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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-SECOND SESSION

H. F. No. 3771

02/24/2022 Authored by Nelson, M.; Davids; Berg; Boe; Vang and others
The bill was read for the first time and referred to the Committee on State Government Finance and Elections

1.1 A bill for an act
1.2 relating to retirement; increasing postretirement adjustments; amending Minnesota
1.3 Statutes 2020, sections 354A.29, subdivision 7; 356.415, subdivisions 1, 1a, 1b,
1.4 1c, 1d, 1e; Minnesota Statutes 2021 Supplement, section 356.415, subdivision 1f.

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

1.6 ARTICLE 1
1.7 ST. PAUL TEACHERS RETIREMENT FUND ASSOCIATION

1.8 Section 1. Minnesota Statutes 2020, section 354A.29, subdivision 7, is amended to read:

1.9 Subd. 7. Postretirement adjustments. (a) Except as set forth in paragraph (c), each
1.10 person who has been receiving an annuity or benefit under the articles of incorporation, the
1.11 bylaws, or this chapter, whose effective date of benefit commencement occurred on or
1.12 before July 1 of the calendar year immediately before the adjustment, is eligible to receive
1.13 an annual postretirement adjustment, effective as of each January 1, as follows:

1.14 (1) there shall be no the postretirement adjustment on January 1, 2019, and January 1,
1.15 2020 2022, shall be one percent; and

1.16 (2) the postretirement adjustment shall be one 2.5 percent on January 1, 2021 2023, and
1.17 each January 1 thereafter.

1.18 (b) A postretirement adjustment is to be applied as a permanent increase to the regular
1.19 payment of each eligible member on January 1. For any eligible member whose effective
1.20 date of benefit commencement occurred after January 1 of the immediately preceding
1.21 calendar year, the amount of the postretirement adjustment must be reduced by 50 percent.

2.1 (c) Each person who retires on or after July 1, 2024, is entitled to an annual postretirement
 2.2 adjustment, effective as of each January 1, beginning with the year following the year in
 2.3 which the member attains normal retirement age.

2.4 (d) Paragraph (c) does not apply to members who retire under section 354A.31,
 2.5 subdivision 6, paragraph (b), or who retire when the member is at least age 62 and has at
 2.6 least 30 years of service under section 354A.31, subdivision 7.

2.7 ARTICLE 2

2.8 MSRS

2.9 Section 1. Minnesota Statutes 2020, section 356.415, subdivision 1, is amended to read:

2.10 Subdivision 1. **Annual postretirement adjustments; Minnesota State Retirement**
 2.11 **System general state employees retirement plan, legislators retirement plan, and**
 2.12 **unclassified state employees retirement program.** (a) Except as set forth in paragraph
 2.13 (c), recipients of a retirement annuity, disability benefit, or survivor benefit from the general
 2.14 state employees retirement plan, the legislators retirement plan, or the unclassified state
 2.15 employees retirement program are entitled to an annual postretirement adjustment, effective
 2.16 as of each January 1, as follows:

2.17 (1) effective January 1, 2019, through December 31, ~~2023~~ 2022, a postretirement increase
 2.18 of one percent must be applied each year to the amount of the monthly annuity or benefit
 2.19 of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at
 2.20 least 12 full months as of the June 30 of the calendar year immediately before the adjustment;

2.21 (2) effective January 1, 2019, through December 31, ~~2023~~ 2022, for each annuitant or
 2.22 benefit recipient who has been receiving an annuity or a benefit for at least one full month,
 2.23 but less than 12 full months as of the June 30 of the calendar year immediately before the
 2.24 adjustment, a postretirement increase of 1/12 of one percent for each month that the person
 2.25 has been receiving an annuity or benefit must be applied to the amount of the monthly
 2.26 annuity or benefit of the annuitant or benefit recipient;

2.27 (3) effective January 1, ~~2024~~ 2023, and thereafter, a postretirement increase of ~~1.5~~ 2.5
 2.28 percent must be applied each year to the amount of the monthly annuity or benefit of each
 2.29 annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 12
 2.30 full months as of the June 30 of the calendar year immediately before the adjustment; and

2.31 (4) effective January 1, ~~2024~~ 2023, and thereafter, for each annuitant or benefit recipient
 2.32 who has been receiving an annuity or a benefit for at least one full month, but less than 12
 2.33 full months as of the June 30 of the calendar year immediately before the adjustment, an

3.1 annual postretirement increase of 1/12 of 1.5 percent for each month that the person has
 3.2 been receiving an annuity or benefit must be applied to the amount of the monthly annuity
 3.3 or benefit of the annuitant or benefit recipient.

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

3.7 (c) Members who retire on or after January 1, 2024, under the general state employees
 3.8 retirement plan, the legislators retirement plan, or the unclassified state employees retirement
 3.9 program are entitled to an annual postretirement adjustment of the member's retirement
 3.10 annuity, effective as of each January 1, beginning with the year following the year in which
 3.11 the member attains normal retirement age, as follows:

3.12 (1) if a member has been receiving an annuity for at least 12 full months as of the June
 3.13 30 of the calendar year immediately before the date of the adjustment, a postretirement
 3.14 increase equal to the percentage specified in paragraph (a), clause (3), must be applied,
 3.15 effective on January 1, to the amount of the member's monthly annuity;

3.16 (2) if a member has been receiving an annuity for at least one full month, but less than
 3.17 12 full months as of the June 30 of the calendar year immediately before the date of
 3.18 adjustment, a postretirement increase of 1/12 of the percentage specified in paragraph (a),
 3.19 clause (4), for each month that the member has been receiving an annuity must be applied,
 3.20 effective on January 1, to the amount of the member's monthly annuity; or

3.21 (3) if a member has been receiving an annuity for fewer than seven months before the
 3.22 date of adjustment, a postretirement increase shall not be applied until the next January 1
 3.23 and the amount of the adjustment shall be the amount determined under clause (2).

3.24 (d) Paragraph (c) does not apply to members who retire under section 352.116,
 3.25 subdivision 1, paragraph (c).

3.26 Sec. 2. Minnesota Statutes 2020, section 356.415, subdivision 1a, is amended to read:

3.27 Subd. 1a. **Annual postretirement adjustments; Minnesota State Retirement System**
 3.28 **correctional state employees retirement plan.** (a) Retirement annuity, disability benefit,
 3.29 or survivor benefit recipients of the correctional state employees retirement plan are entitled
 3.30 to an annual postretirement adjustment, effective as of ~~each~~ January 1, as follows:

3.31 (1) through December 31, 2022, a postretirement increase of 1.5 percent must be applied
 3.32 each year to the monthly annuity or benefit of each annuitant or benefit recipient who has

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

4.3 (2) through December 31, 2022, for each annuitant or benefit recipient who has been
4.4 receiving an annuity or a benefit for at least one full month, but less than 12 full months as
4.5 of the June 30 of the calendar year immediately before the adjustment, an annual
4.6 postretirement increase of 1/12 of 1.5 percent for each month that the person has been
4.7 receiving an annuity or benefit must be applied to the amount of the monthly annuity or
4.8 benefit of each annuitant or benefit recipient.

4.9 (3) effective January 1, 2023, and thereafter, a postretirement increase of 2.5 percent
4.10 must be applied each year to the monthly annuity or benefit of each annuitant or benefit
4.11 recipient who has been receiving an annuity or a benefit for at least 12 full months as of the
4.12 June 30 of the calendar year immediately before the adjustment; and

4.13 (4) effective January 1, 2023, and thereafter, for each annuitant or benefit recipient who
4.14 has been receiving an annuity or a benefit for at least one full month, but less than 12 full
4.15 months as of the June 30 of the calendar year immediately before the adjustment, an annual
4.16 postretirement increase of 1/12 of 2.5 percent for each month that the person has been
4.17 receiving an annuity or benefit must be applied to the amount of the monthly annuity or
4.18 benefit of each annuitant or benefit recipient.

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

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

4.24 Sec. 3. Minnesota Statutes 2020, section 356.415, subdivision 1e, is amended to read:

4.25 Subd. 1e. **Annual postretirement adjustments; State Patrol retirement plan.** (a)
4.26 Retirement annuity, disability benefit, or survivor benefit recipients of the State Patrol
4.27 retirement plan are entitled to an annual postretirement adjustment, effective as of each
4.28 January 1, as follows:

4.29 (1) through December 31, 2022, a postretirement increase of one percent must be applied
4.30 each year to the monthly annuity or benefit of each annuitant or benefit recipient who has
4.31 been receiving an annuity or a benefit for at least 12 full months as of the June 30 of the
4.32 calendar year immediately before the adjustment; and

5.1 (2) through December 31, 2022, for each annuitant or benefit recipient who has been
 5.2 receiving an annuity or a benefit for at least one full month, but less than 12 full months as
 5.3 of the June 30 of the calendar year immediately before the adjustment, an annual
 5.4 postretirement increase of 1/12 of one percent for each month that the person has been
 5.5 receiving an annuity or benefit must be applied to the amount of the monthly annuity or
 5.6 benefit of each annuitant or benefit recipient.

5.7 (3) effective January 1, 2023, and thereafter, a postretirement increase of 2.5 percent
 5.8 must be applied each year to the monthly annuity or benefit of each annuitant or benefit
 5.9 recipient who has been receiving an annuity or a benefit for at least 12 full months as of the
 5.10 June 30 of the calendar year immediately before the adjustment; and

5.11 (4) effective January 1, 2023, and thereafter, for each annuitant or benefit recipient who
 5.12 has been receiving an annuity or a benefit for at least one full month, but less than 12 full
 5.13 months as of the June 30 of the calendar year immediately before the adjustment, an annual
 5.14 postretirement increase of 1/12 of 2.5 percent for each month that the person has been
 5.15 receiving an annuity or benefit must be applied to the amount of the monthly annuity or
 5.16 benefit of each annuitant or benefit recipient.

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

5.21 Sec. 4. Minnesota Statutes 2021 Supplement, section 356.415, subdivision 1f, is amended
 5.22 to read:

5.23 Subd. 1f. **Annual postretirement adjustments; Minnesota State Retirement System**
 5.24 **judges retirement plan.** (a) Recipients of a retirement annuity, disability benefit, or survivor
 5.25 benefit from the judges retirement plan are entitled to an annual postretirement adjustment,
 5.26 effective as of each January 1, as follows:

5.27 (1) through December 31, ~~2021~~ 2022, a postretirement increase of 1.75 percent must be
 5.28 applied each year to the monthly annuity or benefit of each annuitant or benefit recipient
 5.29 who has been receiving an annuity or a benefit for at least 12 full months as of the June 30
 5.30 of the calendar year immediately before the adjustment;

5.31 (2) through December 31, ~~2021~~ 2022, for each annuitant or benefit recipient who has
 5.32 been receiving an annuity or a benefit for at least one full month, but less than 12 full months
 5.33 as of the June 30 of the calendar year immediately before the adjustment, an annual

6.1 postretirement increase of 1/12 of 1.75 percent for each month that the person has been
 6.2 receiving an annuity or benefit must be applied to the amount of the monthly annuity or
 6.3 benefit;

6.4 (3) effective January 1, ~~2022~~ 2023, and thereafter, a postretirement increase of ~~1.5~~ 2.5
 6.5 percent must be applied each year to the monthly annuity or benefit of each annuitant or
 6.6 benefit recipient who has been receiving an annuity or a benefit for at least 12 full months
 6.7 as of the June 30 of the calendar year immediately before the adjustment; and

6.8 (4) effective January 1, ~~2022~~ 2023, and thereafter, for each annuitant or benefit recipient
 6.9 who has been receiving an annuity or a benefit for at least one full month, but less than 12
 6.10 full months as of the June 30 of the calendar year immediately before the adjustment, an
 6.11 annual postretirement increase of 1/12 of ~~1.5~~ 2.5 percent for each month that the person has
 6.12 been receiving an annuity or benefit must be applied to the amount of the monthly annuity
 6.13 or benefit.

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

6.18 ARTICLE 3

6.19 PERA

6.20 Section 1. Minnesota Statutes 2020, section 356.415, subdivision 1b, is amended to read:

6.21 Subd. 1b. **Annual postretirement adjustments; PERA; general employees retirement**
 6.22 **plan.** (a) Annuities, disability benefits, and survivor benefits being paid from the general
 6.23 employees retirement plan of the Public Employees Retirement Association shall be increased
 6.24 effective each January 1 by the percentage of increase determined under this subdivision.
 6.25 The increase to the annuity or benefit shall be determined by multiplying the monthly amount
 6.26 of the annuity or benefit by the percentage of increase specified in paragraph (b), after taking
 6.27 into account any reduction to the percentage of increase required under paragraph (c).

6.28 (b) The percentage of increase shall be one percent unless the federal Social Security
 6.29 Administration has announced a cost-of-living adjustment pursuant to United States Code,
 6.30 title 42, section 415(i), in the last quarter of the preceding calendar year that is greater than
 6.31 two percent. If the cost-of-living adjustment announced by the federal Social Security
 6.32 Administration is greater than two percent, the percentage of increase shall be: (i) through
 6.33 December 31, 2022, 50 percent of the cost-of-living adjustment announced by the federal

7.1 Social Security Administration, but in no event may the percentage of increase exceed 1.5
7.2 percent; and (ii) effective January 1, 2023, and thereafter, 65 percent of the cost-of-living
7.3 adjustment announced by the federal Social Security Administration, but in no event may
7.4 the percentage of increase exceed 2.5 percent.

7.5 (c)(1) If the recipient of an annuity, disability benefit, or survivor's benefit has been
7.6 receiving the annuity or benefit for at least 12 full months as of the June 30 of the calendar
7.7 year immediately before the effective date of the increase, there is no reduction in the
7.8 percentage of increase.

7.9 (2) If the recipient of an annuity, disability benefit, or survivor's benefit has been receiving
7.10 the annuity or benefit for at least one month, but less than 12 full months, as of the June 30
7.11 of the calendar year immediately preceding the effective date of the increase, the percentage
7.12 of increase is multiplied by a fraction, the numerator of which is the number of months the
7.13 annuity or benefit was received as of June 30 of the preceding calendar year and the
7.14 denominator of which is 12.

7.15 (d) Effective for members who retire on or after January 1, 2024, annuities shall not be
7.16 increased under paragraphs (a) to (c) until January 1 of the year following the year in which
7.17 the member reaches normal retirement age. January 1 of the year following the year in
7.18 which the member reaches normal retirement age shall be considered the effective date of
7.19 the increase under paragraph (c). If a member has been receiving an annuity for fewer than
7.20 seven months as of the January 1 of the year following the year in which the member reaches
7.21 normal retirement age, no increase shall be paid until January 1 of the next year.

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

7.25 (f) Paragraph (d) does not apply to members who retire under section 353.30, subdivision
7.26 1a.

7.27 Sec. 2. Minnesota Statutes 2020, section 356.415, subdivision 1c, is amended to read:

7.28 Subd. 1c. **Annual postretirement adjustments; PERA-police and fire.** (a) Retirement
7.29 annuity, disability benefit, or survivor benefit recipients of the public employees police and
7.30 fire retirement plan are entitled to an annual postretirement adjustment, effective as of each
7.31 January 1, as follows:

7.32 (1) through December 31, 2022, for each annuitant or benefit recipient who will have
7.33 been receiving an annuity or benefit for at least 36 full months as of the immediate preceding

8.1 June 30, a postretirement increase of one percent must be applied each year to the amount
8.2 of the monthly annuity or benefit of the annuitant or benefit recipient; or

8.3 (2) through December 31, 2022, for each annuitant or benefit recipient who has been
8.4 receiving the annuity or benefit for at least 25 full months, but less than 36 months as of
8.5 the immediate preceding June 30, a postretirement increase of 1/12 of one percent for each
8.6 full month that the person has been receiving an annuity or benefit during the fiscal year in
8.7 which the annuity or benefit was effective must be applied each year to the amount of the
8.8 monthly annuity or benefit of the annuitant or benefit recipient.

8.9 (3) effective January 1, 2023, and thereafter, for each annuitant or benefit recipient who
8.10 will have been receiving an annuity or benefit for at least 36 full months as of the immediate
8.11 preceding June 30, a postretirement increase of 2.5 percent must be applied each year to
8.12 the amount of the monthly annuity or benefit of the annuitant or benefit recipient; or

8.13 (4) effective January 1, 2023, and thereafter, for each annuitant or benefit recipient who
8.14 has been receiving the annuity or benefit for at least 25 full months, but less than 36 months
8.15 as of the immediate preceding June 30, a postretirement increase of 1/12 of 2.5 percent for
8.16 each full month that the person has been receiving an annuity or benefit during the fiscal
8.17 year in which the annuity or benefit was effective must be applied each year to the amount
8.18 of the monthly annuity or benefit of the annuitant or benefit recipient.

8.19 (b) An increase in annuity or benefit payments under this section must be made
8.20 automatically unless written notice is filed by the annuitant or benefit recipient with the
8.21 executive director of the Public Employees Retirement Association requesting that the
8.22 increase not be made.

8.23 ARTICLE 4

8.24 TRA

8.25 Section 1. Minnesota Statutes 2020, section 356.415, subdivision 1d, is amended to read:

8.26 Subd. 1d. **Teachers Retirement Association annual postretirement adjustments.** (a)
8.27 Except as set forth in paragraph (d), recipients of a retirement annuity, disability benefit,
8.28 or survivor benefit from the Teachers Retirement Association are entitled to an annual
8.29 postretirement adjustment, effective as of each January 1, as follows:

8.30 (1) effective January 1, 2019, through December 31, ~~2023~~ 2022, a postretirement increase
8.31 of one percent must be applied each year to the amount of the monthly annuity or benefit
8.32 of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at
8.33 least 12 full months as of the June 30 of the calendar year immediately before the adjustment;

9.1 (2) effective January 1, 2019, through December 31, ~~2023~~ 2022, for each annuitant or
 9.2 benefit recipient who has been receiving an annuity or a benefit for at least one full month,
 9.3 but less than 12 full months as of the June 30 of the calendar year immediately before the
 9.4 adjustment, a postretirement increase of 1/12 of one percent for each month the person has
 9.5 been receiving an annuity or benefit must be applied to the amount of the monthly annuity
 9.6 or benefit of the annuitant or benefit recipient;

9.7 (3) effective January 1, ~~2024~~ 2023, and thereafter, a postretirement increase of 2.5 percent
 9.8 must be applied each year to the amount of the monthly annuity or benefit of each annuitant
 9.9 or benefit recipient who has been receiving an annuity or a benefit for at least 12 full months
 9.10 as of the June 30 of the calendar year immediately before the adjustment, ~~at the following~~
 9.11 ~~rates;~~ and

9.12	from January 1, 2024, through December 31, 2024	1.1 percent
9.13	from January 1, 2025, through December 31, 2025	1.2 percent
9.14	from January 1, 2026, through December 31, 2026	1.3 percent
9.15	from January 1, 2027, through December 31, 2027	1.4 percent
9.16	from January 1, 2028, and thereafter	1.5 percent

9.17 (4) effective January 1, ~~2024~~ 2023, and thereafter, for each annuitant or benefit recipient
 9.18 who has been receiving an annuity or a benefit for at least one full month, but less than 12
 9.19 full months, as of the June 30 of the calendar year immediately before the adjustment, an
 9.20 annual postretirement increase of 1/12 of ~~the applicable percentage~~ 2.5 percent for each
 9.21 month that the person has been receiving an annuity or benefit must be applied to the amount
 9.22 of the monthly annuity or benefit of the annuitant or benefit recipient. ~~The applicable~~
 9.23 ~~percentages are the following:~~

9.24	from January 1, 2024, through December 31, 2024	1.1 percent
9.25	from January 1, 2025, through December 31, 2025	1.2 percent
9.26	from January 1, 2026, through December 31, 2026	1.3 percent
9.27	from January 1, 2027, through December 31, 2027	1.4 percent
9.28	from January 1, 2028, and thereafter	1.5 percent

9.29 (b) An increase in annuity or benefit payments under this section must be made
 9.30 automatically unless written notice is filed by the annuitant or benefit recipient with the
 9.31 executive director of the Teachers Retirement Association requesting that the increase not
 9.32 be made.

9.33 (c) The retirement annuity payable to a person who retires before becoming eligible for
 9.34 Social Security benefits and who has elected the optional payment as provided in section

10.1 354.35 must be treated as the sum of a period-certain retirement annuity and a life retirement
10.2 annuity for the purposes of any postretirement adjustment. The period-certain retirement
10.3 annuity plus the life retirement annuity must be the annuity amount payable until age 62,
10.4 65, or normal retirement age, as selected by the member at retirement, for an annuity amount
10.5 payable under section 354.35. A postretirement adjustment granted on the period-certain
10.6 retirement annuity must terminate when the period-certain retirement annuity terminates.

10.7 (d) Members who retire on or after July 1, 2024, are entitled to an annual postretirement
10.8 adjustment of the member's retirement annuity, effective as of each January 1, beginning
10.9 with the year following the year in which the member attains normal retirement age, as
10.10 follows:

10.11 (1) if a member has been receiving an annuity for at least 12 full months as of the June
10.12 30 of the calendar year immediately before the date of the adjustment, a postretirement
10.13 increase equal to the percentage specified in paragraph (a), clause (3), must be applied,
10.14 effective on January 1, to the amount of the member's monthly annuity;

10.15 (2) if a member has been receiving an annuity for at least one full month, but less than
10.16 12 full months as of the June 30 of the calendar year immediately before the date of
10.17 adjustment, a postretirement increase of 1/12 of the applicable percentage specified in
10.18 paragraph (a), clause (4), for each month that the member has been receiving an annuity
10.19 must be applied, effective on January 1, to the amount of the member's monthly annuity;
10.20 or

10.21 (3) if a member has been receiving an annuity for fewer than seven months as of the
10.22 January 1 of the year following the year in which the member attains normal retirement
10.23 age, a postretirement adjustment shall be applied effective as of the next January 1. The
10.24 amount of the adjustment shall be determined under clause (2).

10.25 (e) Paragraph (d) does not apply to members who retire under section 354.44, subdivision
10.26 6, paragraph (c), clause (3), or who retire when the member is at least age 62 and has at
10.27 least 30 years of service under section 354.44, subdivision 6, paragraph (c), (d), (e), or (f),
10.28 as applicable.