

(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.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

If the board of trustees determines that a post retirement adjustment is payable, any person who is receiving a retirement annuity pursuant to article IX, subsections (8), (9) or (11) or a death benefit pursuant to article IX, subsection (4) on the date of the determination and has received the annuity or benefit for at least five years as of the date of the determination, and any person who is receiving the second half of a joint and survivor optional annuity or the remaining portion of a term certain optional annuity pursuant to article IX, subsection (2), clauses (b) or (c) and has in combination with the initial recipient of the optional annuity received the annuity for at least five years as of the date of the determination, shall be entitled to receive a lump sum post retirement adjustment.

The board of trustees shall annually determine, as soon as practicable following the end of the fiscal year, whether or not a lump sum post retirement adjustment is payable and the amount of any post retirement adjustment. The board of trustees shall make these determinations using the following procedure:

(a) The board of trustees shall determine whether or not a post retirement adjustment is payable by determining whether or not the fund has earned any excess investment income. The amount of any excess investment income shall be calculated by the board of trustees as follows:

(i) The amount of investment income received by the fund from dividends on equity investments, interest on debt investments and net rental or leasehold income on real estate owned by the fund or any corporation which is a subsidiary of the fund during the fiscal year immediately preceding the date of the determination shall be computed.

(ii) The amount of investment income which represents the assumed rate of return on invested assets shall be computed by multiplying the value of the assets of the fund as reported by the fund in the exhibit required pursuant to Minnesota Statutes, Section 356.20, Subdivision 4, Clause (1)(a) in the last regular annual financial report of the fund by a rate of interest which is one-half of one percent greater than the assumed rate of interest specified in Minnesota Statutes, Section 356.215, Subdivision 4, Clause (4).

(iii) If the amount of investment income received by the fund as computed pursuant to paragraph (i) is greater than the amount of investment income which represents the assumed rate of return on invested assets computed pursuant to paragraph (ii), then the fund has earned excess investment income and a post retirement adjustment is payable.

(b) If the board of trustees determines that a post retirement adjustment is payable, the amount which each eligible annuitant or benefit recipient shall be entitled to receive shall be determined as follows:

(i) The years of service of each eligible annuitant as credited by the fund and the years of service of each eligible person on behalf of whom a survivor benefit is paid as credited by the fund shall be totaled;

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(ii) The dollar amount equal to one-half of one percent of the value of the assets of the fund as reported by the fund in the exhibit required pursuant to Minnesota Statutes, Section 356.20, Subdivision 4, Clause (1)(a) in the last regular annual financial report of the fund shall be computed;

(iii) The dollar amount computed pursuant to paragraph (ii) shall be divided by the aggregate number of years of credited service computed pursuant to paragraph (i), and the result shall be the adjustment figure per year of service credit;

(iv) For each eligible annuitant and benefit recipient, the lump sum post retirement adjustment payment shall be equal to the adjustment figure per year of service credit determined pursuant to paragraph (iii) multiplied by each year of service credited for that person by the fund, except that, in the event that there is more than one qualified benefit recipient attributable to a deceased active or former member, the lump sum post retirement adjustment payable to each qualified benefit recipient shall be that portion of the total lump sum post retirement adjustment payable that the benefit recipient's annuity or benefit bears in relation to the total amount of annuities or benefits payable to all benefit recipients attributable to a deceased active or former member and the total lump sum post retirement adjustment payable shall not exceed the amount of the total lump sum post retirement adjustment payable.

No lump sum post retirement adjustment or portion of a lump sum post retirement adjustment shall be payable to the estate of the decedent.

(2) Subsection (15) of article IX of the articles of incorporation may be amended by adding a new clause (e) to allow for the acquisition of service credit for parental leaves of absence.

A member of the fund who is granted parental or maternity leave of absence by the board of education of special school district number 1 shall be entitled to obtain service credit for the period of the leave, not to exceed one year, by making a payment to the fund on or before the end of the fiscal year next following the fiscal year in which the leave of absence terminated. The payment shall be an amount equal to the required employee and employer contributions for the period of leave as specified in Minnesota Statutes, Section 354A.12. The payment shall be based on the member's monthly salary upon return to teaching service, and shall be without interest. Prior to the granting of service credit, the fund shall require that adequate proof of the granting of the leave of absence by the board of education of special school district number 1 be provided.

Sec. 2. EFFECTIVE DATE.

This act is effective July 1, 1981.

Approved May 8, 1981

Changes or additions are indicated by underline, deletions by strikeout.