

**SENATE  
STATE OF MINNESOTA  
NINETY-THIRD SESSION**

**S.F. No. 2371**

(SENATE AUTHORS: FRENTZ, Pappas and Murphy)

DATE  
03/02/2023

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1264

OFFICIAL STATUS  
Introduction and first reading  
Referred to State and Local Government and Veterans  
See HF3100

1.1 A bill for an act  
1.2 relating to retirement; Public Employees Retirement Association; increasing  
1.3 postretirement adjustments for members receiving a basic member annuity from  
1.4 the general public employees retirement fund and providing funding; amending  
1.5 Minnesota Statutes 2022, sections 353.27, by adding a subdivision; 356.415,  
1.6 subdivision 1b.

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

1.8 Section 1. Minnesota Statutes 2022, section 353.27, is amended by adding a subdivision  
1.9 to read:

1.10 Subd. 3d. Direct state aid for postretirement adjustments for basic member  
1.11 benefits. (a) On or before October 1, 2023, and by October 1 of each year after 2023, the  
1.12 state must pay \$6,000,000 to the general employees retirement fund of the Public Employees  
1.13 Retirement Association. The commissioner of management and budget must pay the aid  
1.14 specified in this subdivision. The amount required is annually appropriated from the general  
1.15 fund to the commissioner of management and budget.

1.16 (b) The aid under paragraph (a) continues until the earlier of:

1.17 (1) the first day of the fiscal year following the fiscal year in which the actuarial value  
1.18 of assets of the fund equals or exceeds 100 percent of the actuarial accrued liabilities as  
1.19 reported by the actuary retained under section 356.214 in the annual actuarial valuation  
1.20 prepared under section 356.215; or

1.21 (2) July 1, 2048.

1.22 EFFECTIVE DATE. This section is effective the day following final enactment.

2.1 Sec. 2. Minnesota Statutes 2022, section 356.415, subdivision 1b, is amended to read:

2.2 Subd. 1b. **Annual postretirement adjustments; PERA; general employees retirement**  
2.3 **plan.** (a) Annuities, disability benefits, and survivor benefits being paid from the general  
2.4 employees retirement ~~plan~~ fund of the Public Employees Retirement Association shall be  
2.5 increased effective each January 1 by the percentage of increase determined under this  
2.6 subdivision. The increase to the annuity or benefit shall be determined by multiplying the  
2.7 monthly amount of the annuity or benefit by the percentage of increase specified in paragraph  
2.8 (b) or (c), as applicable, after taking into account any reduction to the percentage of increase  
2.9 required under paragraph ~~(e)~~ (d).

2.10 (b) For a coordinated member annuity, disability benefit, or survivor benefit, the  
2.11 percentage of increase shall be one percent unless the federal Social Security Administration  
2.12 has announced a cost-of-living adjustment pursuant to United States Code, title 42, section  
2.13 415(i), in the last quarter of the preceding calendar year that is greater than two percent. If  
2.14 the cost-of-living adjustment announced by the federal Social Security Administration is  
2.15 greater than two percent, the percentage of increase shall be 50 percent of the cost-of-living  
2.16 adjustment announced by the federal Social Security Administration, but in no event may  
2.17 the percentage of increase exceed 1.5 percent.

2.18 (c) For a basic member annuity, disability benefit, or survivor benefit, the percentage  
2.19 of increase must be 1.5 percent unless the federal Social Security Administration has  
2.20 announced a cost-of-living adjustment pursuant to United States Code, title 42, section  
2.21 415(i), in the last quarter of the preceding calendar year that is greater than 1.5 percent. If  
2.22 the cost-of-living adjustment announced by the federal Social Security Administration is  
2.23 greater than 1.5 percent, the percentage of increase must equal the cost-of-living adjustment  
2.24 announced by the federal Social Security Administration, but in no event may the percentage  
2.25 of increase exceed 3.5 percent.

2.26 ~~(e)~~ (d)(1) If the recipient of an annuity, disability benefit, or survivor's benefit has been  
2.27 receiving the annuity or benefit for at least 12 full months as of the June 30 of the calendar  
2.28 year immediately before the effective date of the increase, there is no reduction in the  
2.29 percentage of increase.

2.30 (2) If the recipient of an annuity, disability benefit, or survivor's benefit has been receiving  
2.31 the annuity or benefit for at least one month, but less than 12 full months, as of the June 30  
2.32 of the calendar year immediately preceding the effective date of the increase, the percentage  
2.33 of increase is multiplied by a fraction, the numerator of which is the number of months the

3.1 annuity or benefit was received as of June 30 of the preceding calendar year and the  
3.2 denominator of which is 12.

3.3 ~~(d)~~ (e) Effective for members who retire on or after January 1, 2024, annuities shall not  
3.4 be increased under paragraphs (a) to ~~(e)~~ (d) until January 1 of the year following the year  
3.5 in which the member reaches normal retirement age. January 1 of the year following the  
3.6 year in which the member reaches normal retirement age shall be considered the effective  
3.7 date of the increase under paragraph ~~(e)~~ (d). If a member has been receiving an annuity for  
3.8 fewer than seven months as of the January 1 of the year following the year in which the  
3.9 member reaches normal retirement age, no increase shall be paid until January 1 of the next  
3.10 year.

3.11 ~~(e)~~ (f) An increase in annuity or benefit payments under this section must be made  
3.12 automatically unless written notice is filed by the recipient with the executive director of  
3.13 the Public Employees Retirement Association requesting that the increase not be made.

3.14 ~~(f)~~ (g) Paragraph ~~(d)~~ (e) does not apply to members who retire under section 353.30,  
3.15 subdivision 1a.

3.16 **EFFECTIVE DATE.** This section is effective January 1, 2024