

## CHAPTER 356

## RETIREMENT SYSTEMS, GENERALLY

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## 356.215 ACTUARIAL VALUATIONS AND EXPERIENCE STUDIES.

*[For text of subds 1 to 4c, see M.S.1988]*

Subd. 4d. **Interest and salary assumptions.** For funds governed by chapters 3A, 352, 352B, 352C, 353, 353C, 354 other than the variable annuity fund governed by section 354.62, and 490, the actuarial valuation shall use a preretirement interest assumption of 8.5 percent, a postretirement interest assumption of five percent, and an assumption that in each future year the salary on which a retirement or other benefit is based is 1.065 multiplied by the salary for the preceding year. For funds governed by chapter 354A, the actuarial valuation shall use preretirement and postretirement assumptions of 8.5 percent and an assumption that in each future year the salary on which a retirement or other benefit is based is 1.065 multiplied by the salary for the preceding year, but the actuarial valuation shall reflect the payment of postretirement adjustments to retirees shall be based on the methods specified in the bylaws of the fund as approved by the legislature. For all other funds, the actuarial valuation shall use a preretirement interest assumption of five percent, a postretirement interest assumption of five percent, and an assumption that in each future year the salary on which a retirement or other benefit is based is 1.035 multiplied by the salary for the preceding year.

For funds governed by chapters 3A, 352C, and 490, the actuarial valuation shall use a preretirement interest assumption of 8.5 percent, a postretirement interest assumption of five percent, and an assumption that in each future year in which the salary amount payable is not determinable from section 3.099, 15A.081, subdivision 6, or 15A.083, subdivision 1, whichever is applicable, or from applicable compensation council recommendations under section 15A.082, the salary on which a retirement or other benefit is based is 1.065 multiplied by the known or computed salary for the preceding year, whichever is applicable.

*[For text of subds 4e and 4f, see M.S.1988]*

Subd. 4g. **Amortization contributions.** In addition to the exhibit indicating the level normal cost, the actuarial valuation shall contain an exhibit indicating the additional annual contribution which would be required to amortize the unfunded actuarial accrued liability. For funds governed by chapters 3A, 352, 352B, 352C, 353, 353C, 354, 354A, and 490, the additional contribution shall be calculated on a level percentage of covered payroll basis by the established date for full funding which is in effect when the valuation is prepared. The level percent additional contribution shall be calculated assuming annual payroll growth of 6.5 percent. For all other funds, the additional annual contribution shall be calculated on a level annual dollar amount basis.

If, for any fund other than the Minneapolis employees retirement fund, after the first actuarial valuation date occurring after June 1, 1989, there has not been a change

in the actuarial assumptions used for calculating the actuarial accrued liability of the fund, a change in the benefit plan governing annuities and benefits payable from the fund, a change in the actuarial cost method used in calculating the actuarial accrued liability of all or a portion of the fund, or a combination of the three, which change or changes by themselves without inclusion of any other items of increase or decrease produce a net increase in the unfunded actuarial accrued liability of the fund, the established date for full funding for the first actuarial valuation made after June 1, 1989, and each successive actuarial valuation shall be the first actuarial valuation date which occurs after June 1, 2020.

If, for any fund or plan other than the Minneapolis employees retirement fund, after the first actuarial valuation date occurring after June 1, 1989, there has been a change in any or all of the actuarial assumptions used for calculating the actuarial accrued liability of the fund, a change in the benefit plan governing annuities and benefits payable from the fund, a change in the actuarial cost method used in calculating the actuarial accrued liability of all or a portion of the fund, or a combination of the three, and the change or changes, by themselves and without inclusion of any other items of increase or decrease, produce a net increase in the unfunded actuarial accrued liability in the fund, the established date for full funding shall be determined using the following procedure:

(i) the unfunded actuarial accrued liability of the fund shall be determined in accordance with the plan provisions governing annuities and retirement benefits and the actuarial assumptions in effect before an applicable change;

(ii) the level annual dollar contribution or level percentage, whichever is applicable, which is needed to amortize the unfunded actuarial accrued liability amount determined pursuant to subclause (i) by the established date for full funding in effect prior to the change shall be calculated using the interest assumption specified in subdivision 4d in effect before the change;

(iii) the unfunded actuarial accrued liability of the fund shall be determined in accordance with any new plan provisions governing annuities and benefits payable from the fund and any new actuarial assumptions and the remaining plan provisions governing annuities and benefits payable from the fund and actuarial assumptions in effect before the change;

(iv) the level annual dollar contribution or level percentage, whichever is applicable, which is needed to amortize the difference between the unfunded actuarial accrued liability amount calculated pursuant to subclause (i) and the unfunded actuarial accrued liability amount calculated pursuant to subclause (iii) over a period of 30 years from the end of the plan year in which the applicable change is effective shall be calculated using the applicable interest assumption specified in subdivision 4d in effect after any applicable change;

(v) the level annual dollar or level percentage amortization contribution pursuant to subclause (iv) shall be added to the level annual dollar amortization contribution or level percentage calculated pursuant to subclause (ii);

(vi) the period in which the unfunded actuarial accrued liability amount determined in subclause (iii) will be amortized by the total level annual dollar or level percentage amortization contribution computed pursuant to subclause (v) shall be calculated using the interest assumption specified in subdivision 4d in effect after any applicable change, rounded to the nearest integral number of years, but which shall not exceed a period of 30 years from the end of the plan year in which the determination of the established date for full funding using the procedure set forth in this clause is made and which shall not be less than the period of years beginning in the plan year in which the determination of the established date for full funding using the procedure set forth in this clause is made and ending by the date for full funding in effect before the change; and

(vii) the period determined pursuant to subclause (vi) shall be added to the date as of which the actuarial valuation was prepared and the date obtained shall be the new established date for full funding.

For the Minneapolis employees retirement fund, the established date for full funding shall be June 30, 2017.

*[For text of subs 4h to 7, see M.S.1988]*

**History:** 1989 c 319 art 13 s 90,91

### **356.216 CONTENTS OF ACTUARIAL VALUATIONS FOR LOCAL POLICE AND FIRE FUNDS.**

(a) The provisions of section 356.215 governing the contents of actuarial valuations shall apply to any local police or fire pension fund or relief association required to make an actuarial report under this section except as follows:

(1) in calculating normal cost and other requirements, if required to be expressed as a level percentage of covered payroll, the salaries used in computing covered payroll shall be the maximum rate of salary from which retirement and survivorship credits and amounts of benefits are determined and from which any member contributions are calculated and deducted;

(2) in lieu of the amortization date specified in section 356.215, subdivision 4g, the appropriate amortization target date specified in section 69.77, subdivision 2b, or 69.773, subdivision 4, clause (b), shall be used in calculating any required amortization contribution;

(3) in addition to the tabulation of active members and annuitants provided for in section 356.215, subdivision 4i, the member contributions for active members for the calendar year and the prospective annual retirement annuities under the benefit plan for active members shall be reported;

(4) actuarial valuations required pursuant to section 69.773, subdivision 2, shall be made at least every four years and actuarial valuations required pursuant to section 69.77 shall be made annually; and

(5) the actuarial balance sheet showing accrued assets valued at market value if the actuarial valuation is required to be prepared at least every four years or valued as current assets under section 356.215, subdivision 1, clause (6), or paragraph (b), whichever applies, if the actuarial valuation is required to be prepared annually, actuarial accrued liabilities, and the unfunded actuarial accrued liability shall include the following required reserves:

- (a) For active members
  - 1. Retirement benefits
  - 2. Disability benefits
  - 3. Refund liability due to death or withdrawal
  - 4. Survivors' benefits
- (b) For deferred annuitants' benefits
- (c) For former members without vested rights
- (d) For annuitants
  - 1. Retirement annuities
  - 2. Disability annuities
  - 3. Surviving spouses' annuities
  - 4. Surviving children's annuities

In addition to those required reserves, separate items shall be shown for additional benefits, if any, which may not be appropriately included in the reserves listed above.

(6) actuarial valuations shall be due by the first day of the seventh month after the end of the fiscal year which the actuarial valuation covers.

(b) For a relief association in a city of the first class with a population of more than 300,000, the following provisions additionally apply:

(1) in calculating the actuarial balance sheet, unfunded actuarial accrued liability, and amortization contribution of the relief association, "current assets" means the value of all assets at cost, including realized capital gains and losses, plus or minus, whichever applies, the average value of total unrealized capital gains or losses for the

most recent three-year period ending with the end of the plan year immediately preceding the actuarial valuation report transmission date; and

(2) in calculating the applicable portions of the actuarial valuation, an annual preretirement interest assumption of six percent, an annual postretirement interest assumption of six percent, and an annual salary increase assumption of four percent must be used.

**History:** 1989 c 319 art 19 s 4

### **356.24 SUPPLEMENTAL PENSION OR DEFERRED COMPENSATION PLANS, RESTRICTIONS UPON GOVERNMENT UNITS.**

(a) It is unlawful for a school district or other governmental subdivision or state agency to levy taxes for, or contribute public funds to a supplemental pension or deferred compensation plan that is established, maintained, and operated in addition to a primary pension program for the benefit of the governmental subdivision employees other than:

(1) to a supplemental pension plan that was established, maintained, and operated before May 6, 1971;

(2) to a plan that provides solely for group health, hospital, disability, or death benefits, to the individual retirement account plan established by sections 354B.01 to 354B.04;

(3) to a plan that provides solely for severance pay under section 465.72 to a retiring or terminating employee;

(4) for employees other than personnel employed by the state university board or the community college board and covered by section 136.80, subdivision 1, to the state of Minnesota deferred compensation plan under section 352.96, if provided for in a personnel policy or in the collective bargaining agreement of the public employer with the exclusive representative of public employees in an appropriate unit, in an amount matching employee contributions on a dollar for dollar basis, but not to exceed an employer contribution of \$2,000 a year per employee; or

(5) for personnel employed by the state university board or the community college board and covered by section 136.80, subdivision 1, to the supplemental retirement plan under sections 136.80 to 136.85, if provided for in a personnel policy or in the collective bargaining agreement of the public employer with the exclusive representative of the covered employees in an appropriate unit, in an amount matching employee contributions on a dollar for dollar basis, but not to exceed an employer contribution of \$2,000 a year for each employee.

(b) No change in benefits or employer contributions in a supplemental pension plan to which this section applies after May 6, 1971, is effective without prior legislative authorization.

**History:** 1989 c 319 art 12 s 3

### **356.30 COMBINED SERVICE ANNUITY.**

**Subdivision 1. Eligibility; computation of annuity.** (1) Notwithstanding any provisions to the contrary of the laws governing the funds enumerated in subdivision 3, a person who has met the qualifications of clause (2) may elect to receive a retirement annuity from each fund in which the person has at least six months allowable service, based on the allowable service in each fund, subject to the provisions of clause (3).

(2) A person may receive upon retirement, in lieu of any augmentation of deferred annuities provided by laws governing the funds enumerated in subdivision 3, a retirement annuity from each fund in which the person has at least six months allowable service if

(a) the person has allowable service totaling an amount that allows the person to receive an annuity in any two or more of the enumerated funds;

(b) the person has at least six months of allowable service with the last such fund earned during the last period of employment; and

(c) the person has not begun to receive an annuity from any enumerated fund or the person has made application for benefits from all funds within a six-month period.

(3) The retirement annuity from each fund shall be based upon the allowable service in each fund, except that:

(a) The laws governing annuities shall be the law in effect on the date of final termination from the last public service under a covered fund.

(b) The "average salary" on which the annuity from each covered fund in which the employee has credit in a formula plan shall be based on the employee's highest five successive years of covered salary during the entire service in covered funds.

(c) The formula percentages to be used by each fund shall be those percentages prescribed by each fund's formula as continued for the respective years of allowable service from one fund to the next, recognizing all previous allowable service with the other covered funds.

(d) Allowable service in all the funds shall be combined in determining eligibility for and the application of each fund's provisions in respect to actuarial reduction in the benefit amount for retirement prior to normal retirement.

(e) The benefit amount payable for any allowable service under a nonformula plan of a covered fund shall not be affected but such service and covered salary shall be used in the above calculation.

(f) This section shall not apply to any person whose final termination from the last public service under a covered fund is prior to May 1, 1975.

(g) For the purpose of computing benefits under this section the formula percentages used by any covered fund shall in no event exceed 2-1/2 percent per year of service for any year of service or fraction thereof.

(h) Any period of time for which a person has credit in more than one of the covered funds shall be used only once for the purpose of determining total allowable service.

(i) If the period of duplicated service credit is more than six months, or the person has credit for more than six months with each of the funds, each fund shall apply its formula to a prorated service credit for the period of duplicated service based on a fraction of the salary on which deductions were paid to that fund for the period divided by the total salary on which deductions were paid to all funds for the period.

(j) If the period of duplicated service credit is less than six months, or when added to other service credit with that fund is less than six months, the service credit shall be ignored and a refund of contributions made to the person in accord with that fund's refund provisions.

**Subd. 2. Repayment of refunds.** A person who has service credit in one of the funds enumerated in subdivision 3 and who is employed or was formerly employed in a position covered by one of these funds but also has received a refund from any other of these funds, may repay the refund to the respective fund under terms and conditions that are consistent with the laws governing the other fund, except that the person need not be a currently contributing member of the fund to which the refund is repaid at the time the repayment is made. Unless otherwise provided by statute, the repayment of a refund under this subdivision may only be made within six months following termination of employment from a position covered by one of the funds enumerated in subdivision 3 or before the date of retirement from the fund to which the refund is repaid, whichever is earlier.

**Subd. 3. Covered funds.** This section applies to the following retirement funds:

- (1) state employees retirement fund, established pursuant to chapter 352;
- (2) correctional employees retirement program, established pursuant to chapter 352;
- (3) unclassified employees retirement plan, established pursuant to chapter 352D;
- (4) state patrol retirement fund, established pursuant to chapter 352B;
- (5) legislators' retirement plan, established pursuant to chapter 3A;

- (6) elective state officers' retirement plan, established pursuant to chapter 352C;
- (7) public employees retirement association, established pursuant to chapter 353;
- (8) public employees police and fire fund, established pursuant to chapter 353;
- (9) teachers retirement fund, established pursuant to chapter 354;
- (10) Minneapolis employees retirement fund, established pursuant to chapter 422A;
- (11) Minneapolis teachers retirement fund association, established pursuant to chapter 354A;
- (12) St. Paul teachers retirement fund association, established pursuant to chapter 354A;
- (13) Duluth teachers retirement fund association, established pursuant to chapter 354A;
- (14) public employees local government correctional service retirement plan established by sections 353C.01 to 353C.10; and
- (15) judges' retirement fund, established by sections 490.121 to 490.132.

**History:** 1989 c 319 art 2 s 23; art 5 s 4; art 13 s 92

### **356.302 DISABILITY BENEFIT WITH COMBINED SERVICE.**

*[For text of subds 1 to 6, see M.S.1988]*

**Subd. 7. Covered retirement plans.** This section applies to the following retirement plans:

- (1) state employees retirement fund, established by chapter 352;
- (2) unclassified employees retirement plan, established by chapter 352D;
- (3) public employees retirement association, established by chapter 353;
- (4) teachers retirement fund, established by chapter 354;
- (5) Duluth teachers retirement fund association, established by chapter 354A;
- (6) Minneapolis teachers retirement fund association, established by chapter 354A;
- (7) St. Paul teachers retirement fund association, established by chapter 354A;
- (8) Minneapolis employees retirement fund, established by chapter 422A;
- (9) correctional employees retirement plan, established by chapter 352;
- (10) state patrol retirement fund, established by chapter 352B;
- (11) public employees police and fire fund, established by chapter 353; and
- (12) judges' retirement fund, established by sections 490.121 to 490.132.

**History:** 1989 c 319 art 5 s 5

### **356.303 SURVIVOR BENEFIT WITH COMBINED SERVICE.**

*[For text of subds 1 to 3, see M.S.1988]*

**Subd. 4. Covered retirement plans.** This section applies to the following retirement plans:

- (1) legislators retirement plan, established by chapter 3A;
- (2) state employees retirement fund, established by chapter 352;
- (3) correctional employees retirement plan, established by chapter 352;
- (4) state patrol retirement fund, established by chapter 352B;
- (5) elective state officers retirement plan, established by chapter 352C;
- (6) unclassified employees retirement plan, established by chapter 352D;
- (7) public employees retirement association, established by chapter 353;
- (8) public employees police and fire fund, established by chapter 353;
- (9) teachers retirement fund, established by chapter 354;

- (10) Duluth teachers retirement fund association, established by chapter 354A;
- (11) Minneapolis teachers retirement fund association, established by chapter 354A;
- (12) St. Paul teachers retirement fund association, established by chapter 354A;
- (13) Minneapolis employees retirement fund, established by chapter 422A; and
- (14) judges' retirement fund, established by sections 490.121 to 490.132.

**History:** 1989 c 319 art 5 s 6

### **356.32 PROPORTIONATE ANNUITY AT AGE 65.**

**Subdivision 1. Proportionate retirement annuity.** Notwithstanding any provision to the contrary of the laws governing any of the retirement funds referred to in subdivision 2, any person who is an active member of any applicable fund, who has credit for at least one year but less than ten years of allowable service in one or more of the applicable funds, and who terminates active service pursuant to a mandatory retirement law or policy or at age 65 or older, or the normal retirement age if this age is not age 65, for any reason shall be entitled upon making written application on the form prescribed by executive director or executive secretary of the fund to a proportionate retirement annuity from each applicable fund in which the person has allowable service credit. The proportionate annuity shall be calculated under the applicable laws governing annuities based upon allowable service credit at the time of retirement and the person's average salary for the highest five successive years of allowable service or the average salary for the entire period of allowable service if less than five years. Nothing in this section shall prevent the imposition of the appropriate early retirement reduction of an annuity which commences prior to normal retirement age.

*[For text of subd 2, see M.S.1988]*

**History:** 1989 c 319 art 13 s 93

### **356.371 APPLICATION FOR RETIREMENT ANNUITY; PROCEDURE FOR ELECTING ANNUITY FORM.**

*[For text of subds 1 and 2, see M.S.1988]*

**Subd. 3. Requirement of notice to member's spouse.** If a public pension fund provides optional retirement annuity forms which include a joint and survivor optional retirement annuity form potentially applicable to the surviving spouse of a member, the chief administrative officer of the public pension fund shall send a copy of the written statement required by subdivision 2 to the spouse of the member before the member's election of an optional retirement annuity.

Following the election of an optional retirement annuity form by the member, a copy of the completed retirement annuity application and retirement annuity beneficiary form must be sent by the public pension fund to the spouse of the retiring member. A signed acknowledgment must be required from the spouse confirming receipt of a copy of the completed retirement annuity application and retirement annuity beneficiary form. If the required signed acknowledgment is not received from the spouse within 30 days, the public pension fund must send another copy of the completed retirement annuity application and retirement annuity beneficiary form to the spouse by certified mail.

**History:** 1989 c 319 art 2 s 24

### **356.80 PROVISION OF INFORMATION IN THE EVENT OF MARRIAGE DISSOLUTION.**

**Subdivision 1. Information for a pending marriage dissolution.** (a) Upon written request by a person with access to the data under subdivision 3 who cites this statute, a public or private pension plan administrator must provide the court and the parties to a marriage dissolution action involving a plan member or former plan member with

information regarding pension benefits or rights of the plan member or former plan member. The pension plan shall provide this information upon request of the court or a party to the action without requiring a signed authorization from the plan member or former plan member.

(b) The information must include the pension benefits or rights of the plan member or former plan member as of the first day of the month following the date of the request, or as of the end of the previous fiscal year for the plan, and as of the date of valuation of marital assets under section 518.58, if the person requesting the information specifies that date. The information must include the accrued service credit of the person, the credited salary of the person for the most current five-year period, a summary of the benefit plan, and any other information relevant to the calculation of the present value of the benefits or rights.

*[For text of subd 2, see M.S.1988]*

Subd. 3. **Access to data.** Notwithstanding any provision of chapter 13 to the contrary, an administrator may release private or confidential data on individuals to the court, the parties to a marriage dissolution, their attorneys, and an actuary appointed under section 518.582, to the extent necessary to comply with this section, but only if the administrator has received a copy of the legal petition showing that an action for marriage dissolution has commenced and a copy of the affidavit of service showing that the petition has been served on the responding party to the action.

**History:** 1989 c 319 art 2 s 25,26

### **356.81 REPAYMENT OF REFUNDS.**

Repayment of a refund and interest on that refund permitted under laws governing any public pension plan in Minnesota may be made with funds distributed from a plan qualified under the federal Internal Revenue Code of 1986, as amended through December 31, 1988, section 401(a) or an annuity qualified under the federal Internal Revenue Code of 1986, section 403(a). Repayment may also be made with funds distributed from an individual retirement account used solely to receive a nontaxable rollover from that type of a plan or annuity. The repaid refund must be separately accounted for as member contributions not previously taxed. Before accepting any transfers to which this subdivision applies, the executive director must require the member to provide written documentation to demonstrate that the amounts to be transferred are eligible for a tax-free rollover and qualify for that treatment under the federal Internal Revenue Code of 1986.

**History:** 1989 c 319 art 2 s 27

### **356.82 SAVINGS CLAUSE.**

The intent of the legislature in sections 352.01, subdivision 25; 353.01, subdivision 35; 354.05, subdivision 38; and 354A.011, subdivision 15a is to create a normal retirement age for persons first covered by those sections after the effective date of those sections that is the same as the retirement age in the federal Social Security law, including future amendments to that law. If a court determines that the legislature may not incorporate by reference the future changes in federal Social Security law, the legislature reserves the right to amend the appropriate sections to make the normal retirement conform to the retirement age in the federal Social Security law. No person first covered by any of those sections after the effective date of those sections has a right to a normal retirement age that is less than the retirement age in the federal Social Security law.

**History:** 1989 c 319 art 13 s 95

### **356.85 REVIEW OF RULE OF 90.**

By September 1, 1993, the executive directors of the teachers retirement association, the state retirement system, and each teachers retirement fund association in a city



of the first class must calculate the number of employees who were eligible to retire without any reduction in their annuity due to early retirement because their attained age plus credited allowable service totaled 90 years between the effective date of sections 352.116; 354.44, subdivision 6; 354A.31, subdivision 6; and May 16, 1989, and June 30, 1993. The executive directors must also calculate the number of these employees who did retire early and who received an unreduced annuity because their attained age plus credited allowable service totaled 90 years. The executive directors must report the results of their calculation to the executive director of the legislative commission on pensions and retirement. If the calculation shows that the number of employees from all of the systems combined who did retire under the rule of 90 is more than 45 percent of the number from all the systems who were eligible to retire under the rule of 90, sections 352.116, subdivision 1, paragraph (b), 354.44, subdivision 6, clause (3)(iii), 354A.31, subdivision 6, paragraph (b), and any provision in the bylaws or articles of incorporation of a teachers retirement fund association in the city of the first class that permits unreduced retirement under the rule of 90 are not effective after June 30, 1994. The executive directors must make a similar combined calculation before September 1, 1998, and September 1 every five years after that, based on use of the rule of 90 during the four-year period ending on the most recent June 30. If any calculation shows that the number of employees who retired under the rule of 90 is more than 45 percent of the number eligible to retire under the rule of 90, sections 352.116, subdivision 1, paragraph (b); 354.44, subdivision 6, clause (3)(iii); 354A.31, subdivision 6, paragraph (b), and any provision in the bylaws or articles of incorporation of a teachers retirement fund association in the city of the first class that permits unreduced retirement under the rule of 90 are not effective after the following June 30. The legislature reserves the right to amend or repeal sections 352.116, subdivision 1, paragraph (b); 354.44, subdivision 6, clause (3)(iii); 354A.31, subdivision 6, paragraph (b); and any provision in the bylaws or articles of incorporation of a teachers retirement fund association in the city of the first class that permits unreduced retirement under the rule of 90, effective July 1, 1994, and July 1 every fifth year after 1994.

**History:** 1989 c 319 art 13 s 96

### **356.86 POSTRETIREMENT ADJUSTMENT; LUMP SUM PAYMENTS.**

**Subdivision 1. Entitlement.** A person who is receiving a retirement annuity, a disability benefit, or a surviving spouse's annuity or benefit from a retirement fund specified in subdivision 3, clauses (1) to (8), is entitled to receive a postretirement adjustment from the applicable retirement fund in the amount specified in subdivision 2, if the annuity or benefit was computed under:

(1) the laws in effect before June 1, 1973, if the person is receiving an annuity or benefit from the retirement fund specified in subdivision 3, clause (4); or

(2) the laws in effect before July 1, 1973, if the person is receiving an annuity or benefit from a retirement fund specified in subdivision 3, clause (1), (2), (3), or (5); or

(3) the metropolitan transit commission-transit operating division employees retirement fund plan document in effect on or before December 31, 1977, if the person is receiving a retirement annuity, a disability benefit, or a surviving spouse's annuity or benefit from the retirement fund specified in subdivision 3, clause (5); or

(4) the laws in effect before May 1, 1974, and before any adjustment under Laws 1987, chapter 372, article 3, if the person is receiving an annuity or benefit from the retirement fund specified in subdivision 3, clause (6); or

(5) the laws in effect before January 1, 1970, if the person is receiving an annuity or benefit from the retirement fund specified in subdivision 3, clause (7); or

(6) the laws in effect before June 30, 1971, if the person is receiving an annuity or benefit from the retirement fund specified in subdivision 3, clause (8).

**Subd. 2. Amount of postretirement adjustment; payment.** (a) For any person receiving an annuity or benefit on November 30, 1989, and entitled to receive a postretirement adjustment under subdivision 1, the postretirement adjustment is a lump sum payment calculated under paragraph (b) or (c).

(b) For coordinated plan members, the postretirement adjustment in 1989 is \$25 for each full year of allowable service credited to the person by the respective retirement fund. In 1990 and each following year, the postretirement adjustment is the amount payable in the preceding year increased by the same percentage applied to regular annuities paid from the postretirement fund or, for the retirement funds specified in subdivision 3, clauses (6), (7), and (8), by the same percentage applied under the articles of incorporation and bylaws of these funds.

(c) For basic plan members, the postretirement adjustment in 1989 is the greater of:

(1) \$25 for each full year of allowable service credited to the person by the respective retirement fund; or

(2) the difference between:

(i) the product of \$400 times the number of full years of allowable service credited to the person by the respective retirement fund; and

(ii) the sum of the benefits payable to the person from any Minnesota public employee pension plan, and cash benefits payable to the person from the social security administration.

In 1990 and each following year, each basic plan member shall receive the amount received in the preceding year increased by the same percentage applied to regular annuities paid from the postretirement fund or, for the retirement funds specified in subdivision 3, clauses (6), (7), and (8), by the same percentage applied under the articles of incorporation and bylaws of these funds.

(d) The postretirement adjustment provided for in this section is payable for those persons receiving an annuity or benefit on November 30, 1989, on December 1, 1989. In subsequent years, the adjustment must be paid on December 1, unless the beneficiary is entitled to participate in an optional benefit receipt schedule under subdivision 4. This section does not authorize the payment of a postretirement adjustment to an estate. Notwithstanding section 356.18, the postretirement adjustment provided for in this section must be paid automatically unless the intended recipient files a written notice with the retirement fund requesting that the postretirement adjustment not be paid.

**Subd. 3. Covered retirement funds.** The postretirement adjustment provided in this section applies to the following retirement funds:

(1) public employees retirement fund;

(2) public employees police and fire fund;

(3) teachers retirement fund;

(4) state patrol retirement fund;

(5) state employees retirement fund of the Minnesota state retirement system;

(6) Minneapolis teachers retirement fund association established under chapter 354A;

(7) St. Paul teachers retirement fund association, established under chapter 354A; and

(8) Duluth teachers retirement fund association established under chapter 354A.

**Subd. 4. Optional benefit payment schedule.** Basic plan benefit recipients receiving adjustments under subdivision 2, paragraph (c), clause (2), and whose adjustment exceeds 20 percent of their Minnesota plan benefit may elect to have the amount of the benefit adjustment paid in equal monthly amounts instead of receiving a benefit adjustment on December 1 of each year. Selection of this option must be made by the recipient in writing on forms prepared by the retirement association.

**Subd. 5. Social security information.** To be eligible for a benefit adjustment calculated under subdivision 2, paragraph (c), clause (2), a person must authorize the social security administration to release to the retirement association information on the person's social security cash benefits.

Subd. 6. **Report.** By September 30, 1990, the retirement funds listed in subdivision 3 shall report to the legislature and the commissioner of finance on the number of benefit recipients eligible for each type of adjustment established in subdivision 2, the annual cost of each type of adjustment, and the estimated actuarial liability associated with each.

**History:** 1989 c 319 art 15 s 1