

and sell in the same manner as is provided for the sale of unsubdivided state school land, the following described tract of land situated in the county of Hubbard, state of Minnesota:

Beginning at the Southwest corner of the Northeast Quarter (NE $\frac{1}{4}$) of the Northeast Quarter (NE $\frac{1}{4}$) of Section 16, Township 143 North, Range 34 West, thence east on the one-sixteenth ($\frac{1}{16}$ th) line a distance of 548 feet, thence north a distance of 265 feet, thence west, parallel with the one-sixteenth ($\frac{1}{16}$ th) line, to the west line of the Northeast Quarter (NE $\frac{1}{4}$) of the Northeast Quarter (NE $\frac{1}{4}$) of said Section 16, thence south along the west line of said Northeast Quarter (NE $\frac{1}{4}$) of the Northeast Quarter (NE $\frac{1}{4}$) of Section 16 to the Southwest corner thereof; containing approximately 3 $\frac{1}{2}$ acres.

Approved May 20, 1971.

CHAPTER 414—S.F.No.2487

An act relating to retirement; valuation of assets in the Minnesota adjustable fixed benefit fund and variable annuity fund and adjustment of pensions based thereon; amending Minnesota Statutes 1969, Sections 11.25, Subdivisions 6, 7, and 10, and by adding subdivisions; 11.26, Subdivision 4; 352.119, Subdivision 2; 352B.26, Subdivision 3; 353.271, Subdivision 2; 354.63, Subdivision 2, as amended by Laws 1971, Chapter 40, Section 34; and 422.011, Subdivision 5.

Be it enacted by the Legislature of the State of Minnesota:

Section 1. Minnesota Statutes 1969, Section 11.25, Subdivision 6, is amended to read:

Subd. 6. **RETIREMENT; ADJUSTABLE FIXED BENEFIT AND VARIABLE ANNUITY FUNDS; VALUATION OF ASSETS; RATIO OF RECOGNIZED VALUE TO BOOK VALUE.** During each fiscal year beginning with 1971, there shall be determined the ratio of recognized value to book value of the assets of the Minnesota adjustable fixed benefit fund as of the last days of ~~June ending the prior fiscal year, of August, October, December, February and, April and June~~. In computing such a ratio, the total book value shall be adjusted for any realized profit or loss due to the sale or disposition of securities.

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Sec. 2. Minnesota Statutes 1969, Section 11.25, Subdivision 7, is amended to read:

Subd. 7. **AVERAGE RECOGNIZED VALUE TO BOOK VALUE RATIO.** The average recognized value to book value ratio for any fiscal year means the sum of the ~~six~~ 12 recognized value to book value ratios determined for such fiscal year and the immediately preceding year, divided by ~~six~~ 12. For fiscal 1971, the ratio means the sum of the six recognized value to book value ratios determined for such fiscal year plus six assumed ratios of 100, the total of which is divided by 12.

Sec. 3. Minnesota Statutes 1969, Section 11.25, Subdivision 10, is amended to read:

Subd. 10. **TRANSFER OF ASSETS.** ~~As of June 30, 1969, the beginning of any fiscal year, assets representing the actuarially determined reserves of the various retirement organizations participating in the Minnesota adjustable fixed benefit fund shall be computed and assets equal to such actuarially determined reserves any public retirement organization newly authorized by law to participate in the Minnesota adjustable fixed benefit fund shall be transferred from such participating retirement funds to the Minnesota adjustable fixed benefit fund. In total, invested assets amounting to as much as 70 percent of the required reserves for each participating retirement fund may be transferred in the form of investments owned by each fund. (a) As of June 30, 1969, fixed income debt securities having a book value of approximately 40 percent of the actuarially determined reserve for each participating fund shall be transferred at amortized book value as of that date, in accordance with accounting records of the participating fund, or those of the state auditor and the state board of investment. The state board of investment shall set an approximate average yield for such securities to be transferred by the various accounts which, insofar as possible, is to be comparable to the yield provided by all securities of that type held immediately prior to transfer by the various retirement organizations participating in the fund. In instances in which the fixed income debt securities of a participating retirement fund may not be suited to transfer in the amount indicated at the appropriate yield and in all instances in which cash is used as a balancing item, cash may be transferred and shall be regarded in yield computations as the equivalent of bonds, with the presumption that such securities would be of the average quality and maturity transferred by the various participating funds, but bearing the interest rate in effect for such newly issued securities as of June 30, 1969. (b) The balance of the reserves to be transferred from the various participating funds, consisting of up to 30 percent of total reserves in stocks and the remainder in cash, shall be transferred in approximately equal amounts on six dates. As of July 1, 1969, September 1, 1969, November 1, 1969, January 1, 1970, March 1, 1970, and May 1, 1970,~~

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~~common stocks and other equity investments having market values up to five percent of the actuarially determined reserve as of June 30, 1969, may be transferred from each participating retirement fund. Such stocks and all other equity investments shall be transferred at a price determined by the market value of the securities at the close of the last business day of the preceding month. Cash in amounts sufficient to bring the total market value of assets transferred up to 10 percent of such actuarially determined reserve shall be transferred to the Minnesota adjustable fixed benefit fund by each participating retirement organization on each of such dates.~~

The state board of investment may purchase any securities owned by such retirement organization up to the total amount of the participation of such fund, insofar as such securities meet the quality standards and requirements of the board. The state board of investment may require the participating organization to sell such securities and transfer cash if this appears desirable in achieving appropriate portfolio balance. All such securities shall be valued as of the last business day of June, or one business day before the actual participation of the new retirement organization in the Minnesota adjustable fixed benefit fund.

~~The assets to be transferred and the values to be used for such transfers shall be approved by the state board of investment, which shall certify such assets and values to the state auditor, requesting the transfer and specifying the effective date. As of such date, the auditor shall transfer the assets at the values so indicated to the Minnesota adjustable fixed benefit fund. During the fiscal year beginning July 1, 1969, the income attributable to the securities being transferred shall accrue to the benefit of the Minnesota adjustable fixed benefit fund as of the date of transfer. As of June 30, 1970, each participating organization shall contribute an amount adequate to provide the Minnesota adjustable fixed benefit fund with an income return of four and one fourth percent for the 1970 fiscal year. Such contribution shall be based on the applicable average total reserves participating in the fund, less the assets already transferred by such organization under the procedures specified in this subdivision.~~

Sec. 4. Minnesota Statutes 1969, Section 11.25, is amended by adding a subdivision to read:

Subd. 12. ADJUSTMENT IN ANNUITY PAYMENTS. Annually as of July 1 of each fiscal year the annuity payments made from each retirement fund or organization participating in the Minnesota adjustable fixed benefit fund during the next calendar year shall be determined in accordance with the following procedures. Any adjustment in the amount of annuity payments shall become effective with the first payment falling due after December 31 next succeeding the July 1 as of which the adjustment was determined. A determi-

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nation shall be made by each participating fund or organization of the present value of all annuities in force by it from its participation in the Minnesota adjustable fixed benefit fund calculated in accordance with the mortality and interest assumptions specified by the statute enabling such fund or organization to participate in the Minnesota adjustable fixed benefit fund. The ratio of the participation in the fund to such present values shall be determined and stated as a percentage of the total present value to the last full .5 of one percent. If such ratio is greater than 98 percent and less than 102 percent no adjustment of annuities will be made. If the ratio is equal to or greater than 102 percent or is equal to or less than 98 percent, the annuity payments currently payable shall be increased or decreased in the ratio so determined for the 12 month period beginning with the first payment due after December 31 next succeeding the valuation date, except that persons who retired during the fiscal year preceding the July 1 valuation date shall not be entitled to an adjustment. Any decreases shall be limited through the use of the annuity stabilization reserve established in section 5 of this act. The annuity payment to any annuitant shall never be an amount less than the amount originally determined on the date of retirement or on July 1, 1971, whichever is later. For the purpose of calculating the adjustments provided herein, all individual members of any participating fund or organization retiring during any fiscal year shall be deemed to have retired in the same class, except that all such individuals retired prior to July 1, 1969 shall be in the same class as those retiring between July 1, 1969 and June 30, 1970. All annuitants in each class are equally entitled to any adjustment of annuity payments. If the value of the participation in the Minnesota adjustable fixed benefit fund goes below the value of the reserves required to support the amount originally determined on the date of retirement or on July 1, 1971, whichever is later, for any annuitant or class of annuitants, the excess of the amount paid over the amount which the reserves would support must be recovered from the annuity stabilization reserve as established in section 5 of this act. If such reserve is inadequate, any excess amount must be recovered by withholding the amount of any future increases in annuity payments to which the annuitant or class of annuitants would be otherwise entitled until the sum of the amounts withheld equals such accumulated excess. After any deficiency is recovered in full, either through the annuity stabilization reserve or the withholding of increases in annuity payments, the annuity will be increased on the basis of the ratio of assets to reserves currently applicable to all persons retired from the pension fund. Except as provided by statute, exact procedures to be followed in making determinations as to the amounts to be received by pension beneficiaries during the various fiscal years shall be determined by the board of directors or trustees of the participating retirement fund or organization in accordance with accepted actuarial and accounting practices.

Sec. 5. Minnesota Statutes 1969, Section 11.25, is amended by adding a subdivision to read:

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Subd. 13. ANNUITY STABILIZATION RESERVE. Each retirement fund or organization participating in the Minnesota adjustable fixed benefit fund shall establish an annuity stabilization reserve as a part of such participation for the purpose of: first, and of top priority to the reserve, eliminating any deficiency which could postpone annuity increases and, second, precluding any downward adjustment in annuity payment below the previous calendar year's payment rate. If the reserve is insufficient to preclude such a decrease, the amount available shall limit the maximum decrease to a uniform percentage consistent with the utilization of the total value of the reserve. The total reserve is available for any class or classes of annuitants. The reserve shall consist initially of an amount equal to 10 percent of the annuity payments disbursed during the fiscal year ending June 30 prior to the January 1 on which new and revised pension benefits may take effect. Such reserve shall be funded by an advance of credit by the state of Minnesota and, when needed for pension benefits, shall be allocated from the assets of the participation in the Minnesota adjustable fixed benefit fund until recovered through the withholding of moneys otherwise available for pension increases. A minimum upward adjustment of two percent in annuity payments shall be made on January 1, 1972 to each annuitant retiring prior to July 1, 1970. Beginning on January 1, 1972, upward adjustments of annuity payments to each annuitant shall be limited to four percent of the previous calendar year's payment rate until the accumulation from such withholding has reached an amount equal to 15 percent of the immediate past fiscal year's total annuity payments. So long as the reserve totals an amount equal to 15 percent of the immediate past fiscal year's total annuity payments, any increase up to six percent of the previous calendar year's payment rate shall be paid directly to any annuitant or class of annuitants. The amount of any increase above six percent of the previous calendar year's payment rate shall be added to the reserve until such reserve totals an amount equal to 25 percent of the total pensions paid during the previous fiscal year. Upward adjustments of the annuity payments to each annuitant shall be limited to eight percent of the previous calendar year's payment rate, with any excess being added to the reserve, even though such reserve may then exceed 25 percent of the immediate past fiscal year's total annuity payments. For the purpose of this section, the word reserve means the fund established herein and not an actuarial reserve.

Sec. 6. Minnesota Statutes 1969, Section 11.26, Subdivision 4, is amended to read:

Subd. 4. VALUATION OF FUND. (1) A bimonthly valuation of the investments in the Minnesota variable annuity fund shall be made by the state board of investment, using the closing market prices on the last business dates of ~~June~~, August, October, December, February, ~~and April and June~~ of each fiscal year. The beginning valuation shall be the market value at the close of business on June 30 of the

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~~previous fiscal year.~~ The ratio of the total market value of investments to the admitted value of investments at the end of the preceding fiscal year, plus the cost of investments acquired, less the net receipts from investments sold during the fiscal year, shall be determined for each valuation date. (2) The admitted value of the investments of the Minnesota variable annuity fund at the end of each fiscal year ~~will~~ shall be the book value of all investments held at such date multiplied by the average of the ratios at the ~~six~~ 12 bimonthly valuation dates for such fiscal year and the immediately preceding fiscal year determined in accordance with clause (1). For fiscal 1971, the admitted value shall be the book value of all investments held at the end of the fiscal year multiplied by the sum of the average of the six ratios determined for such fiscal year plus six assumed ratios of 100, the total of which is divided by 12. The book value of investments during any fiscal year shall be the admitted value at the end of the preceding fiscal year or the cost of such investments if acquired during the fiscal year. At the initial date of operation of the fund, the admitted value of the investments shall be the original cost of such investments.

Sec. 7. Minnesota Statutes 1969, Section 352.119, Subdivision 2, is amended to read:

Subd. 2. **VALUATION OF ASSETS; ADJUSTMENT OF BENEFITS.** (1) As of June 30, 1969, the present value of all annuities in force as of June 30, 1969 and as amended in accordance with Laws 1969, Chapter 893, shall be determined in accordance with the 1937 standard annuity table of mortality, calculated separately as to sex, with an interest assumption of three and one-half percent and assets representing the required reserves for these annuities shall be transferred to the Minnesota adjustable fixed benefit fund, during a period of one year in accordance with the procedures specified by law for the Minnesota adjustable fixed benefit fund.

(2) Effective July 1, 1969, for those employees commencing to receive benefits pursuant to chapter 352, and acts amendatory thereof, the required reserves as determined in accordance with this section shall be transferred to the Minnesota adjustable fixed benefit fund as of the date benefits begin to accrue.

~~(3) Annually on July 1 of each fiscal year the annuity payments made from the participation in the Minnesota adjustable fixed benefit fund shall be adjusted in accordance with the following procedures. Any adjustment in the amount of annuity payments shall become effective with the first payment falling due after December 31 next succeeding the July 1 on which the adjustment was determined.~~

~~(4) A determination shall be made of the present value of all annuities in force payable from the participation in the Minnesota adjustable fixed benefit fund calculated in accordance with the~~

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~~mortality and interest assumptions then in effect. The ratio of the participation in the fund to such present values shall be determined and stated as a percentage of the total present value to the last full .5 of one percent. If such ratio is greater than 98 percent and less than 102 percent no adjustment of annuities will be made. If the ratio is equal to or greater than 102 percent or is equal to or less than 98 percent, the annuity payments currently payable shall be increased or decreased in the ratio so determined for the 12-month period beginning with the first payment due after December 31 next succeeding the valuation date, provided that the annuity payment to any annuitant shall never be an amount less than the amount originally determined on the date of retirement or on July 1, 1969, whichever is later, but not including the supplemental benefit provided for in section 352.73. For the purpose of calculating the adjustments provided herein, all persons commencing to receive benefits during any class year which begins each July 1 and also ends each June 30, shall be deemed to have retired in the same class and all annuitants in such class are equally entitled to any adjustment of annuity payments. All persons commencing to receive benefits prior to July 1, 1969, shall be in the same class as those retiring between July 1, 1969 and June 30, 1970. If the value of the participation in the Minnesota adjustable fixed benefit fund goes below the value of the reserves required to support the amount originally determined on the date of retirement or on July 1, 1969, whichever is later but not including the supplemental benefit provided for in section 352.73, for any annuitant or class of annuitants, the excess of the amount paid over the amount which the reserves would support must be recovered by withholding the amount of any future increases in annuity payments to which the annuitant or class of annuitants would be otherwise entitled until the sum of the amounts withheld equals such accumulated excess. After any deficiency is recovered in full, the annuity will be increased on the basis of the cumulative ratio of assets to reserves currently applicable to such annuitant or class of annuitants. Exact procedures to be followed in making determinations as to the amounts to be received by persons commencing to receive benefits during the various fiscal years shall be determined by the board of directors of the Minnesota state retirement system in accordance with accepted actuarial and accounting practices. Annuity payments shall be adjusted in accordance with the provisions of sections 4 and 5 of this act.~~

Sec. 8. Minnesota Statutes 1969, Section 352B.26, Subdivision 3, is amended to read:

Subd. 3. **VALUATION OF ASSETS; ADJUSTMENT OF BENEFITS.** (1) As of June 30, 1969, the present value of all annuities, including joint and survivor annuities and qualified recipients of widows' benefits, in force as of June 30, 1969, and as amended in accordance with Laws 1969, Chapter 977, shall be determined in

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accordance with the United States Life Tables, 1959 — 61, white males and white females, calculated with an interest assumption of three and one-half percent and assets representing the required reserves for these annuities shall be transferred to the Minnesota adjustable fixed benefit fund, during a period of one year in accordance with procedures specified in section 11.25. The provisions of this clause also apply to all annuities under chapter 352A, prior to July 2, 1969, which became payable under chapter 352B on that date or subsequently.

(2) Effective July 1, 1969, for those employees commencing to receive annuities and qualified recipients of widows' benefits, or joint and survivor annuities, pursuant to chapter 352B, and acts amendatory thereof, the required reserves as determined in accordance with this section shall be transferred to the Minnesota adjustable fixed benefit fund as of the date benefits begin to accrue after June 30, 1969.

~~(3) Annually on July 1 of each fiscal year the annuity payments made from the participation in the Minnesota adjustable fixed benefit fund shall be adjusted in accordance with the following procedures. Any adjustment in the amount of annuity payments shall become effective with the first payment falling due after December 31 next succeeding the July 1 on which the adjustment was determined.~~

~~(4) A determination shall be made of the present value of all annuities in force payable from the participation in the Minnesota adjustable fixed benefit fund calculated in accordance with the mortality and interest assumptions then in effect. The ratio of the participation in the fund to such present values shall be determined and stated as a percentage of the total present value to the last full 5 of one percent. If such ratio is greater than 98 percent or less than 102 percent no adjustment of annuities will be made. If the ratio is equal to or greater than 102 percent or is equal to or less than 98 percent, the annuity payments currently payable shall be increased or decreased in the ratio so determined for the 12-month period beginning with the first payment due after December 31 next succeeding the valuation date, provided that the annuity payment to any annuitant shall never be an amount less than the amount originally determined on the date of retirement or on July 1, 1969, whichever is later. For the purpose of calculating the adjustments provided herein, all persons commencing to receive benefits during any fiscal year shall be deemed to have retired in the same class and all annuitants in such class are equally entitled to any adjustment of annuity payments. All persons commencing to receive benefits prior to July 1, 1969, shall be in the same class as those retiring between July 1, 1969 and June 30, 1970. If the value of the participation in the Minnesota adjustable fixed benefit fund goes below the value of the reserves required to support the amount originally determined on~~

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~~the date of retirement or on July 1, 1969, whichever is later for any annuitant or class of annuitants, the excess of the amount paid over the amount which the reserves would support must be recovered by withholding the amount of any future increases in annuity payments to which the annuitant or class of annuitants would be otherwise entitled until the sum of the amounts withheld equals such accumulated excess. After any deficiency is recovered in full, the annuity will be increased on the basis of the cumulative ratio of assets to reserves currently applicable to such annuitant or class of annuitants. Exact procedures to be followed in making determinations as to the amounts to be received by persons commencing to receive benefits during the various fiscal years shall be determined by the officers of the highway patrolmen's retirement association in accordance with accepted actuarial and accounting practices. Annuity payments shall be adjusted in accordance with the provisions of sections 4 and 5 of this act.~~

~~(5) (4) Notwithstanding section 356.18, increases in annuity payments pursuant to this section will be made automatically unless written notice is filed by the annuitant with the officers of the highway patrolmen's retirement association requesting that the increase shall not be made.~~

Sec. 9. Minnesota Statutes 1969, Section 353.271, Subdivision 2, is amended to read:

Subd. 2. VALUATION OF ASSETS; ADJUSTMENT OF BENEFITS. (1) As of June 30, 1969, the present value of all annuities in force as of June 30, 1969, except for supplementary benefits payable from the general fund of the state and except for survivor or disability benefits, shall be determined by the 1965 group annuity table — males, the 1965 group annuity table — females, and three and one-half percent interest, and assets representing the required reserves for these annuities shall be transferred to the Minnesota adjustable fixed benefit fund, during a period of one year in accordance with procedures specified in section 11.25.

(2) Effective July 1, 1969, for those members retiring pursuant to the provisions of the law relating to the public employees retirement association, the required reserves as determined in accordance with these sections shall be transferred to the Minnesota adjustable fixed benefit fund as of the date of retirement. The 1965 group annuity table — males, the 1965 group annuity table — females, and three and one-half percent interest, will be used to determine the amount to be transferred.

~~(3) Annually as of July 1 of each fiscal year the annuity payments made from the participation in the Minnesota adjustable fixed benefit fund shall be adjusted in accordance with the following procedures. Any adjustment in the amount of annuity payments~~

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~~shall become effective with the first payment falling due after December 31 next succeeding the July 1 as of which the adjustment was determined. A determination shall be made of the present value of all annuities in force payable from the participation in the Minnesota adjustable fixed benefit fund calculated in accordance with the mortality and interest assumptions then in effect. The ratio of the participation in the fund to such present values shall be determined and stated as a percentage of the total present value to the last full 5 of 1 percent. If such ratio is greater than 98 percent and less than 102 percent no adjustment of annuities will be made. If the ratio is equal to or greater than 102 percent or is equal to or less than 98 percent, the annuity payments currently payable shall be increased or decreased in the ratio so determined for the 12 month period beginning with the first payment due after December 31 next succeeding the valuation date, provided that the annuity payment to any annuitant shall never be an amount less than the amount originally determined on the date of retirement or on July 1, 1969, whichever is later but not including any supplemental benefit payable from the general fund. For the purpose of calculating the adjustments provided herein, all persons retiring during any fiscal year shall be deemed to have retired in the same class as of June 30 preceding their date of retirement and all annuitants in such class are equally entitled to any adjustment of annuity payments. All persons retired prior to July 1, 1969 shall be in the same class as those retiring between July 1, 1969 and June 30, 1970. If the value of the participation in the Minnesota adjustable fixed benefit fund goes below the value of the reserves required to support the amount originally determined on the date of retirement or on July 1, 1969 whichever is later for any annuitant or class of annuitants, the excess of the amount paid over the amount which the reserves would support must be recovered by withholding the amount of any future increases in annuity payments to which the annuitant or class of annuitants would be otherwise entitled until the sum of the amounts withheld equals such accumulated excess. After any deficiency is recovered in full, the annuity will be increased on the basis of the cumulative ratio of assets to reserves currently applicable to such annuitant or class of annuitants. Exact procedures to be followed in making determinations as to the amounts to be received by persons commencing to receive benefits during the various fiscal years shall be determined by the board of trustees of the public employees retirement association in accordance with accepted actuarial and accounting practices Annuity payments shall be adjusted in accordance with the provisions of sections 4 and 5 of this act.~~

(4) Notwithstanding section 356.18, increases in annuity payments pursuant to this section will be made automatically unless written notice is filed by the annuitant with the public employees retirement association.

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Sec. 10. Minnesota Statutes 1969, Section 354.63, Subdivision 2, as amended by Laws 1971, Chapter 40, Section 34, is amended to read:

Subd. 2. **VALUATION OF ASSETS; ADJUSTMENT OF BENEFITS.** (1) As of June 30, 1969, the present value of all annuities in force as of June 30, 1969 and as amended in accordance with Laws 1969, Chapter 485, except for the annuities of those persons who retired pursuant to Laws 1915, Chapter 199, as amended, shall be determined in accordance with the 1937 standard annuity table of mortality set back two years and calculated separately as to sex, with an interest assumption of three and one half percent, and assets representing the required reserves for these annuities shall be transferred to the Minnesota adjustable fixed benefit fund, during a period of one year in accordance with procedures specified in section 11.25.

(2) Effective July 1, 1969 for those members retiring pursuant to sections 354.05 to 354.14 and 354.31 to 354.61 and acts amendatory thereof, the required reserves as determined in accordance with these sections shall be transferred to the Minnesota adjustable fixed benefit fund as of the date of retirement. The 1937 standard annuity table of mortality set back two years and calculated separately as to sex, with an interest assumption of three and one half percent will be used to determine the amount to be transferred.

~~(3) Annually as of July 1 of each fiscal year the annuity payments made from the participation in the Minnesota adjustable fixed benefit fund shall be adjusted in accordance with the following procedures. Any adjustment in the amount of annuity payments shall become effective with the first payment falling due after December 31 next succeeding the July 1 as of which the adjustment was determined. A determination shall be made of the present value of all annuities in force payable from the participation in the Minnesota adjustable fixed benefit fund calculated in accordance with the mortality and interest assumptions then in effect. The ratio of the participation in the fund to such present values shall be determined and stated as a percentage of the total present value to the last full 5 of 1 percent. If such ratio is greater than 98 percent and less than 102 percent no adjustment of annuities will be made. If the ratio is equal to or greater than 102 percent or is equal to or less than 98 percent, the annuity payments currently payable shall be increased or decreased in the ratio so determined for the 12-month period beginning with the first payment due after December 31 next succeeding the valuation date, provided that the annuity payment to any annuitant shall never be an amount less than the amount originally determined on the date of retirement or on July 1, 1969, whichever is later but not including the supplemental benefit provided for in section 354.55, subdivision 6. For the purpose of calculating the adjustments provided herein, all teachers retiring during any fiscal year shall be deemed to have retired in the same~~

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~~class as of June 30 preceding their date of retirement and all annuitants in such class are equally entitled to any adjustment of annuity payments. All teachers retired prior to July 1, 1969 shall be in the same class as those retiring between July 1, 1969 and June 30, 1970. If the value of the participation in the Minnesota adjustable fixed benefit fund goes below the value of the reserves required to support the amount originally determined on the date of retirement or on July 1, 1969, whichever is later but not including the supplemental benefit provided for in section 354.55, subdivision 6, for any annuitant or class of annuitants, the excess of the amount paid over the amount which the reserves would support must be recovered by withholding the amount of any future increases in annuity payments to which the annuitant or class of annuitants would be otherwise entitled until the sum of the amounts withheld equals such accumulated excess. After any deficiency is recovered in full, the annuity will be increased on the basis of the cumulative ratio of assets to reserves currently applicable to such annuitant or class of annuitants. Exact procedures to be followed in making determinations as to the amounts to be received by persons commencing to receive benefits during the various fiscal years shall be determined by the board of trustees of the teachers retirement association in accordance with accepted actuarial and accounting practices. Annuity payments shall be adjusted in accordance with the provisions of sections 4 and 5 of this act.~~

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

Sec. 11. Minnesota Statutes 1969, Section 422.011, Subdivision 5, is amended to read:

Subd. 5. **VALUATION OF ASSETS — ADJUSTMENTS OF BENEFITS.** (a) As of July 1, 1969, the present value of all annuities in force on that date, excluding any amounts payable from the survivors' benefit fund and retirement allowance granted pursuant to Minnesota Statutes 1967, Section 422.54, and subsequently granted unfunded increases be determined in accordance with the 1937 standard annuity table set back two years and calculated separately as to sex with an interest assumption of three and one-half percent, and assets representing the required reserves for these annuities shall be transferred to the Minnesota adjustable fixed-benefit fund, during a period of one year in accordance with procedures specified in section 11.25. The Minnesota state board of investment shall make all determinations as to which assets are to be transferred to the Minnesota adjustable fixed-benefit fund and shall determine all calculations as to valuations and yield which shall apply to the assets transferred. These determinations shall be based on the quality, maturity, and marketability of various assets transferred. The state

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board of investment is hereby authorized to retain in the Minnesota adjustable fixed-benefit fund any assets so transferred even though such securities may not qualify for purchase by the fund.

(b) Effective July 1, 1969, for those members retiring pursuant to this chapter, assets equal to the required reserves shall be transferred to the Minnesota adjustable fixed-benefit fund except for any amounts payable from the survivor benefit fund, as of the date of retirement.

~~(c) Annually as of July 1 of each year commencing in 1971, the annuity payments to be made from the Minnesota adjustable fixed-benefit fund in the year beginning after the following December 31, shall be determined in accordance with the following procedures. A determination shall be made of the present value of all retirement allowances payable from the Minnesota adjustable fixed-benefit fund calculated in accordance with the mortality and interest assumptions then in effect. The ratio of the admitted value determined as set forth in this section to such present value of annuities shall be determined and stated as a percentage of the total present value to the last full .5 of one percent. If such ratio is greater than 98 percent and less than 102 percent, no adjustment of annuities will be made. If the ratio is equal to or greater than 102 percent or is equal to or less than 98 percent, the annuity payments currently payable shall be increased or decreased in the ratio so determined for the 12-month period beginning with the first payment due after December 31 next succeeding the valuation date, provided that the annuity payment to any annuitant shall never be an amount less than the amount originally determined on the date of retirement or on July 1, 1969 whichever is later but not including retirement allowances granted pursuant to Minnesota Statutes 1967, Section 422.54 and subsequently granted unfunded increases. For the purpose of calculating the adjustments provided herein, all persons subject to chapter 422, retiring during any class year shall be deemed to have retired in the same class as of July 1 preceding their date of retirement and all annuitants in such class are equally entitled to any adjustment of annuity payments. All annuitants retired prior to July 1, 1969 shall be in the same class as those retiring between July 1, 1969 and June 30, 1970. If the value in the Minnesota adjustable fixed benefit fund goes below the value of the reserves required to support the amount of annuity originally determined on the date of retirement or on July 1, 1969, whichever is later but not including retirement allowances granted pursuant to section 422.54, and subsequently granted unfunded increases for any annuitant or class of annuitants, the excess of the amount paid over the amount which the reserves would support must be recovered by withholding the amount of any future increases in annuity payments to which the annuitant or class of annuitants would be otherwise entitled until the sum of the amounts withheld equals such accumulated excess. After any deficiency is~~

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~~recovered in full the annuity will be increased on the basis of the cumulative ratio of assets to reserves currently applicable to such annuitant or class of annuitants. Exact procedures to be followed in making determination as to the amounts to be received by persons commencing to receive benefits during the various class years shall be determined by the board in accordance with accepted actuarial and accounting practices. Annuity payments shall be adjusted in accordance with the provisions of sections 4 and 5 of this act, except that no minimum retirement payments therein described shall include any amounts payable from the survivors' benefit fund and retirement allowances granted pursuant to Minnesota Statutes 1967, Section 422.54 and subsequently granted unfunded increases.~~

(d) Notwithstanding section 356.18, increases in annuity payments pursuant to this section will be made automatically unless written notice is filed by the annuitant with the municipal employees retirement association (Minneapolis).

(e) Increases in annuity payments pursuant to this section will be made automatically unless written notice on a form prescribed by the board is filed with the municipal employees retirement board requesting that the increase shall not be made.

Approved May 20, 1971.

CHAPTER 415—S.F.No.2685

An act relating to the municipal court of the city of Duluth; jurisdiction in conciliation court; amending Minnesota Statutes 1969, Section 488A.68, Subdivision 3.

Be it enacted by the Legislature of the State of Minnesota:

Section 1. Minnesota Statutes 1969, Section 488A.68, Subdivision 3, is amended to read:

Subd. 3. **DULUTH CONCILIATION COURT; JURISDICTION; SUBJECT MATTER; AMOUNT.** Said conciliation court shall have jurisdiction to hear, try and determine civil actions and proceedings as follows:

(1) Of an action arising on contract for the recovery of money only, if the sum claimed does not exceed \$200 ~~\$500~~.

Changes or additions indicated by underline, deletions by strikeout.