

SENATE
STATE OF MINNESOTA
EIGHTY-NINTH SESSION

S.F. No. 2867

(SENATE AUTHORS: PAPPAS)

DATE	D-PG	OFFICIAL STATUS
03/17/2016	5107	Introduction and first reading Referred to State and Local Government

A bill for an act

1.1 relating to retirement; Minnesota State Retirement System financial solvency
 1.2 measures; increasing member and employer contribution rates; reducing
 1.3 postretirement adjustment amounts; amending Minnesota Statutes 2014, section
 1.4 352.04, subdivisions 2, 3, by adding a subdivision; Minnesota Statutes 2015
 1.5 Supplement, sections 356.215, subdivision 8; 356.415, subdivisions 1a, 1e, 1f;
 1.6 repealing Minnesota Statutes 2015 Supplement, section 356.415, subdivision 1.
 1.7

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

1.9 Section 1. Minnesota Statutes 2014, section 352.04, subdivision 2, is amended to read:

1.10 Subd. 2. **Employee contributions.** (a) The employee contribution to the fund must
 1.11 be equal to the following percent of salary:

1.12	from July 1, 2010, to June 30, 2014	5
1.13	from July 1, 2014, and thereafter <u>to June 30,</u>	
1.14	<u>2017</u>	5.5
1.15	<u>from July 1, 2017, and thereafter</u>	<u>6</u>

1.16 (b) These contributions must be made by deduction from salary as provided in
 1.17 subdivision 4.

1.18 **EFFECTIVE DATE.** This section is effective June 30, 2016.

1.19 Sec. 2. Minnesota Statutes 2014, section 352.04, subdivision 3, is amended to read:

1.20 Subd. 3. **Employer contributions.** The employer contribution to the fund must be
 1.21 equal to the following percent of salary:

1.22	from July 1, 2010, to June 30, 2014	5
1.23	from July 1, 2014, and thereafter <u>to June 30,</u>	
1.24	<u>2017</u>	5.5
1.25	<u>from July 1, 2017, and thereafter</u>	<u>6</u>

2.1 **EFFECTIVE DATE.** This section is effective June 30, 2016.

2.2 Sec. 3. Minnesota Statutes 2014, section 352.04, is amended by adding a subdivision
2.3 to read:

2.4 **Subd. 3a. Additional employer contribution; expiration.** (a) Effective July 1,
2.5 2017, an additional employer contribution to the general state employees retirement fund
2.6 of the Minnesota State Retirement System must be made equal to one percent of salary.

2.7 (b) This subdivision expires effective the first day of the fiscal year immediately
2.8 following the fiscal year in which the market value of the assets of the general state
2.9 employees retirement plan of the Minnesota State Retirement System equals or exceeds
2.10 the actuarial accrued liability of the plan as determined by the actuarial valuation prepared
2.11 under section 356.215 by the approved actuary retained under section 356.214.

2.12 **EFFECTIVE DATE.** This section is effective June 30, 2016.

2.13 Sec. 4. Minnesota Statutes 2015 Supplement, section 356.215, subdivision 8, is
2.14 amended to read:

2.15 **Subd. 8. Interest and salary assumptions.** (a) The actuarial valuation must use the
2.16 applicable following interest assumption:

2.17 (1) select and ultimate interest rate assumption

2.18		ultimate interest
2.19	plan	rate assumption
2.20	teachers retirement plan	8.5%

2.21 The select preretirement interest rate assumption for the period through June 30,
2.22 2017, is eight percent.

2.23 (2) single rate interest rate assumption

2.24		interest rate
2.25	plan	assumption
2.26	general state employees retirement plan	8%
2.27	correctional state employees retirement plan	8
2.28	State Patrol retirement plan	8
2.29	legislators retirement plan, and for the	0
2.30	constitutional officers calculation of total plan	
2.31	liabilities	
2.32	judges retirement plan	8
2.33	general public employees retirement plan	8
2.34	public employees police and fire retirement plan	8
2.35	local government correctional service retirement	8
2.36	plan	
2.37	St. Paul teachers retirement plan	8

3.1 Bloomington Fire Department Relief Association 6
 3.2 local monthly benefit volunteer firefighter relief 5
 3.3 associations
 3.4 monthly benefit retirement plans in the statewide 6
 3.5 volunteer firefighter retirement plan

3.6 (b)(1) If funding stability has been attained, the valuation of each public pension
 3.7 and retirement plan enumerated in section 356.20, subdivision 2, clauses (2), (4), (8),
 3.8 (11), and (13), must use a postretirement adjustment rate actuarial assumption equal to
 3.9 the postretirement adjustment rate specified in section ~~354A.27, subdivision 7; 354A.29,~~
 3.10 ~~subdivision 9;~~ or 356.415, subdivision ~~4~~ 1b, 1c, 1e, or 1f, whichever applies.

3.11 (2) If funding stability has not been attained, the valuation of each public pension
 3.12 and retirement plan enumerated in section 356.20, subdivision 2, clauses (2), (4), (8), (11),
 3.13 and (13), must use a select postretirement adjustment rate actuarial assumption equal to
 3.14 the postretirement adjustment rate specified in section ~~354A.27, subdivision 6a; 354A.29,~~
 3.15 ~~subdivision 8;~~ or 356.415, subdivision ~~4a;~~ 1b, 1c, ~~1d;~~ 1e, or 1f, whichever applies, for a
 3.16 period ending when the approved actuary estimates that the plan will attain the defined
 3.17 funding stability measure, and thereafter an ultimate postretirement adjustment rate
 3.18 actuarial assumption equal to the postretirement adjustment rate under section ~~354A.27,~~
 3.19 ~~subdivision 7; 354A.29, subdivision 9;~~ or 356.415, subdivision ~~4~~ 1b, 1c, 1e, or 1f, for the
 3.20 applicable period or periods beginning when funding stability is projected to be attained.

3.21 (3) The valuation of each public pension and retirement plan enumerated in section
 3.22 356.20, subdivision 2, clauses (1), (3), (5), and (12), must use a postretirement adjustment
 3.23 rate actuarial assumption equal to the postretirement adjustment rate specified in section
 3.24 354A.29 or 356.415, subdivision 1a or 1d, whichever applies.

3.25 (c) The actuarial valuation must use the applicable following single rate future salary
 3.26 increase assumption, the applicable following modified single rate future salary increase
 3.27 assumption, or the applicable following graded rate future salary increase assumption:

3.28 (1) single rate future salary increase assumption

3.29 plan	future salary increase assumption
3.30 legislators retirement plan	5%
3.31 judges retirement plan	2.75
3.32 Bloomington Fire Department Relief	4
3.33 Association	

3.34 (2) age-related future salary increase age-related select and ultimate future salary
 3.35 increase assumption or graded rate future salary increase assumption

3.36 plan	future salary increase assumption
3.37 local government correctional service retirement plan	assumption B
3.38 St. Paul teachers retirement plan	assumption A

4.1 For plans other than the St. Paul teachers
 4.2 retirement plan and the local government
 4.3 correctional service retirement plan, the
 4.4 select calculation is: during the designated
 4.5 select period, a designated percentage rate
 4.6 is multiplied by the result of the designated
 4.7 integer minus T, where T is the number of
 4.8 completed years of service, and is added
 4.9 to the applicable future salary increase
 4.10 assumption. The designated select period
 4.11 is ten years and the designated integer is
 4.12 ten for the local government correctional
 4.13 service retirement plan and 15 for the St.
 4.14 Paul Teachers Retirement Fund Association.
 4.15 The designated percentage rate is 0.2 percent
 4.16 for the St. Paul Teachers Retirement Fund
 4.17 Association.

4.18 The ultimate future salary increase assumption is:

4.19	age	A	B
4.20	16	5.9%	8.75%
4.21	17	5.9	8.75
4.22	18	5.9	8.75
4.23	19	5.9	8.75
4.24	20	5.9	8.75
4.25	21	5.9	8.5
4.26	22	5.9	8.25
4.27	23	5.85	8
4.28	24	5.8	7.75
4.29	25	5.75	7.5
4.30	26	5.7	7.25
4.31	27	5.65	7
4.32	28	5.6	6.75
4.33	29	5.55	6.5
4.34	30	5.5	6.5
4.35	31	5.45	6.25
4.36	32	5.4	6.25
4.37	33	5.35	6.25
4.38	34	5.3	6
4.39	35	5.25	6
4.40	36	5.2	5.75

5.1	37	5.15	5.75
5.2	38	5.1	5.75
5.3	39	5.05	5.5
5.4	40	5	5.5
5.5	41	4.95	5.5
5.6	42	4.9	5.25
5.7	43	4.85	5
5.8	44	4.8	5
5.9	45	4.75	4.75
5.10	46	4.7	4.75
5.11	47	4.65	4.75
5.12	48	4.6	4.75
5.13	49	4.55	4.75
5.14	50	4.5	4.75
5.15	51	4.45	4.75
5.16	52	4.4	4.75
5.17	53	4.35	4.75
5.18	54	4.3	4.75
5.19	55	4.25	4.5
5.20	56	4.2	4.5
5.21	57	4.15	4.25
5.22	58	4.1	4
5.23	59	4.05	4
5.24	60	4	4
5.25	61	4	4
5.26	62	4	4
5.27	63	4	4
5.28	64	4	4
5.29	65	4	3.75
5.30	66	4	3.75
5.31	67	4	3.75
5.32	68	4	3.75
5.33	69	4	3.75
5.34	70	4	3.75

5.35 (3) service-related ultimate future salary increase assumption

5.36	general state employees retirement plan of the	assumption A
5.37	Minnesota State Retirement System	
5.38	general employees retirement plan of the Public	assumption B
5.39	Employees Retirement Association	
5.40	Teachers Retirement Association	assumption C
5.41	public employees police and fire retirement plan	assumption D

6.1	State Patrol retirement plan	assumption E					
6.2	correctional state employees retirement plan of the	assumption F					
6.3	Minnesota State Retirement System						
6.4	service						
6.5	length	A	B	C	D	E	F
6.6	1	10.25%	11.78%	12%	12.75%	7.75%	5.75%
6.7	2	7.85	8.65	9	10.75	7.25	5.6
6.8	3	6.65	7.21	8	8.75	6.75	5.45
6.9	4	5.95	6.33	7.5	7.75	6.5	5.3
6.10	5	5.45	5.72	7.25	6.25	6.25	5.15
6.11	6	5.05	5.27	7	5.85	6	5
6.12	7	4.75	4.91	6.85	5.55	5.75	4.85
6.13	8	4.45	4.62	6.7	5.35	5.6	4.7
6.14	9	4.25	4.38	6.55	5.15	5.45	4.55
6.15	10	4.15	4.17	6.4	5.05	5.3	4.4
6.16	11	3.95	3.99	6.25	4.95	5.15	4.3
6.17	12	3.85	3.83	6	4.85	5	4.2
6.18	13	3.75	3.69	5.75	4.75	4.85	4.1
6.19	14	3.55	3.57	5.5	4.65	4.7	4
6.20	15	3.45	3.45	5.25	4.55	4.55	3.9
6.21	16	3.35	3.35	5	4.55	4.4	3.8
6.22	17	3.25	3.26	4.75	4.55	4.25	3.7
6.23	18	3.25	3.25	4.5	4.55	4.1	3.6
6.24	19	3.25	3.25	4.25	4.55	3.95	3.5
6.25	20	3.25	3.25	4	4.55	3.8	3.5
6.26	21	3.25	3.25	3.9	4.45	3.75	3.5
6.27	22	3.25	3.25	3.8	4.35	3.75	3.5
6.28	23	3.25	3.25	3.7	4.25	3.75	3.5
6.29	24	3.25	3.25	3.6	4.25	3.75	3.5
6.30	25	3.25	3.25	3.5	4.25	3.75	3.5
6.31	26	3.25	3.25	3.5	4.25	3.75	3.5
6.32	27	3.25	3.25	3.5	4.25	3.75	3.5
6.33	28	3.25	3.25	3.5	4.25	3.75	3.5
6.34	29	3.25	3.25	3.5	4.25	3.75	3.5
6.35	30 or more	3.25	3.25	3.5	4.25	3.75	3.5

6.36 (d) The actuarial valuation must use the applicable following payroll growth
6.37 assumption for calculating the amortization requirement for the unfunded actuarial
6.38 accrued liability where the amortization retirement is calculated as a level percentage
6.39 of an increasing payroll:

6.40	plan	payroll growth assumption
6.41	general state employees retirement plan of the	3.5%
6.42	Minnesota State Retirement System	

7.1	correctional state employees retirement plan	3.5
7.2	State Patrol retirement plan	3.5
7.3	judges retirement plan	2.75
7.4	general employees retirement plan of the Public Employees Retirement Association	3.5
7.5		
7.6	public employees police and fire retirement plan	3.5
7.7	local government correctional service retirement plan	3.5
7.8	teachers retirement plan	3.75
7.9	St. Paul teachers retirement plan	4

7.10 (e) The assumptions set forth in paragraphs (c) and (d) continue to apply, unless a
7.11 different salary assumption or a different payroll increase assumption:

7.12 (1) has been proposed by the governing board of the applicable retirement plan;

7.13 (2) is accompanied by the concurring recommendation of the actuary retained under
7.14 section 356.214, subdivision 1, if applicable, or by the approved actuary preparing the
7.15 most recent actuarial valuation report if section 356.214 does not apply; and

7.16 (3) has been approved or deemed approved under subdivision 18.

7.17 **EFFECTIVE DATE.** This section is effective June 30, 2016.

7.18 Sec. 5. Minnesota Statutes 2015 Supplement, section 356.415, subdivision 1a, is
7.19 amended to read:

7.20 Subd. 1a. **Annual postretirement adjustments; Minnesota State Retirement**
7.21 **System plans other than the State Patrol and judges retirement plan plans.** (a)

7.22 Retirement annuity, disability benefit, or survivor benefit recipients of the legislators
7.23 retirement plan, including constitutional officers as specified in chapter 3A, the general
7.24 state employees retirement plan, the correctional state employees retirement plan, and
7.25 the unclassified state employees retirement program are entitled to a postretirement
7.26 adjustment annually on January 1, as follows:

7.27 (1) ~~for each successive January 1, if the definition of funding stability under~~
7.28 ~~paragraph (b) has not been met as of the prior July 1 for or with respect to the applicable~~
7.29 ~~retirement plan,~~ a postretirement increase of ~~two~~ 1.75 percent must be applied each year,
7.30 effective on January 1, to the monthly annuity or benefit of each annuitant or benefit
7.31 recipient who has been receiving an annuity or a benefit for at least 12 full months as of
7.32 the June 30 of the calendar year immediately before the adjustment; and

7.33 (2) ~~for each successive January 1, if the definition of funding stability under~~
7.34 ~~paragraph (b) has not been met as of the prior July 1 for or with respect to the applicable~~
7.35 ~~retirement plan,~~ for each annuitant or benefit recipient who has been receiving an annuity
7.36 or a benefit for at least one full month, but less than 12 full months as of the June 30 of the

8.1 calendar year immediately before the adjustment, an annual postretirement increase of
8.2 1/12 of ~~two~~ 1.75 percent for each month that the person has been receiving an annuity or
8.3 benefit must be applied.

8.4 ~~(b) Increases under this subdivision for the general state employees retirement~~
8.5 ~~plan or the correctional state employees retirement plan terminate on December 31 of~~
8.6 ~~the calendar year in which two prior consecutive actuarial valuations prepared by the~~
8.7 ~~approved actuary under sections 356.214 and 356.215 and the standards for actuarial work~~
8.8 ~~promulgated by the Legislative Commission on Pensions and Retirement indicate that the~~
8.9 ~~market value of assets of the retirement plan equals or exceeds 90 percent of the actuarial~~
8.10 ~~accrued liability of the retirement plan and increases under subdivision 1 recommence~~
8.11 ~~after that date. Increases under this subdivision for the legislators retirement plan~~
8.12 ~~established under chapter 3A, including the constitutional officers specified in that chapter,~~
8.13 ~~and for the unclassified state employees retirement program, terminate on December 31~~
8.14 ~~of the calendar year in which two prior consecutive actuarial valuations prepared by the~~
8.15 ~~approved actuary under sections 356.214 and 356.215 and the standards for actuarial work~~
8.16 ~~promulgated by the Legislative Commission on Pensions and Retirement indicate that the~~
8.17 ~~market value of assets of the general state employees retirement plan equals or exceeds~~
8.18 ~~90 percent of the actuarial accrued liability of the retirement plan and increases under~~
8.19 ~~subdivision 1 recommence after that date.~~

8.20 ~~(c) After having met the definition of funding stability under paragraph (b), the~~
8.21 ~~increase provided in paragraph (a), clauses (1) and (2), rather than an increase under~~
8.22 ~~subdivision 1, for the general state employees retirement plan or the correctional state~~
8.23 ~~employees retirement plan, is again to be applied in a subsequent year or years if the~~
8.24 ~~market value of assets of the applicable plan equals or is less than:~~

8.25 ~~(1) 85 percent of the actuarial accrued liabilities of the applicable plan for two~~
8.26 ~~consecutive actuarial valuations; or~~

8.27 ~~(2) 80 percent of the actuarial accrued liabilities of the applicable plan for the most~~
8.28 ~~recent actuarial valuation.~~

8.29 ~~(d) After having met the definition of funding stability under paragraph (b), the~~
8.30 ~~increase provided in paragraph (a), clauses (1) and (2), rather than an increase under~~
8.31 ~~subdivision 1, for the legislators retirement plan, including the constitutional officers,~~
8.32 ~~and for the unclassified state employees retirement program, is again to be applied in a~~
8.33 ~~subsequent year or years if the market value of assets of the general state employees~~
8.34 ~~retirement plan equals or is less than:~~

8.35 ~~(1) 85 percent of the actuarial accrued liabilities of the applicable plan for two~~
8.36 ~~consecutive actuarial valuations; or~~

9.1 ~~(2) 80 percent of the actuarial accrued liabilities of the applicable plan for the most~~
9.2 ~~recent actuarial valuation.~~

9.3 (e) (b) An increase in annuity or benefit payments under this subdivision must be
9.4 made automatically unless written notice is filed by the annuitant or benefit recipient
9.5 with the executive director of the applicable covered retirement plan requesting that the
9.6 increase not be made.

9.7 **EFFECTIVE DATE.** This section is effective June 30, 2016.

9.8 Sec. 6. Minnesota Statutes 2015 Supplement, section 356.415, subdivision 1e, is
9.9 amended to read:

9.10 Subd. 1e. **Annual postretirement adjustments; State Patrol retirement plan.**

9.11 (a) Retirement annuity, disability benefit, or survivor benefit recipients of the State Patrol
9.12 retirement plan are entitled to a postretirement adjustment annually on January 1 if the
9.13 definition of funding stability under paragraph (b) has not been met, as follows:

9.14 (1) a postretirement increase of one percent must be applied each year, effective on
9.15 January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who
9.16 has been receiving an annuity or a benefit for at least 12 full months as of the June 30 of
9.17 the calendar year immediately before the adjustment; and

9.18 (2) for each annuitant or benefit recipient who has been receiving an annuity or
9.19 a benefit for at least one full month, but less than 12 full months as of the June 30 of
9.20 the calendar year immediately before the adjustment, an annual postretirement increase
9.21 of 1/12 of one percent for each month that the person has been receiving an annuity or
9.22 benefit must be applied.

9.23 (b) Increases under paragraph (a) for the State Patrol retirement plan terminate on
9.24 December 31 of the calendar year in which two prior consecutive actuarial valuations for
9.25 the plan prepared by the approved actuary under sections 356.214 and 356.215 and the
9.26 standards for actuarial work promulgated by the Legislative Commission on Pensions
9.27 and Retirement indicates that the market value of assets of the retirement plan equals or
9.28 exceeds 85 percent of the actuarial accrued liability of the retirement plan. Thereafter,
9.29 increases under paragraph (a) become effective again on the December 31 of the calendar
9.30 year in which the actuarial valuation, or prior consecutive actuarial valuations for the
9.31 plan prepared by the approved actuary under sections 356.214 and 356.215 and the
9.32 standards for actuarial work promulgated by the Legislative Commission on Pensions and
9.33 Retirement indicates that the market value of the assets of the retirement plan equals or is
9.34 less than 80 percent of the actuarial accrued liability of the retirement plan for two years,

10.1 or equals or is less than 75 percent of the actuarial accrued liability of the retirement plan
10.2 for one year and increases under paragraph (c) commence after that date.

10.3 (c) Retirement annuity, disability benefit, or survivor benefit recipients of the State
10.4 Patrol retirement plan are entitled to a postretirement adjustment annually on January 1 if
10.5 the definition of funding stability under paragraph (b) has been met, as follows:

10.6 (1) a postretirement increase of 1.5 percent must be applied each year, effective on
10.7 January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who
10.8 has been receiving an annuity or a benefit for at least 12 full months as of the June 30 of
10.9 the calendar year immediately before the adjustment; and

10.10 (2) for each annuitant or benefit recipient who has been receiving an annuity or
10.11 a benefit for at least one full month, but less than 12 full months as of the June 30 of
10.12 the calendar year immediately before the adjustment, an annual postretirement increase
10.13 of 1/12 of 1.5 percent for each month that the person has been receiving an annuity or
10.14 benefit must be applied.

10.15 (d) Increases under paragraph (c) for the State Patrol retirement plan terminate on
10.16 December 31 of the calendar year in which two prior consecutive actuarial valuations
10.17 prepared by the approved actuary under sections 356.214 and 356.215 and the standards
10.18 for actuarial work adopted by the Legislative Commission on Pensions and Retirement
10.19 indicates that the market value of assets of the retirement plan equals or exceeds 90 percent
10.20 of the actuarial accrued liability of the retirement plan and increases under ~~subdivision~~
10.21 ~~† recommence~~ paragraph (e) commence after that date.

10.22 (e) Retirement annuity, disability benefit, or survivor benefit recipients of the State
10.23 Patrol retirement plan are entitled to a postretirement adjustment annually on January 1 if
10.24 the definition of funding stability under paragraph (d) has been met, as follows:

10.25 (1) a postretirement increase of 2.5 percent must be applied each year, effective on
10.26 January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who
10.27 has been receiving an annuity or a benefit for at least 12 full months as of the June 30 of
10.28 the calendar year immediately before the adjustment; and

10.29 (2) for each annuitant or benefit recipient who has been receiving an annuity or
10.30 a benefit for at least one full month, but less than 12 full months as of the June 30 of
10.31 the calendar year immediately before the adjustment, an annual postretirement increase
10.32 of 1/12 of 2.5 percent for each month that the person has been receiving an annuity or
10.33 benefit must be applied.

10.34 (e) (f) An increase in annuity or benefit payments under this subdivision must be
10.35 made automatically unless written notice is filed by the annuitant or benefit recipient

11.1 with the executive director of the applicable covered retirement plan requesting that the
 11.2 increase not be made.

11.3 **EFFECTIVE DATE.** This section is effective June 30, 2016.

11.4 Sec. 7. Minnesota Statutes 2015 Supplement, section 356.415, subdivision 1f, is
 11.5 amended to read:

11.6 Subd. 1f. **Annual postretirement adjustments; Minnesota State Retirement**
 11.7 **System judges retirement plan.** ~~(a) The increases provided under this subdivision are in~~
 11.8 ~~lieu of increases under subdivision 1 or 1a for retirement annuity, disability benefit, or~~
 11.9 ~~survivor benefit recipients of the judges retirement plan.~~

11.10 ~~(b)~~ (a) Retirement annuity, disability benefit, or survivor benefit recipients of the
 11.11 judges retirement plan are entitled to a postretirement adjustment annually on January 1 if
 11.12 the definition of funding stability under paragraph (b) has not been met, as follows:

11.13 (1) a postretirement increase of 1.75 percent must be applied each year, effective on
 11.14 January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who
 11.15 has been receiving an annuity or a benefit for at least 12 full months as of the June 30 of
 11.16 the calendar year immediately before the adjustment; and

11.17 (2) for each annuitant or benefit recipient who has been receiving an annuity or a
 11.18 benefit for at least one full month, but less than 12 full months as of the June 30 of the
 11.19 calendar year immediately before the adjustment, an annual postretirement increase of
 11.20 1/12 of 1.75 percent for each month that the person has been receiving an annuity or
 11.21 benefit must be applied.

11.22 ~~(e)~~ (b) Increases under ~~this subdivision~~ paragraph (a) terminate on December 31
 11.23 of the calendar year in which two prior consecutive actuarial valuations prepared by the
 11.24 approved actuary under sections 356.214 and 356.215 and the standards for actuarial work
 11.25 promulgated by the Legislative Commission on Pensions and Retirement indicates that
 11.26 the market value of assets of the judges retirement plan equals or exceeds 70 percent of
 11.27 the actuarial accrued liability of the retirement plan; and increases under ~~subdivision~~
 11.28 ~~1 or 1a, whichever is applicable, begin on the January 1 next following~~ paragraph (c)
 11.29 commence after that date.

11.30 (c) Retirement annuity, disability benefit, or survivor benefit recipients of the judges
 11.31 retirement plan are entitled to a postretirement adjustment annually on January 1 if the
 11.32 definition of funding stability under paragraph (d) has not been met, as follows:

11.33 (1) a postretirement increase of two percent must be applied each year, effective on
 11.34 January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who

12.1 has been receiving an annuity or a benefit for at least 12 full months as of the June 30 of
 12.2 the calendar year immediately before the adjustment; and

12.3 (2) for each annuitant or benefit recipient who has been receiving an annuity or a
 12.4 benefit for at least one full month, but less than 12 full months as of the June 30 of the
 12.5 calendar year immediately before the adjustment, an annual postretirement increase of
 12.6 1/12 of two percent for each month that the person has been receiving an annuity or
 12.7 benefit must be applied.

12.8 (d) Increases under paragraph (c) terminate on December 31 of the calendar year
 12.9 in which two prior consecutive actuarial valuations prepared by the approved actuary
 12.10 under sections 356.214 and 356.215 and the standards for actuarial work adopted by the
 12.11 Legislative Commission on Pensions and Retirement indicates that the market value of
 12.12 assets of the judges retirement plan equals or exceeds 90 percent of the actuarial accrued
 12.13 liability of the retirement plan and increases under paragraph (e) commence after that date.

12.14 (e) Retirement annuity, disability benefit, or survivor benefit recipients of the judges
 12.15 retirement plan are entitled to a postretirement adjustment annually on January 1 if the
 12.16 definition of funding stability under paragraph (d) has been met, as follows:

12.17 (1) a postretirement increase of 2.5 percent must be applied each year, effective on
 12.18 January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who
 12.19 has been receiving an annuity or a benefit for at least 12 full months as of the June 30 of
 12.20 the calendar year immediately before the adjustment; and

12.21 (2) for each annuitant or benefit recipient who has been receiving an annuity or
 12.22 a benefit for at least one full month, but less than 12 full months as of the June 30 of
 12.23 the calendar year immediately before the adjustment, an annual postretirement increase
 12.24 of 1/12 of 2.5 percent for each month that the person has been receiving an annuity or
 12.25 benefit must be applied.

12.26 ~~(d)~~ (f) An increase in annuity or benefit payments under this subdivision must be
 12.27 made automatically unless written notice is filed by the annuitant or benefit recipient
 12.28 with the executive director of the applicable covered retirement plan requesting that the
 12.29 increase not be made.

12.30 **EFFECTIVE DATE.** This section is effective June 30, 2016.

12.31 Sec. 8. **REPEALER.**

12.32 Minnesota Statutes 2015 Supplement, section 356.415, subdivision 1, is repealed.

12.33 **EFFECTIVE DATE.** This section is effective June 30, 2016.

356.415 POSTRETIREMENT ADJUSTMENTS; STATEWIDE RETIREMENT PLANS.

Subdivision 1. **Annual postretirement adjustments; generally.** (a) Except as otherwise provided in subdivision 1a, 1b, 1c, 1d, 1e, or 1f, retirement annuity, disability benefit, or survivor benefit recipients of a covered retirement plan are entitled to a postretirement adjustment annually on January 1, as follows:

(1) a postretirement increase of 2.5 percent must be applied each year, effective January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 12 full months as of the June 30 of the calendar year immediately before the adjustment; and

(2) for each annuitant or benefit recipient who has been receiving an annuity or a benefit amount for at least one full month, but less than 12 full months as of the June 30 of the calendar year immediately before the adjustment, an annual postretirement increase of 1/12 of 2.5 percent for each month that the person has been receiving an annuity or benefit must be applied.

(b) An increase in annuity or benefit payments under this section must be made automatically unless written notice is filed by the annuitant or benefit recipient with the executive director of the covered retirement plan requesting that the increase not be made.