§ 516. Annuity savings fund; contributions and payments. The annuity savings fund shall be the fund in which shall be accumulated the deductions made from the compensation of contributors. Contributions to and payments from the annuity savings fund shall be made in the following manner:

1. Each employer shall deduct from the compensation of each contributor on each and every payroll of such contributor for each and every payroll period subsequent to the date upon which such contributor became a member an amount equal to four per centum of such contributor's earnable compensation in the cases of teachers who last became members on or before the thirtieth day of June, nineteen hundred forty-eight and five per centum of earnable compensation in the cases of teachers who last became members on or after the first day of July, nineteen hundred forty-eight except if membership is renewed upon restoration to active service after retirement for disability, regular interest shall be credited at the rate allowed to the member at the time his retirement for disability last became effective. But no employer shall make any deduction for annuity purposes from the compensation of a member who has completed at least thirty-five years of total service, or who has attained the age of sixty and completed at least twenty-five years of total state service, if such member elects not to contribute.

2. In determining the amount earnable by a contributor in a payroll period, the retirement board may consider the rate of compensation payable to such member on the first day of the payroll period as continuing throughout such payroll period, and it may omit deductions from compensation for any period less than a full payroll period if a teacher was not a contributor on the first day of the payroll period, and to facilitate the making of deductions, it may modify the deduction required of any contributor by such an amount as shall not exceed one-tenth of one per centum of the compensation upon the basis of which said deduction is to be made.

3. a. In addition to the deductions from compensation hereinbefore required, any contributor may redeposit in the annuity savings fund by a single payment an amount equal to the total amount which he withdrew

therefrom as provided in this article, or he may deposit therein by a single payment an amount computed to be sufficient, together with the retirement allowance otherwise provided to provide for him a total retirement allowance of one-half of his final average salary upon superannuation retirement, or any member or annuitant may deposit therein by a single payment an amount permitted so to be deposited by the retirement board for the purpose of purchasing additional annuity, provided that no such member or annuitant shall be permitted to purchase a total additional annuity thereby in excess of one-half his final average salary; such additional annuity shall afford the usual optional privileges. Such additional amounts so deposited shall become a part of his accumulated contributions.

b. Notwithstanding anything to the contrary in this article, in addition to the deposits hereinbefore permitted by this subdivision, any contributor to this system, who is actually on the payroll of a school district or the state, may, for the purpose of purchasing additional annuity, deposit in the annuity savings fund once in any school year by a single payment an amount not in excess of four per centum of his earnable rate of compensation for the school year immediately preceding the date when such payment is made. Any such amount so deposited shall be credited with regular interest and, on the basis of said rate of interest, shall become a part of the contributor's accumulated contributions in all respects including computation of benefits upon retirement.

c. Any member by written notice duly acknowledged and filed with the retirement board before the first day of July, nineteen hundred sixty-seven or within two years after he last became a member, whichever is later, may elect to contribute pursuant to this paragraph c of subdivision three of this section in order to qualify for an increased pension for total service in excess of twenty-five years. After such election the rate of deduction from earnable compensation shall be increased by two and one-half per centum in the cases of teachers who last became members on or before the thirtieth day of June, nineteen hundred forty-eight and by three per centum in the cases of teachers who last became members on or after the first day of July, nineteen hundred

forty-eight and such deductions shall be added to the accumulated contributions of each member. Where a member elects to contribute pursuant to this paragraph c of subdivision three of this section, such additional contributions shall be made from the first day of July, nineteen hundred fifty-seven or from the first day of the month following the expiration of thirty days subsequent to the filing of his election, whichever is later, except that if the member is contributing pursuant to subdivision one of section five hundred eleven-a, such additional contributions pursuant to this paragraph c of subdivision three of this section shall be made from the first day of July following the completion of twenty-five years of total service. If such a member, upon the completion of twenty-five years of total service, wishes to forfeit his right to special service retirement under the provisions of section five hundred eleven-a, he may cease making contributions pursuant to subdivision one of such section, leave such contributions in the retirement system and commence making contributions pursuant to this paragraph c of subdivision three of this section in order to receive credit for service rendered after the completion of twenty-five years of total service. If such a member, upon the completion of twenty-five years of total service wishes to maintain his right to special service retirement, he shall continue to make contributions pursuant to subdivision one of section five hundred eleven-a and commence making contributions pursuant to this paragraph c. Contributions made pursuant to this paragraph c shall cease on the first day of July following the completion of thirty-five years of total service, except that, any member who has completed more than twenty-five years of service on the first day of July, nineteen hundred sixty-seven may deposit in a lump sum an amount equivalent to the sum of the contributions he would have made prior to the first day of July, nineteen hundred sixty-seven, had this paragraph c become effective as of the date when twenty-five years of service was completed or as of any date thereafter which the member may elect for the purpose of determining the amount to be so deposited.

d. Members of the retirement system who elect to contribute pursuant to paragraph c of subdivision three of this section, shall receive credit for each year, not in excess of ten, of service in excess of twenty-five years for which contributions were made pursuant to

paragraph c of subdivision three of this section.

4. The accumulated contributions of a contributor returned to him upon his withdrawal or paid to his estate or designated beneficiary in the event of his death as provided in this article shall be paid from the annuity savings fund.

5. Upon the retirement of a contributor his accumulated contributions shall be transferred from the annuity savings fund to the annuity reserve fund.

6. The retirement board may adopt rules and regulations providing for the withdrawal at retirement by members of the accumulated contributions credited to their individual accounts in the annuity savings fund. Such rules and regulations shall provide that the application for withdrawal of contributions be filed no earlier than the date the member files the application for retirement and no later than the day preceding the effective date of retirement. Provided, however, this section has no application to members subject to article fourteen or article fifteen of the retirement and social security law.