served prior to July 1, 1978 and the new coordinated formula specified in the bylaws for the remainder of credited service, both applied to the average salary as specified in Paragraph 2 of Section 1 of Article IX. The formula percentages to be used in calculating the coordinated portion of a retirement annuity on coordinated service shall recognize the coordinated service as a continuation of any service prior to July 1, 1978.

(3) Paragraph 5 of Section 3 of Article IV of the bylaws in effect on June 1, 1978 may be amended to provide that the recomputation of a disability benefit in an amount equal to a service pension shall occur when the member attains the age of 60 years and shall be recomputed without any reduction for early retirement, and that if the disability terminates prior to age 60 the member shall be eligible for benefits as provided in Paragraph 1 of Section 3 of Article IV and the years of service and final average salary accrued to disability termination date would be used as provided in Paragraph 5 of Section 3 of Article IV of the bylaws in effect June 1, 1978 and that Paragraph 3 of Section 4 of Article IV be amended to conform to this provision.

(4) Article VIII of the bylaws in effect July 1, 1978 may be amended by adding a new section 5 providing augmentation of benefits in the same manner as Minnesota Statutes 1978, Section 354.55, Subdivision 11.

Sec. 2. **AUTHORITY TO AMEND BYLAWS.**

Authorization is hereby granted in accordance with Minnesota Statutes, Section 354A.12, Subdivision 4, for the St. Paul teachers retirement fund association to amend Paragraph 2, Clause (e) of Section 3 of Article IV of the bylaws of the association in effect on June 1, 1978, to provide that a service pension from the basic program is payable when a member retires after having attained the age of at least 55 years and having credit for at least ten years of service, which service pension shall be reduced by one-half of one percent for each month that the retiree is under the age of 65 years to and including the age of 60 years and reduced by one-fourth of one percent for each month that the retiree is under the age of 60 years to and including the age of 55 years.

Sec. 3. **EFFECTIVE DATE.**

This act is effective on the day following final enactment.

Approved May 8, 1981

CHAPTER 158 — H.F.No. 681

An act relating to retirement; reducing a certain deduction from amounts available to pay post-retirement adjustments; appropriating funds; amending Minnesota Statutes 1980, Section 11A.18, Subdivision 9.

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

Section 1. Minnesota Statutes 1980, Section 11A.18, Subdivision 9, is amended to read:

Subd. 9. **CALCULATION OF POST-RETIREMENT ADJUSTMENT.** Annually, following June 30, the state board shall determine whether a post-retirement adjustment shall be payable and shall determine the amount of any post-retirement adjustment which shall be payable.

(1) The state board shall determine whether a post-retirement adjustment shall be payable using the following procedure:

(a) The state board shall determine the amount of dividends, interest, accruals and realized equity capital gains or losses applicable to the most recent fiscal year ending June 30;

(b) The participating public pension funds or plans shall determine the amount of reserves required for every annuitant and benefit recipient as of the current June 30. Every annuitant or benefit recipient who has been receiving an annuity or benefit for at least one year as of the current June 30 shall be eligible to receive a post-retirement adjustment. Each fund shall report separately the amount of the reserves for those annuitants and benefit recipients who are eligible to receive a post-retirement benefit adjustment and those annuitants and benefit recipients who are not eligible to receive a post-retirement adjustment. The amount of the required reserves shall be certified to the board as soon as is practical following the current June 30;

(c) The state board shall determine the amount of investment income required to equal five percent of the required reserves as of the preceding June 30 adjusted by five percent of each transfer in or transfer out multiplied by the fraction of a year from the date of transfer to the current June 30. This amount of required investment income shall be subtracted from the actual amount of investment income determined pursuant to clause (1)(a), to determine the amount of excess investment income. If this amount is positive, then a post-retirement adjustment may be paid.

(2) The state board shall determine the amount of any post-retirement adjustment which is payable using the following procedure:

(a) The state board shall determine the amount of excess investment income by the method indicated in clause (1);

(b) The participating public pension funds and plans shall certify to the state board the total required reserves as of the first of January next following the end of the fiscal year for the annuitants and benefit recipients eligible to receive the post-retirement adjustment as determined by clause (1)(b);

(c) If the state board determines that the book value of the assets of the fund is less than an amount equal to 100 percent of the current June 30 required reserves, with the book value to be determined after the adjustments provided for in subdivision 11, then the board shall allocate ~~25~~ five percent of the excess investment income as an asset of the fund. The remaining ~~75~~ 95 percent will be termed available for distribution. The book value of assets on any given date shall be the cost of equity investments and the amortized cost of fixed income investments.

(d) The resulting total amount available for distribution shall be increased by 2-1/2 percent, and the result shall be stated as a percentage of the total required reserves pursuant to clause (2)(b), and if the percentage is equal to or greater than one percent, the amount shall be certified to each participating public pension fund or plan as the amount of the post-retirement adjustment. If the percentage is less than one percent, the amount shall be credited to a separate reserve established for this purpose. The reserve shall be invested in the same manner as all other assets of the fund and shall be credited with any investment income as specified in clause (1)(a). Amounts credited to the reserve shall be utilized in determining a post-retirement adjustment in the subsequent year. The amount certified shall be carried to five decimal places and stated as a percentage.

Sec. 2. **EFFECTIVE DATE.**

This act is effective June 30, 1981.

Approved May 8, 1981

CHAPTER 159 — H.F.No. 976

An act relating to retirement; Minneapolis teachers retirement fund association; authorizing the establishment of a lump sum post retirement adjustment program; authorizing service credit for parental leaves.

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

Section 1. **MINNEAPOLIS TEACHERS RETIREMENT FUND ASSOCIATION; AUTHORIZATION FOR BENEFIT INCREASE.**

Authorization is hereby granted in accordance with Minnesota Statutes, Section 354A.12, Subdivision 4, for the Minneapolis teachers retirement fund association to amend its articles of incorporation as follows:

(1) Article IX of the articles of incorporation may be amended by adding a new subsection (18) to provide a lump sum post retirement adjustment to certain annuitants and survivor benefit recipients.