuarial standards enumerated in section 356.215, 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. Such 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) basis.

(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. Should 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

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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". Such attached schedule shall contain the following information on the reserves required:

1. For active members
 - a. Retirement benefits
 - b. Disability benefits
 - c. Refundment 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 should be listed separately.

(2) An income statement on an accrual basis showing all income and all deductions from income for the fiscal year. It 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, widows' benefits, surviving children's benefits, refundments to members terminating employment, refundments due to death of members and due to death of annuitants, the increase in total reserves required, general 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 such statistical data which may result from the current year's operation.

(5) Such additional statements or exhibits as 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 such 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.

(7) For any police or firefighter's relief association referred to in subdivision 2, clause (13), a financial report duly filed pursuant to and meeting the requirements of section 69.051 shall be deemed to have met the requirements of this subdivision.

Subd. 5. There is hereby established, in each fund enumerated in subdivision 2, a deferred yield adjustment account which shall be increased by the sale or disposition of any debt securities at less than book value and shall be decreased by the sale or disposition of debt securities at more than book value. At the end of each fiscal year, a portion of the balance of this account shall be offset against the investment income for that year. The annual portion of the balance to be offset shall be proportional to the reciprocal of the average remaining life of the bonds sold, unless such amounts are offset by gains on the future sales of these securities. The amount of this account shall be included in any accounting or actuarial computations or listing of assets. In any fiscal year in which the gains on the sales of debt securities exceed the discounts

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realized on the sales of such securities, the excess shall be used to reduce the balance of the account.

[1965 c 359 s 1; 1969 c 249 s 1; 1971 c 7 s 1-3; 1971 c 197 s 4; 1971 c 281 s 1,2; 1975 c 192 s 1,2; 1978 c 563 s 6-8]

NOTE: Subdivision 2 was also amended by Laws 1978, Chapter 538, Section 6 to read as follows:

"Subd. 2. (1) State employees retirement fund.

(2) Public employees retirement fund.

(3) Teachers retirement fund.

(4) Highway patrolmen's retirement fund.

(5) Minneapolis teachers retirement fund association.

(6) St. Paul teachers retirement fund association.

(7) Duluth teachers retirement fund association.

(8) Municipal employees retirement board of Minneapolis.

(9) University of Minnesota police retirement plan.

(10) University of Minnesota faculty retirement plan."

356.21 [Repealed, 1975 c 192 s 7]

356.211 [Repealed, 1975 c 192 s 7]

356.212 [Repealed, 1975 c 192 s 7]

356.215 ACTUARIAL VALUATIONS AND EXPERIENCE STUDIES. Subdivision 1. **Definitions.** For the purposes of sections 356.20 to 356.23 the terms hereinafter defined have the meanings given:

(1) "Actuarial valuation" means a calculation to determine the normal cost and accrued liabilities of a benefit plan, according to a stated actuarial cost method and based upon stated assumptions as to rates of interest, mortality, salary increase rates, disability, withdrawal, and retirement. Such valuation also includes a determination of the payment necessary to amortize over a stated period any unfunded accrued liability disclosed as a result of the actuarial valuation and resulting actuarial balance sheet of the benefit plan, and a determination of the payment necessary to prevent any increase in any such unfunded accrued liability.

(2) "Experience study" means a report which furnishes experience data and actuarial analysis which substantiate the actuarial assumptions on which valuations are based.

Subd. 2. **Requirements.** It is necessary and appropriate to determine annually the financial status of tax supported retirement and pension plans for public employees. In order to achieve this goal, the governing or managing board or administrative officials of the public pension and retirement funds enumerated in section 356.20, subdivision 2, shall cause to be made annual actuarial valuations and quadrennial experience studies of their respective funds as herein provided. This requirement shall also apply to any fund which may be a successor to any organization enumerated in section 356.20, subdivision 2, or to any newly formed retirement fund or association operating under the control or supervision of any public employee group, governmental

unit, or institution receiving a portion of its support through legislative appropriations, and any local police or fire fund coming within the provisions of section 356.216.

Subd. 3. Reports. The actuarial valuations required annually shall be made as of the beginning of each fiscal year. Two copies of each valuation shall be delivered to the chief clerk of the house of representatives and two copies thereof to the secretary of the senate, not later than five months after the beginning of each fiscal year. An additional two copies of each valuation shall likewise be delivered to any committee or commission of the legislature in existence at the time the report is made and which committee or commission has assigned to it the subject of public pensions or public retirement plans. Each fourth year, an experience study in duplicate covering four fiscal years shall likewise be filed with each of the enumerated officers and committees or commissions. The experience study shall be filed within five months after the close of the period which such experience study covers. The first quadrennial experience study required of each pension fund by this section shall accompany the annual valuation which is prepared as of the end of the first fiscal year which ends after June 1, 1975.

Subd. 4. Actuarial valuations; contents. Actuarial valuations shall be made in conformity with the requirements of the definition contained in subdivision 1. Each actuarial valuation shall measure all aspects of the fund in accordance with such 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 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 annuity rates which may apply.

(4) An interest assumption of five percent and an assumption that in each future year the salary 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, average entry age and average retirement age that are appropriate to the fund, which shall be 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

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

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(7) In addition to the level normal cost, such additional rate of support as is required to amortize any deficit in the fund by the end of the fiscal year occurring in 1997.

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

(9) 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;

(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) 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 (a) Active members Number Payroll As of last valuation date New entrants Total Separations from active service Refund of contributions Separation with deferred annuity Separation with neither refundment nor deferred annuity Disability Death Retirement with service annuity Total separations As of current valuation date Annual Annuity (b) Annuitants Number Benefit As of last valuation date New entrants Total Terminations Deaths Other Total terminations As of current valuation date~~

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

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

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

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

Subd. 5. **Experience study; contents.** Each experience study shall contain the analysis required by subdivision 1, clause (2).

In addition, each experience study shall contain:

- (1) A statement of the average entry ages at which employment commences;
 - (a) For all those currently active members at the date of the experience study.
 - (b) Separately as to new entrants for each of the last five fiscal years.

(2) A statement of the average ages at which service retirements have taken place;

(a) For all service retirement annuitants living at the date of the experience study.

- (b) Separately as to new retirements for each of the last five fiscal years.

Subd. 6. **Approved actuaries.** Each actuarial valuation or experience study shall be made by an approved actuary. An approved actuary is an actuary with not less than 15 years of service to major public employee pension or retirement funds, or who

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is a fellow in the society of actuaries, or any firm retaining such an actuary on its staff. Each valuation or experience study shall state that it has been completed in accordance with the provisions of sections 356.20 to 356.23.

[1975 c 192 s 3; 1978 c 563 s 9,10]

356.216 CONTENTS OF ACTUARIAL VALUATIONS AND EXPERIENCE STUDIES FOR LOCAL POLICE AND FIRE FUNDS. The provisions of section 356.215, governing the contents of actuarial valuations and experience studies shall apply to any local police or fire pension fund or relief association required to make an actuarial report under this section except as follows:

(1) in calculating normal cost and other requirements expressed as a level percentage of covered payroll, the salaries used in computing covered payroll shall be the maximum rate of salary from which retirement and survivorship credits and amounts of benefits are determined and from which member contributions are calculated and deducted;

(2) unless a special law or general statute requires the amortization of any deficit in the fund, in lieu of the amortization requirement calculated pursuant to section 356.215, subdivision 4, clause (7), an additional rate of support required to pay interest at a rate of five percent on the amount of the deficit with payment as of the beginning and as of the end of the year shall be calculated;

(3) in addition to the tabulation of active members and annuitants provided for in section 356.215, subdivision 4, clause (10), the member contributions for active members for the calendar year and the prospective annual retirement annuities under the benefit plan for active members shall be reported;

(4) actuarial valuations required under section 69.773, subdivision 2 shall be made at least every four years and actuarial valuations required under section 69.77 shall be made at least every two years; and

(5) experience studies shall be made as of December 31, 1978 and as of December 31 of every fourth year thereafter.

[1978 c 563 s 11]

356.22 INTERPRETATION. Subdivision 1. No provision in sections 356.20 to 356.23 shall be construed to in any way limit any of the enumerated pension and retirement funds from furnishing additional actuarial valuations or experience studies, or data and calculations, as may be requested by the legislature or any committee or commission thereof now in existence or hereafter created, which committee or commission has assigned to it the subject of public pensions or public retirement plans.

Subd. 2. No provision in sections 356.20 to 356.23 shall be construed to preclude any public pension and retirement fund herein enumerated from requesting, or the legislature from providing for, the amortization of any deficit in a shorter time than the limit herein set forth (by the end of the fiscal year occurring in 1997).

Subd. 3. The legislature or any committee or commission thereof now in existence or hereafter created which has assigned to it the subject of public pensions or public retirement plans may require actuarial valuations and experience studies in conformity with the provisions of sections 356.20 to 356.23 from any public pension and retirement fund, whether enumerated in sections 356.20 to 356.23 or otherwise.

[1965 c 359 s 3; 1975 c 192 s 4,5]

356.23 OPTIONAL BASIS OR ASSUMPTIONS; SPECIFICATION. In addition to the financial reports and actuarial valuations required by sections 356.20 to 356.23, the governing or managing board of the funds concerned may submit reports and valuations for distribution to the legislature or any of its commissions or committees on a different basis or on different assumptions that are specified in sections 356.20 to 356.23; provided the assumptions and basis of such reports and valuations are clearly set forth therein.

[1965 c 359 s 4; 1971 c 7 s 7; 1975 c 192 s 6]

356.24 SUPPLEMENTAL PENSION OR DEFERRED COMPENSATION PLANS, RESTRICTIONS UPON GOVERNMENT UNITS. Upon passage of this section, it shall be unlawful for a school district or other governmental subdivision or state agency to levy taxes for, or contribute public funds to a supplemental pension or deferred compensation plan which is maintained and operated in addition to a primary pension pro-

gram for the benefit of the governmental subdivision employees. This section shall not apply to supplemental pension plans which are maintained and operated prior to passage of this section, except that, any changes in benefits or employer contributions after the passage of this section shall be made pursuant to legislative authorization. This section does not apply to plans that provide only for group health, hospital, disability, or death benefits.

[1971 c 222 s 1]

356.25 CITY PENSION FUND PROHIBITIONS; EXCLUSIONS. Notwithstanding any other provision of law or charter, no city shall, after August 1, 1975, establish for any of its employees any local pension plan paid for in whole or in part from public funds, other than a volunteer firefighter's relief association governed by sections 69.771 to 69.776.

[1975 c 405 s 1; 1977 c 429 s 63]

356.30 COMBINED SERVICE ANNUITY. Subdivision 1. **Eligibility; computation of annuity.** Notwithstanding any provisions to the contrary of the laws governing the funds enumerated in subdivision 3, a person who has allowable service totaling ten or more years in any two or more of such funds and has at least six months of allowable service with the last such fund earned during his last period of employment and has not begun to receive an annuity from any such funds, may, upon retirement, in lieu of any augmentation of deferred annuities provided by the laws of such funds, elect to receive a retirement annuity from each fund in which he has allowable service, based upon the allowable service in each fund, except that: (a) the laws governing annuities shall be the law in effect on the date of his final termination from the last public service under a covered fund; (b) the "average salary" on which the annuity from each covered fund in which the employee has credit in a formula plan shall be based on the employee's highest five successive years of covered salary during his entire service in covered funds; (c) the formula percentages to be used by each fund shall be those percentages prescribed by each fund's formula as continued for the respective years of allowable service from one fund to the next, recognizing all previous allowable service with the other covered funds; and (d) allowable service in all the funds shall be combined in determining eligibility for and the application of each fund's provisions in respect to actuarial reduction in the benefit amount for retirement prior to normal retirement. The benefit amount payable for any allowable service under a nonformula plan of a covered fund shall not be affected but such service and covered salary shall be used in the above calculation. This section shall not apply to any person whose final termination from the last public service under a covered fund is prior to May 1, 1975. For the purpose of computing benefits under this section the formula percentages used by any covered fund shall in no event exceed two and one-half percent per year of service for any year of service or fraction thereof.

Any period of time for which a person has credit in more than one of the covered funds shall be used only once for the purpose of determining total allowable service. Such period shall be used in the computation of the benefit by the fund having primary and principal coverage prior to and following the period. However, if such dual coverage is the result of two part time employments each fund shall apply a pro rata fraction of its formula.

Subd. 2. Repayment of refunds. Any person who is employed in a position covered by one of the funds enumerated in subdivision 3 who has received a refund from any other of such funds may repay such refund to the respective fund under such terms and conditions as are consistent with the laws governing such other fund, except that he need not be a currently contributing member of the fund to which the refund is repaid at the time the repayment is made.

Subd. 3. Covered funds. The provisions of this section shall apply to the following retirement funds:

- (1) state employees retirement fund established pursuant to chapter 352;
- (2) correctional employees retirement program, established pursuant to chapter 352;
- (3) unclassified employees retirement plan, established pursuant to chapter 352D;
- (4) highway patrolmen's retirement fund, established pursuant to chapter 352B;

- (5) legislators' retirement plan, established pursuant to chapter 3A;
 - (6) elective state officers' retirement plan, established pursuant to chapter 352C;
 - (7) public employees retirement association, established pursuant to chapter 353;
 - (8) public employees police and fire fund, established pursuant to chapter 353;
 - (9) teachers retirement fund, established pursuant to chapter 354;
 - (10) Minneapolis municipal employees retirement fund, established pursuant to chapter 422A;
 - (11) Minneapolis teachers retirement fund association, established pursuant to chapter 354A;
 - (12) St. Paul teachers retirement fund association, established pursuant to chapter 354A;
 - (13) Duluth teachers retirement fund association, established pursuant to chapter 354A.
- [1975 c 232 s 1]

356.31 RESTORATION OF SURVIVOR BENEFITS. Subdivision 1. **Restoration upon termination of remarriage.** Notwithstanding any provision to the contrary of the laws governing any of the retirement funds enumerated in subdivision 2, any person who was receiving a surviving spouse's benefit from any of such funds and whose benefit terminated solely because of remarriage shall, if the remarriage terminates for any reason, again be entitled upon reapplication to a surviving spouse's benefit; provided, however, that such person shall not be entitled to retroactive payments for the period of remarriage. The benefit shall resume at the level which such person would have been receiving if there had been no remarriage. This section shall apply prospectively to any person who first becomes entitled to receive a surviving spouse's benefit on or after May 18, 1975, and shall also apply retroactively to any person who first became entitled to receive a surviving spouse's benefit before May 18, 1975; provided, however, that no such person shall be entitled to retroactive payments for any period of time prior to May 18, 1975.

Subd. 2. **Covered funds.** The provisions of this section shall apply to the following retirement funds:

- (1) Public employees retirement fund, established pursuant to chapter 353;
 - (2) Public employees police and fire fund, established pursuant to chapter 353;
 - (3) Highway patrolmen's retirement fund, established pursuant to chapter 352B;
 - (4) Legislators' retirement plan, established pursuant to chapter 3A;
 - (5) Elective state officers retirement plan, established pursuant to chapter 352C;
 - (6) Teachers retirement fund, established pursuant to chapter 354;
 - (7) Minneapolis municipal employees retirement fund, established pursuant to chapter 422A.
- [1975 c 183 s 1]

356.32 PROPORTIONATE ANNUITY IN CERTAIN CASES. Subdivision 1. **Proportionate retirement annuity.** Notwithstanding any provision to the contrary of the laws governing any of the retirement funds referred to in subdivision 2, any person who is employed in a position covered by any such fund, who has credit for at least three years but less than ten years of allowable service in such fund or a combination of such funds, and who is required to terminate service pursuant to a mandatory retirement statute, or who terminates service at age 65 or older for any reason shall be entitled upon application to a proportionate retirement annuity from each such fund in which he has allowable service credit, based upon his allowable service credit at the time of mandatory retirement; provided, however, that nothing in this section shall prevent the actuarial reduction of an annuity for which application is made prior to normal retirement age.

Subd. 2. **Covered funds.** The provisions of this section shall apply to the following retirement funds:

- (1) State employees retirement fund, established pursuant to chapter 352;
- (2) Correctional employees retirement program, established pursuant to chapter 352;

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- (3) Highway patrolmen's retirement fund, established pursuant to chapter 352B;
- (4) Public employees retirement fund, established pursuant to chapter 353;
- (5) Public employees police and fire fund, established pursuant to chapter 353;
- (6) Teachers retirement fund, established pursuant to chapter 354;
- (7) Minneapolis municipal employees retirement fund, established pursuant to chapter 422A.

[1975 c 183 s 2; 1976 c 130 s 1; 1978 c 649 s 3; 1978 c 796 s 44]

356.325 HENNEPIN COUNTY; CERTAIN EMPLOYEES; PROPORTIONATE ANNUITIES. Employees and former employees of Hennepin county who were members of the public employees retirement association on May 1, 1975 and have at least three years but less than ten years of allowable service in such fund, or a combination of such fund and funds listed in Minnesota Statutes, 1975 Supplement, Section 356.32, Subdivision 2, shall be entitled to proportionate annuities under Minnesota Statutes, 1975 Supplement, Section 356.32, even if they are over 65 years of age. With respect to such persons who are over 65 years of age and whose public service terminated between May 1, 1975 and April 21, 1976, proportionate annuity payments may be made retroactive to January 1, 1976 or the date of termination of public service, whichever is later.

[1976 c 329 s 35]

356.34 [Repealed, 1978 c 781 s 13]

356.35 DEFINITIONS. Subdivision 1. Unless the language or context clearly indicates that a different meaning is intended, the following terms, for the purpose of Laws 1976, Chapter 326, shall have the meanings subjoined to them.

Subd. 2. "Determinant date" means June 1, 1973, with respect to the highway patrolmen's retirement fund; June 27, 1973, with respect to permanent disability benefits, retirement annuities, and retirement allowance options II, III and IV paid to surviving spouses pursuant to Minnesota Statutes 1971, Section 422.08 provided by the Minneapolis municipal employees retirement fund; April 25, 1959, with respect to survivor benefits paid to surviving spouses of contributing members provided by the Minneapolis municipal employees retirement fund; January 1, 1970, with respect to the St. Paul teachers retirement fund; July 1, 1971, with respect to the Duluth teachers retirement fund; and July 1, 1973, with respect to all other covered retirement funds.

Subd. 3. "Plan participant" means the person receiving the permanent disability benefit or retirement annuity with respect to disabilitants and retired members of a covered fund; and the deceased member or deceased retired member on behalf of whom the survivor benefit or annuity is being paid with respect to surviving beneficiaries of a covered fund.

Subd. 4. "Years of retirement" means the number of years which have elapsed between:

(1) June 30 of the calendar year in which the earliest applicable event among the following occurred;

- (a) the commencement of the plan participant's permanent disability benefit,
 - (b) the commencement of the plan participant's retirement annuity, or
 - (c) the death of the plan participant, and
- (2) July 1, 1976.

Subd. 5. "Covered retirement fund" means:

- (1) the highway patrolmen's retirement fund;
- (2) the public employees police and fire fund;
- (3) the public employees retirement fund;
- (4) the state employees retirement fund;
- (5) the teachers retirement fund;
- (6) the Minneapolis municipal employees retirement fund;
- (7) the legislators' retirement plan;
- (8) the St. Paul teachers retirement fund; or

(9) the Duluth teachers retirement fund.

[1976 c 326 s 1]

356.36 PERMANENT DISABILITY BENEFITS AND RETIREMENT ANNUITIES; INCREASE; EXCEPTIONS. Subdivision 1. Except as provided in section 356.38, any plan participant who began receiving a permanent disability benefit or a retirement annuity prior to the determinant date and is receiving a permanent disability benefit or a retirement annuity based on laws in effect prior to such date from a covered retirement fund or any combination of such funds shall receive, beginning with the first monthly benefit or annuity accruing after June 30, 1976, an increase in the benefit or annuity from each such fund as provided in subdivisions 2 and 3. Provided however, that no plan participant who is receiving a permanent disability benefit or a retirement annuity from the Minneapolis municipal employees retirement fund in excess of \$300 per month shall be entitled to an increase in such benefit or annuity pursuant to Laws 1976, Chapter 326. Provided further, that no plan participant who is less than 70 years of age and is receiving a permanent disability benefit or a retirement annuity from the St. Paul teachers retirement fund shall be entitled to an increase in the benefit or annuity pursuant to Laws 1976, Chapter 326 until the plan participant attains the age of 70 years.

Subd. 2. In the case of permanent disability benefits and retirement annuities computed under the provisions of a "basic" retirement program, there shall be:

(1) a \$4.50 increase in annual payments for each full year of allowable service earned by the plan participant in the respective covered retirement fund; and

(2) a \$9 increase in annual payments for each year of retirement.

Subd. 3. In the case of permanent disability benefits and retirement annuities computed under the provisions of a "coordinated" retirement program, there shall be:

(1) a \$1.20 increase in annual payments for each full year of allowable service earned by the plan participant in the respective retirement fund; and

(2) a \$2.40 increase in annual payments for each year of retirement.

Subd. 4. In the case of a retirement annuity which is increased pursuant to this section and which may become payable to a surviving beneficiary after the death of the plan participant, the survivor annuity ultimately payable in such event shall include only one-half the increase paid to the plan participant pursuant to this section.

[1976 c 326 s 2]

356.37 SURVIVOR BENEFITS; INCREASE; EXCEPTIONS. Subdivision 1. Except as provided in section 356.38, any person who is receiving a survivor benefit or survivor annuity based on laws in effect prior to the determinant date and is the surviving spouse of a plan participant who died or retired prior to such date; and any person who is receiving a survivor annuity based on laws in effect prior to the determinant date and is the named beneficiary of a plan participant who died or retired prior to such date; and any person who is receiving any combination of such benefits and annuities from a covered retirement fund or any combination of such funds shall receive, beginning with the first monthly benefit or annuity accruing after June 30, 1976, an increase in each such benefit or annuity as provided in subdivisions 2 and 3. Provided however, that no surviving spouse who is receiving an option II, III or IV survivor retirement allowance pursuant to Minnesota Statutes 1971, Section 422.08 provided by the Minneapolis municipal employees retirement fund shall be entitled to an increase in such annuity pursuant to Laws 1976, Chapter 326 if the retirement annuity which was paid or payable to the plan participant was in excess of \$300 per month.

Subd. 2. In the case of survivor benefits and annuities computed under the provisions of a "basic" retirement program, there shall be:

(1) a \$2.25 increase in annual payments for each full year of allowable service earned by the plan participant in the respective covered retirement fund; and

(2) a \$4.50 increase in annual payments for each year of retirement.

Subd. 3. In the case of survivor benefits and annuities computed under the provisions of a "coordinated" retirement program, there shall be:

(1) a \$.60 increase in annual payments for each full year of allowable service earned by the plan participant in the respective retirement fund; and

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(2) a \$1.20 increase in annual payments for each year of retirement.

[1976 c 326 s 3]

356.38 MULTIPLE BENEFITS AND ANNUITIES; LIMITATION ON INCREASES. Any person who is receiving more than one benefit or annuity to which the increases in sections 356.36 and 356.37 apply shall not receive an increase based on years of retirement for each benefit or annuity but shall receive the increase based on years of retirement only for the benefit or annuity which will result in the largest such increase.

[1976 c 326 s 4]

356.39 TRANSFER OF RESERVES; ORIGINALLY DETERMINED BENEFITS.

In the case of annuities or benefits for which the required reserves have been transferred to the Minnesota adjustable fixed benefit fund, each retirement fund shall transfer to the Minnesota adjustable fixed benefit fund the additional required reserves for the increases provided by Laws 1976, Chapter 326, no later than October 15, 1976, and the moneys necessary for such transfer are hereby appropriated from each such retirement fund to the Minnesota adjustable fixed benefit fund. The increased benefit amounts shall thereafter be considered the "originally determined benefits" for the purpose of further adjustments pursuant to section 11.25.

[1976 c 326 s 6]

356.40 DATE FOR PAYMENT OF ANNUITIES AND BENEFITS.

Notwithstanding any law to the contrary, all annuities and benefits payable on and after December 1, 1977 by a covered retirement fund, as defined in section 356.30, subdivision 3, shall be paid in advance for each month during the first week of that month. Bylaws of municipal retirement funds shall be amended accordingly. In no event, however, shall this section authorize more than one payment in any one month where the law governing the applicable retirement fund as of June 30, 1977 already provides for the full payment or accrual of annuities and benefits in advance for each month or as of the first day of the month, nor shall it authorize the payment of both a retirement annuity and a surviving spouse's benefit in one month where the law governing the applicable retirement fund provides for the payment of the retired member's retirement annuity to the surviving spouse for the month in which the retired member dies.

[1977 c 388 s 3]

356.41 BENEFIT ADJUSTMENTS.

Disability benefits and survivor benefits payable to a disabled or a survivor now or hereafter receiving benefits from any public pension fund which participates in the Minnesota adjustable fixed benefit fund shall be adjusted in the same manner, at the same times and in the same amounts as are benefits payable from the Minnesota adjustable fixed benefit fund to retirees of that public pension fund. No recipient shall, however, be entitled to more than one adjustment at one time by reason of this section.

[1978 c 665 s 1]

356.45 MEMBERSHIP OF CERTAIN PERSONS IN VARIOUS RETIREMENT FUNDS OR PLANS.

Subdivision 1. **Exclusion of certain employees in certain federal programs.** No person employed in subsidized on-the-job training, work experience or public service employment as an enrollee under the federal comprehensive employment and training act from and after March 30, 1978 shall be included as a member of a public retirement fund, unless the person is employed by an employer where public retirement coverage is to be provided by a covered fund enumerated in section 356.451, subdivision 2, and the city council of the city of Minneapolis specifies that the person is to be considered as a provisional member of the relief association pursuant to section 356.451, or unless the person has as of the later of March 30, 1978 or the date of employment sufficient service credit under the provisions of the plan to meet the minimum vesting requirements for a deferred retirement annuity, or the employer agrees in writing to make the total required employer contributions, including any employer additional contribution, on account of that person from revenue sources other than funds provided under the federal comprehensive training and employment act, or the person agrees in writing to make the required employer contributions in addition to any required employee contribution.

Subd. 2. **Covered funds.** The provisions of this section shall apply to the following retirement funds or plans:

- (1) metropolitan transit commission - transit operating division employees retirement plan;
 - (2) university of Minnesota faculty retirement plan;
 - (3) university of Minnesota faculty supplemental retirement plan;
 - (4) university of Minnesota police retirement plan;
 - (5) any municipal retirement fund or plan providing pension or retirement coverage for police officers or paid firefighters which was established and is governed in whole or in part by special legislation;
 - (6) any retirement fund or plan established, maintained, or supported by any governmental subdivision or public body whose revenues are derived from taxation, fees, assessments or from other public sources which provides pension or retirement coverage for public employees, other than police officers or paid firefighters, who are not covered by a retirement fund enumerated in section 356.30, subdivision 3; or
 - (7) any supplemental retirement plan established, maintained, or supported by any government subdivision or public body whose revenues are derived from taxation, fees, assessments or other public sources.
- [1978 c 720 s 10]

356.451 PROVISIONAL MEMBERSHIP FOR CERTAIN PERSONS IN VARIOUS RETIREMENT FUNDS OR PLANS. Subdivision 1. **Reserve account for provisional members; authorization.** Notwithstanding any provisions to the contrary of the laws governing the funds enumerated in subdivision 2, any person who is employed in subsidized on-the-job training, work experience or public service employment as an enrollee under the federal comprehensive employment and training act, who does not have as of the later of March 30, 1978 or the date of employment sufficient service credit in the retirement fund to meet the minimum vesting requirements for a deferred annuity, who otherwise meets all of the applicable eligibility requirements of the fund and who is designated as such by the city council of the city of Minneapolis or the board of education of special school district number 1, whichever is applicable, shall be considered a provisional member of the fund. There shall be established a subsidiary reserve account for provisional members which shall be managed by the board of trustees of the fund as a separate account and which shall not be considered as an asset or a liability of the fund. To this account shall be credited all employee and required employer contributions made by or on account of provisional members. A separate record for each provisional member shall be maintained showing the length of service completed, the accrued employee and required employer contributions made by or on account of each provisional member, and the actual rate of interest earned on the assets of the account. The assets of the separate account shall be invested in the same manner as and subject to the same limitations which are applicable to the general assets of the retirement fund. The board of trustees shall remit back to the prime sponsor of the federal comprehensive employment and training act program periodically as required by the applicable federal regulation an amount equal to the total required employer contributions made on account of provisional members who terminate or who are terminated from subsidized on-the-job training, work experience or public service employment without obtaining unsubsidized employment with an employer who employs members who regularly have retirement coverage provided by that retirement fund or by a retirement fund enumerated in section 356.30, subdivision 3, or without obtaining sufficient service credit to become entitled to a deferred retirement annuity had they been regular members of that retirement fund during the period of their provisional membership, plus interest at the rate or rates actually earned and in addition any amounts which exceed the funds required to cover current provisional members as projected by the board of trustees. Any provisional member who terminates or is terminated from subsidized on-the-job training, work experience or public service employment without obtaining unsubsidized employment with an employer who employs members who regularly have retirement coverage provided by that retirement fund or by a retirement fund enumerated in section 356.30, subdivision 3, or without obtaining sufficient service to become entitled to a deferred retirement annuity had he been a regular member of the retirement fund during the period of his provisional membership shall be entitled upon making valid written application to a refund of all employee contributions credited to the member in the subsidiary reserve account for provisional members, plus interest at the average actual rate of interest earned on the assets of the account, but not to exceed the rate of three and one-half

percent per annum compounded annually from the date of commencement of provisional membership, computed to the first day of the month in which the refund is processed, and based on fiscal year balances. If the provisional member obtains unsubsidized employment with an employer who employs members who regularly have retirement coverage provided by that retirement fund or by a retirement fund enumerated in section 356.30, subdivision 3, or obtains sufficient service to become entitled to a deferred retirement annuity had the period of provisional membership been as a regular member, the board of trustees shall transfer the total employee and required employer contributions and any interest attributable to those contributions to the regular retirement fund and shall credit the period of service as a provisional member as allowable or formula service. Unless the provisional member becomes a regular member of the same retirement fund or a retirement fund enumerated in section 356.30, subdivision 3, within the time period allowed under the applicable federal regulations following the person's termination of provisional status, no period of provisional membership shall be considered allowable service for purposes of the combined service annuity pursuant to section 356.30 or any service in more than one retirement fund provision. For any former provisional member who becomes a regular member of a retirement fund enumerated in section 356.30, subdivision 3, the board of trustees shall require written certification of the fact of unsubsidized employment from the subsequent employer and of the fact of regular fund membership from the subsequent retirement fund. If any provisional member obtains service in an amount sufficient to entitle the provisional member to a disability benefit or the provisional member's survivor to a survivor's benefit had the provisional member been a regular member for that period of service, then the provisional member or the provisional member's survivor shall be entitled to a benefit when otherwise qualified notwithstanding the fact that the person was a provisional member. Upon the commencement of such benefit, an amount equal to the contributions and interest credited to the provisional member shall be transferred from the reserve account for provisional members to the regular fund. In any actuarial valuation made by the fund pursuant to this chapter, the results of the subsidiary reserve account for provisional members shall be contained in a separate calculation or tabulation. The separate calculation or tabulation shall use the actuarial assumptions used by the fund which are appropriate to the experience of the subsidiary reserve account for provisional members, and shall include the items contained in section 356.215, subdivision 4, clauses (1), (2), (6)(a), and (11).

Subd. 2. **Covered funds.** Subdivision 1 applies to the following funds:

- (1) Minneapolis municipal employees retirement fund established pursuant to chapter 422A;
- (2) Minneapolis firefighters relief association established pursuant to chapter 69;
- (3) Minneapolis police relief association established pursuant to Laws 1949, Chapter 406, as amended;
- (4) Any plan covering employees of the housing and redevelopment agency of the city of Minneapolis as established by law, ordinance, or otherwise;
- (5) Minneapolis teachers retirement fund association established pursuant to chapter 354A.

[1978 c 720 s 11]

356.452 REFUND. Any person who is a member of any public pension plan or fund to which the provisions of Laws 1978, Chapter 720 apply on March 30, 1978 and who is excluded from that membership pursuant to Laws 1978, Chapter 720 shall be entitled, upon making a valid application, to a refund of the accumulated employee or member contributions to the person's credit for the period of employment in subsidized on-the-job training, work experience or public service employment as an enrollee under the federal comprehensive employment and training act plus interest at the rate of three and one-half percent per annum compounded annually from the date of commencement of coverage by the pension plan or fund, computed to the first day of the month in which the refund is processed, and based on the fiscal year balances. The refund shall be made without any requirement that the person terminate service prior to becoming eligible to receive the refund and shall be made without any minimum waiting period provided for in the provisions of the plan. Notwithstanding any law to the contrary, a refund taken under this section may be repaid to the fund from which it was taken at the fund's applicable rate of interest after attaining unsubsidized public employment with public pension plan or fund coverage and while so em-

ployed prior to retirement whether with the same public employer which provided the subsidized employment or another public employer.

[1978 c 720 s 20]

356.453 PURCHASE OF PRIOR SERVICE. Any person who is excluded from pension coverage pursuant to the provisions of Laws 1978, Chapter 720, but who subsequently becomes employed in unsubsidized public employment with public pension plan or fund coverage, whether with the same public employer which provided the subsidized employment or another public employer, shall be entitled to purchase service credit for that period of prior subsidized public employment, other than a period of prior subsidized public employment for which a repayment of a refund pursuant to section 356.452 is made, with the public pension plan or fund which, except for the exclusion provided for by Laws 1978, Chapter 720, would have provided pension coverage for the subsidized employment. Payment shall include all employee and employer contributions at the rates and on the salary in effect when the subsidized employment was rendered plus interest at the rate of six percent per annum compounded annually from the year purchased to the date payment is made; provided, however, that the employer for the unsubsidized employment, the employer for the subsidized employment, or the applicable federal comprehensive employment and training act prime sponsor from funds provided under the federal comprehensive employment and training act, as funds permit, may pay the employer contribution and the employer additional contribution, if any, plus interest at the specified rate. The public employer which provided the subsidized employment shall provide whatever documentation of periods of subsidized public employment and the salary received that the pension plan or fund shall require. Payment shall be made in one lump sum by the date of retirement and no service credit with respect to the payment shall be granted until payment is received by the pension plan or fund.

[1978 c 720 s 21]

356.454 INTENT AND INTERPRETATION OF EXCLUSION. The exclusion from pension or retirement fund coverage provided for by Laws 1978, Chapter 720 is intended to comply with the minimum requirements of the amended federal regulations governing the comprehensive employment and training act of 1973, as amended by the emergency jobs program extension act of 1976, Title 29, Code of Federal Regulations, Section 98.25, effective June 13, 1977 for authorized expenditures after October 1, 1977. Any administrative or judicial interpretation of the exclusion provided for by Laws 1978, Chapter 720 shall limit the extension of this exclusion to the minimum requirements of the amended federal regulation.

[1978 c 720 s 22]

356.60 LIMITATION OF PUBLIC RETIREMENT ANNUITIES. Subdivision 1. **Definitions.** For purposes of this section, unless the context clearly indicates otherwise, the following terms shall have the meanings given to them:

(a) "Public pension plan" is any Minnesota public pension plan or fund, including any plan or fund enumerated in sections 356.21, subdivision 2, or 356.30, subdivision 3, any local police or firefighter's relief association to which section 69.77 applies, or any retirement or pension plan or fund, including a supplemental retirement plan or fund, established, maintained or supported by any governmental subdivision or public body whose revenues are derived from taxation, fees, assessments or from other public sources, which provides pension or retirement coverage for public employees other than volunteer firefighters.

(b) "Year of covered service" is a year of covered, credited or allowable service as defined by a public pension plan which provides formula pension or retirement benefits, or a period of 12 consecutive months of service commencing with the date or anniversary date of membership with a public pension plan or program which does not provide formula or other defined benefits and for which contributions on behalf of the covered employee or member have been made.

Subd. 2. **Service maximum.** Notwithstanding any provisions to the contrary of the laws, bylaws, articles of incorporation, retirement and disability allowance plan agreements or retirement plan contracts, no person who has pension or retirement coverage by a public pension plan shall, except as provided in subdivision 3, be entitled to accrue additional pension or retirement credit, receive credit for additional pension or retirement contributions in a nonformula public pension plan, repay additional

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refunds, or purchase additional prior service credit in excess of a cumulative total of 40 years of covered service.

If a person has service in more than one public pension plan, all years or portions of years of covered service shall be included in computing the cumulative maximum of 40 years of covered service. For any period of time during which a person simultaneously has a year or a fraction of a year of covered service in more than one public pension plan, the years of covered service in each applicable public pension plan shall be included in computing the cumulative maximum of 40 years of covered service unless the simultaneous covered service is the result of two part time employments, in which case each applicable public pension plan shall split each year of covered service on a pro rata basis. If the simultaneous covered service is the result of primary and principal pension plan coverage and supplemental pension plan coverage based on the same employment and contributed to by the same public employer, then a year of service credited in each shall be considered together as a single year of covered service in computing the cumulative maximum.

Subd. 3. Exception to maximum. For any person who, as of April 6, 1978, has covered service in a public pension plan in excess of a cumulative total of 40 years, the provisions of subdivision 2 shall apply to any additional years of covered service occurring after April 6, 1978.

[1978 c 781 s 9]