

Sec. 3. This act is effective the day following its final enactment.

Approved April 9, 1976.

CHAPTER 238—H.F.No.2230

[Coded in Part]

An act relating to retirement; approval of benefits and contributions of teachers' retirement associations in cities of the first class; benefits and contributions in the city of Minneapolis; amending Minnesota Statutes 1974, Chapter 355, by adding sections; Minnesota Statutes, 1975 Supplement, Section 354A.12.

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

Section 1. Minnesota Statutes, 1975 Supplement, Section 354A.12, is amended to read:

354A.12 TEACHERS RETIREMENT; BENEFITS AND CONTRIBUTIONS; STATE PAYMENTS TO RETIREMENT FUND ASSOCIATIONS IN CITIES OF THE FIRST CLASS. Notwithstanding any law to the contrary, for taxes levied in 1975 payable in 1976 and thereafter, levies for teachers retirement fund associations in cities of the first class, including levies for any employer social security taxes for teachers covered by a fully or partially coordinated teachers retirement social security fund, are disallowed and the state shall assume the total employer obligation. Effective July 1, 1975 the state shall pay to said retirement fund association an employer contribution equal to the amount, expressed as a percentage of payroll, that the state of Minnesota is required to pay for all contributing members of the state teachers retirement association including social security taxes, in accordance with the provisions of Minnesota Statutes 1974, Section 354A.07, Subdivisions 3, 3a and 4, except that:

(1) employer contributions which are paid to the retirement fund associations pursuant to this section shall be appropriated and remitted directly to said retirement fund associations each month in accordance with the procedures described in section 354.43, subdivisions 1, 2, and 5; and

(2) with respect to any city of the first class having a fully or partially coordinated teachers retirement fund association, employer social security taxes on salaries paid after June 30, 1975 shall be paid by the state in accordance with the provisions of section 355.46, subdivision 3, clause (b), and employer contributions to said retirement fund association shall be reduced by the amount of such taxes. Effective March 1, 1976, the contribution required to be paid by each coordinated member of a teachers retirement fund association in a city of the first class which does have a fully or partially coordinated teachers retirement

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social security fund shall not be less than four percent of total salary, and the contribution required to be paid by each basic member of a teachers retirement fund association in a city of the first class which does not have a fully coordinated teachers retirement social security fund shall not be less than eight percent of total salary. ~~Provided, however, that the changes in the employee contribution to the teachers retirement fund are contingent upon a determination of benefit adjustment by the legislature before March 1, 1976, as provided in this section. After April 1, 1976, no teachers retirement fund association in a city of the first class shall enact any amendment to the bylaws or articles of incorporation; provided, however, that benefits for a teachers retirement fund association in a city of the first class may be increased by special law or general statute. No change in bylaws or articles of incorporation affecting benefits, contributions or actuarial assumptions shall be made without approval by the legislature. Notwithstanding any provision of the articles or bylaws, amendments may be made at the annual meeting called for such purpose, without further local approval.~~

Sec. 2. Minnesota Statutes 1974, Chapter 355, is amended by adding a section to read:

[355.28] DEFINITIONS. Subdivision 1. For the purposes of sections 2 to 10 of this act the terms defined in this section shall have the meanings ascribed to them.

Subd. 2. "Enabling act" means sections 355.01 to 355.07.

Subd. 3. The terms "social security act", "state agency", "employment", "wages", "contribution fund", "Federal Insurance Contributions Act", and "political subdivision" mean as defined in the enabling act.

Subd. 4. "Teacher" means all employees of political subdivisions who hold positions covered by the Minneapolis teachers retirement fund association established under the provisions of chapter 354A.

Sec. 3. Minnesota Statutes 1974, Chapter 355, is amended by adding a section to read:

[355.281] REFERENDUM. Pursuant to the provisions of the enabling act the governor shall designate an agency or an individual to supervise a referendum to be held after May 1, 1977, in accordance with the provisions of section 218 (d) (6) (C) of the social security act, for teachers.

Sec. 4. Minnesota Statutes 1974, Chapter 355, is amended by adding a section to read:

[355.282] NOTICE OF REFERENDUM. The notice of referendum required by section 218 (d) of the social security act which is to be

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given to the teachers shall contain a statement in such form as the agency or individual designated to supervise the referendum shall deem necessary and sufficient to inform the teachers of the rights which accrue to them under the social security act. The statement shall also inform the teachers of the effect that coverage under the social security act will have on their public retirement program.

Sec. 5. Minnesota Statutes 1974, Chapter 355, is amended by adding a section to read:

[355.283] DIVISION OF MINNEAPOLIS TEACHERS RETIREMENT FUND ASSOCIATION. In accordance with section 218 (d) (6) (C) of the social security act, the state agency shall divide into two divisions or parts the Minneapolis teachers retirement fund association established under the provisions of Minnesota Statutes, Chapter 354A. One division or part of the retirement fund association shall be composed of positions of teachers who desire coverage under an agreement under section 218 (d) of the social security act. The other division or part of the retirement fund association shall be composed of positions of teachers who do not desire coverage under such an agreement. Each division or part shall be deemed to be a separate retirement system for the purposes of section 218 (d) of the social security act. There shall be included in the division or part composed of members desiring such coverage the positions of teachers who become members of the Minneapolis teachers retirement fund association after such coverage is extended; provided, a teacher whose service in a position covered by the retirement fund association commences after the date on which such social security coverage is extended shall be deemed to become a member of the retirement fund association upon the commencement of such service for purposes of this section, notwithstanding the date of any employment contract.

Sec. 6. Minnesota Statutes 1974, Chapter 355, is amended by adding a section to read:

[355.284] TRANSFER OF MEMBERS. In accordance with section 218 (d) (6) (F) of the social security act, and when the Minneapolis teachers retirement fund association is divided into two divisions or parts, the position of any member of the division or part composed of positions of teachers who do not desire coverage under an agreement under section 218 (d) of the social security act may be transferred to the separate retirement system composed of teachers who desire such coverage; and a modification of agreement between the state and the secretary of health, education, and welfare may so provide, but only if prior to such modification the individual occupying such position files with the state agency a written request for such transfer.

Sec. 7. Minnesota Statutes 1974, Chapter 355, is amended by adding a section to read:

[355.285] CERTIFICATION BY GOVERNOR. If the governor re-
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ceives satisfactory evidence that the conditions specified in section 218 (d) (7) of the social security act have been met with respect to the Minneapolis teachers retirement fund association, he shall so certify to the secretary of health, education, and welfare.

Sec. 8. Minnesota Statutes 1974, Chapter 355, is amended by adding a section to read:

[355.286] AGREEMENTS WITH FEDERAL AGENCY. Upon the governor's certification pursuant to section 7 of this act, the state agency, with the approval of the governor, shall be authorized after June 30, 1977, to enter into an agreement with the secretary of health, education, and welfare, or modify any such agreement previously made with respect to teachers. The agreement or modification shall contain such terms and provisions authorized by the social security act and the enabling act as the state agency finds proper.

Sec. 9. Minnesota Statutes 1974, Chapter 355, is amended by adding a section to read:

[355.287] EMPLOYER CONTRIBUTIONS. Contributions required under the agreement or modification entered into pursuant to section 8 of this act to be made by political subdivisions employing teachers, and payments required by Minnesota Statutes, Section 355.49, which shall apply to political subdivisions employing teachers, shall be paid by the state.

Sec. 10. Minnesota Statutes 1974, Chapter 355, is amended by adding a section to read:

[355.288] EMPLOYEE CONTRIBUTIONS; DEDUCTION FROM WAGES. After the date the agreement or modification is entered into pursuant to section 8 of this act, there shall be paid as a deduction from wages an employee contribution in an amount equal to the tax that would be imposed by the Federal Insurance Contribution Act if such service constituted employment within the meaning of that act. Contributions so made shall be paid into the contribution fund in partial discharge of the liability of the state and each political subdivision in respect thereto. Failure to deduct such contribution shall not relieve the employee or the state or the political subdivision of liability therefor.

Sec. 11. **[354A.13] GOVERNMENT OF RETIREMENT FUND ASSOCIATIONS IN CITIES OF THE FIRST CLASS.** All teachers retirement fund associations in cities of the first class shall be governed by the provisions of chapter 317, except that no association shall be required to amend its articles or bylaws to conform with section 317.08, subdivision 2, clause (3), and the definition contained in section 317.02, subdivision 5, shall have no application thereto. All corporate action of any such association heretofore taken shall be deemed valid if in conformity with either chapter 317, or Revised Laws 1905, Chapter 58, as

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amended, or both.

Sec. 12. MINNEAPOLIS TEACHERS RETIREMENT FUND ASSOCIATION; COORDINATED PROGRAM. Subdivision 1. There shall be established effective July 1, 1977, a coordinated retirement program within the Minneapolis teachers retirement fund association for teachers eligible for membership in such association who are covered by any agreement or modification made between the state and the secretary of health, education and welfare, making the provisions of the federal old age, survivors and disability insurance act applicable to such teachers. The coordinated retirement program shall provide for employee contributions, retirement annuities, disability benefits, optional survivor annuities, refunds of employee contributions and repayment thereof, age and service requirements, and purchase of credit for military service and sabbatical leave identical in effect to the corresponding provisions applicable to coordinated members of the statewide teachers retirement association contained in Minnesota Statutes, Sections 354.092; 354.35; 354.42, Subdivision 2; 354.44, Subdivisions 1, 4, 5, and 6; 354.45; 354.46, Subdivisions 2 and 3; 354.47, Subdivisions 1, Clause (2), and 2; 354.48; 354.49, Subdivisions 1, 2, 3, and 5; 354.50, Subdivisions 1 and 2; 354.53; and 354.60. Provisions in the articles of incorporation of the Minneapolis teachers retirement fund association pertaining to annual automatic annuity increases, eligibility for membership in the association, and administration of the association, including but not limited to investment of assets, shall apply to coordinated as well as basic members.

Subd. 2. The articles of incorporation of the Minneapolis teachers retirement fund association shall be amended as necessary to effect the changes described in subdivision 1, effective July 1, 1977. The adoption of such amendments is hereby approved in accordance with Minnesota Statutes, 1975 Supplement, Section 354A.12.

Sec. 13. MINNEAPOLIS TEACHERS' RETIREMENT FUND ASSOCIATION. Subdivision 1. The following amendments to the articles of incorporation of the Minneapolis Teachers' Retirement Fund Association are hereby approved in accordance with Minnesota Statutes, 1975 Supplement, Section 354A.12.

Subd. 2. Subsection (15) of Article IX providing for stock appreciation funded annuity increases may be repealed.

Subd. 3. Subsection (11) of Article IX may be amended by providing as an optional alternative to the 1953 Formula Annuity contained in paragraph (b) for all members who have retired or shall retire after May 1, 1974 and who are qualified under paragraph (a), a 1975 Revised Formula Annuity computed as in paragraph (b) except that the percentage used in the computation shall be two and one-fourth percent multiplied by not to exceed 30 years of service.

Subd. 4. Paragraph (D) of subsection (14) of Article IX may be
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amended to provide for annual automatic annuity increases of one and one-half percent for retired members 65 years of age or older who have been receiving an annuity for not less than 24 months, with the first of such increases to commence on July 1 of the year next following the year in which the retired member attains the age of 65 and 24 months as an annuitant.

Subd. 5. Subsection (10) of Article VII may be amended to delete the definition of "required deposit" and to substitute therefor a reference to subsection (3) of Article VIII.

Subd. 6. Subsection (3) of Article VIII shall be amended to increase the required deposit by teachers from six and one-half percent to eight and one-half percent effective July 1, 1976.

Subd. 7. Paragraph (c) of subsection (12) of Article IX may be amended to delete reference to the former six and one-half percent required deposit.

Subd. 8. Subsection (14) of Article IX may be amended by adding a new paragraph (E) providing monthly across the board annuity increases of ten percent of the annual annuity received as of July 1, 1974 to members who were retired and receiving an annuity prior to May 1, 1974 and the beneficiaries of deceased members who were thus qualified other than beneficiaries receiving benefits under paragraph C of subsection (4) of Article IX; paying annuities to certain retired members for 12 months per year instead of ten months; and redesignating the remaining paragraphs accordingly.

Subd. 9. The foregoing amendments may be adopted to be effective July 1, 1976.

Sec. 14. Authorization is hereby granted in accordance with Minnesota Statutes, 1975 Supplement, Section 354A.12 for the St. Paul Teachers' Retirement Fund Association to amend its bylaws or articles of incorporation, as the case may be, as follows:

(1) Paragraph 4 of Section 2 of Article IV of the bylaws may be amended to require the payment of interest on repayment of refunds by members and to extend the deadline for repayment beyond January 1, 1975.

(2) Paragraph 7 of Section 3 of Article IV of the bylaws may be amended to authorize payment of refunds to members who have paid dues for outside service pursuant to Paragraph 2 of Section 2 of Article IV and who desire to utilize the combined service annuity authorized by law.

(3) Paragraph 2 of Section 1 of Article IX of the bylaws may be amended in the definition of "Average Salary" to provide for computation of average salary on the basis of actual years of St. Paul service in

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the case of members mandatorily retired with less than five years of service and entitled by law to a proportionate annuity.

(4) The first sentence of the second paragraph of Paragraph 5 of Section 2 of Article IV of the bylaws providing for the rounding of months in computing years of service may be deleted.

(5) Paragraph 12 of Section 3 of Article IV of the bylaws providing for the rounding of dollar amounts in computing pensions may be repealed.

(6) Paragraph 10 of Section 3 of Article IV of the bylaws may be amended to eliminate the termination of survivor benefits upon remarriage of a surviving spouse.

(7) Section 1 of Article VI of the articles of incorporation may be amended to include as members of the Association persons employed by the Association and former members employed by an organization designated in Minnesota Statutes, 1975 Supplement, Section 354.41, Subdivision 4, and to authorize the payment of dues by former members in a like manner as under section 354.41, subdivisions 4 to 7 with appropriate extension of time for repayment.

Sec. 15. Notwithstanding anything to the contrary in the articles of incorporation or bylaws of the Duluth Teachers' Retirement Fund Association, the following provisions shall apply relative to refunds:

(a) When any member accepts a refund upon termination of employment as provided for in the articles of incorporation, all existing service credits to which the member was entitled prior to the acceptance of the refund shall terminate and shall not again be restored until the former member acquires not less than two years of credited service subsequent to taking his last refund. In that event, he may repay such refund. If more than one refund has been taken, all refunds must be repaid.

(b) Any person who has received a refund from the fund and who is a member of any other public retirement fund referred to in Minnesota Statutes, Section 354.60 may repay the refund to the fund. If a refund is repaid to the fund and more than one refund has been received from the fund, all refunds must be repaid.

(c) All payments and repayments of refunds shall be paid with interest at six percent per annum compounded annually from date of withdrawal to the date payment is made to the fund.

Sec. 16. This act is effective the day following final enactment.

Approved April 9, 1976.

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