

CHAPTER 422A

RETIREMENT ALLOWANCES, MINNEAPOLIS

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422A.01 DEFINITIONS.

[For text of subs 1 to 4, see M.S.2004]

Subd. 4a. **Average salary.** (a) "Average salary" means the arithmetic average annual salary, wages, or compensation of the member from the city for any five calendar years out of the last ten calendar years of service, except as provided for in section 422A.16, which may include the year in which the employee retires, as selected by the employee.

(b) A member with more than five calendar years of service, but less than ten calendar years, may select any five calendar years of service to determine the average salary. A member with less than five years of service with the city shall use all earnings to determine the average salary.

[For text of subd 5, see M.S.2004]

Subd. 6. **Present worth or present value.** "Present worth" or "present value" means that the present amount of money if increased at the applicable postretirement or preretirement interest rate assumption specified in section 356.215, subdivision 8, and based on the mortality table adopted by the board of trustees based on the experience of the fund as recommended by the actuary retained under section 356.214, and approved under section 356.215, subdivision 18, will at retirement equal the actuarial accrued liability of the annuity already earned.

[For text of subs 7 to 10, see M.S.2004]

Subd. 11. **Employee.** "Employee" means a person who is not exempted from the contributing class under section 422A.09, subdivision 3, who was employed before July 1, 1979, by and paid, in whole or in part, by the city or any of its boards, departments, or commissions, operated as a department of city government or independently if financed in whole or in part by city funds, including a person who was employed by a public corporation as herein defined, a person who was employed before July 1, 1979, by Special School District No. 1, and who is not a member of any other retirement system, and a person who was employed before July 1, 1973, by the county of Hennepin, who was entitled by law to elect and has elected to retain membership in the Minneapolis Employees Retirement Fund and who makes any required member contributions to the fund and who remains so employed.

[For text of subs 12 and 13, see M.S.2004]

Subd. 13a. **Covered salary.** "Salary" is subject to the limitations of section 356.611.

[For text of subs 17 and 18, see M.S.2004]

History: 1Sp2005 c 8 art 1 s 24,25; art 3 s 8; art 10 s 67

422A.06 RETIREMENT FUND.

[For text of subs 1 to 6, see M.S.2004]

Subd. 7. **Disability benefit fund.** (a) A disability benefit fund is established, containing the required reserves for disability allowances under this chapter. A

proportionate share of income from investments must be allocated to this fund. There must be paid from this fund the disability allowances payable under this chapter.

(b) In the event of the termination of any disability allowance for any reason other than the death of the recipient, the balance of the required reserves for the disability allowance as of the date of the termination must be transferred from the disability benefit fund to the deposit accumulation fund.

(c) At the end of each fiscal year, as part of the annual actuarial valuation, a determination must be made of the required reserves for all disability allowances being paid from the disability benefit fund. Any excess of assets over actuarial required reserves in the disability benefit fund must be transferred to the deposit accumulation fund. Any excess of actuarial reserves over assets in the disability benefit fund must be funded by a transfer of the appropriate amount of assets from the deposit accumulation fund.

[For text of subd 8, see M.S.2004]

History: *1Sp2005 c 8 art 10 s 68*

422A.10 SALARY DEDUCTIONS.

Subdivision 1. **Member contribution; deductions.** (a) There must be deducted and withheld from the basic salary, pay or compensation of each employee in the contributing class an amount equal to 9-1/4 percent of such salary, pay or compensation, except as hereinafter provided.

(b) The retirement board may increase the percentage rate of contribution to the retirement fund of any employee or employees for the purpose of establishing and maintaining on an actuarial basis a plan of insurance, survivors' benefits, or other type of benefit or benefits, the cost of which must be paid out of such extra percentage so authorized and deducted from the employee's compensation, except as hereinafter provided. Any plan or plans so established and placed in operation may be amended from time to time, or may be abandoned, but if abandoned, any surplus remaining from the operation of a plan must be the property of the fund, and must be credited to the reserve for loss in investment account.

Subd. 2. **Mandatory member contributions.** Every employee to whom this chapter applies is deemed to consent and agree to the deductions made and provided for herein, and payment with such reductions, for service, are a full and complete discharge and acquittance of all claims and demands for all services rendered by such person during the period covered by such payment; except the person's claim to the benefits to which the person may be entitled under the provisions of this chapter.

[For text of subd 3, see M.S.2004]

History: *1Sp2005 c 8 art 10 s 69,70*

422A.15 SERVICE ALLOWANCE; CONTRIBUTING EMPLOYEES.

Subdivision 1. **Formula pension and annuity.** Except as otherwise provided in subdivision 3, each contributing member who, at the time of retirement, fulfills the conditions necessary to enable the member to retire is entitled to receive a "formula pension and annuity" equal to two percent for each year of allowable service for the first ten years and thereafter 2.5 percent per year of allowable service of the average salary, multiplied by the years of service credited by the retirement fund. The formula pension and annuity must be computed on the single life plan but subject to the option selections provided for in section 422A.17.

In order to be entitled to the formula pension and annuity herein provided for, the retiring employee at the time of cessation of employment and of actual retirement must have attained the age of 60 years or have been employed by the city not less than 30 years, or meet the qualifications provided for in section 422A.16, and in addition thereto have contributed to the retirement fund at the percentage rate prescribed by the retirement law applicable when the salary, wages or compensation was paid on all

salaries, wages, or compensation received from the city or from an applicable employing unit. The years of service to be applied in the formula pension and annuity must be found and determined by the retirement board, except that no credit may be allowed for any year in which a back charge is owing at time of retirement and the earnings from any year in which a back charge is owing may not be used in determining the average salary.

[For text of subds 2 to 5, see M.S.2004]

History: *1Sp2005 c 8 art 1 s 26*

422A.16 RETIREMENT ALLOWANCE; DEFERRED COMPENSATION.

[For text of subds 1 to 8, see M.S.2004]

Subd. 9. Incompetency or death of member. Any member of the contributing class who becomes permanently separated from the service of the city under subdivision 8, may, by an instrument in writing, filed with the municipal employees retirement board within 30 days after the separation becomes permanent, elect to allow the member contributions to the fund to the date of separation to remain on deposit in the fund, and in the event the member is entitled to receive a retirement allowance at age 65, provided the member, or someone acting in the member's behalf if the member be incompetent, must make a written application for the retirement allowance in the same manner provided for in section 422A.17 and in accordance with the provisions of section 422A.15, subdivision 1, except for determining average salary.

If the contributing member dies before reaching the age of 65 years, or having attained the age of 65 years without having made the election provided for herein, the net accumulated amount of deductions from the member's salary, pay or compensation, plus interest, to the member's credit on date of death is payable to the person or persons as have been nominated by written designation filed with the retirement board, in the form that the retirement board requires.

If the employee fails to make a designation, or if the person or persons designated by the employee predeceases the employee, the net accumulated credit to the employee's account on date of death is payable to the employee's estate.

The provisions of subdivisions 4, 5, and 6 also apply to any member qualifying for benefits under this subdivision, except for purposes of this subdivision the age referred to in subdivision 4 is 65 years.

[For text of subd 10, see M.S.2004]

History: *1Sp2005 c 8 art 1 s 27*

422A.22 REFUNDS.

Subdivision 1. Retention; transfer. (a) If an employee to whom this chapter applies becomes absolutely separated from active service before attaining the minimum retirement age established in section 422A.13, the employee is entitled to a refund of the net accumulated amount of deduction from salary, pay, or compensation, made for the purpose of accumulating a fund from which to pay retirement allowances, with interest at the annual compound rate of six percent.

(b) Any contributing employee who separates from a department, board or commission of the city whose employees are covered by a fund organized under this chapter, and becomes an employee of a department or board of the same city, whose employees are covered by a retirement fund or relief association by whatever name known, organized under any other law and supported in whole or in part by taxes on the same city, has the option of:

(1) retaining their membership in the fund organized under this chapter, regardless of the provisions of any law, rule, bylaw or other action requiring membership in any other retirement fund or relief association however organized; or

(2) transferring to the fund or association covering the employees of the department or board to which they are transferring, providing they are eligible for membership therein.

(c) Any contributing employee who elects to transfer to another fund or association as provided in paragraph (b), clause (2), must make such election within one year from the date of separation from the city service covered by this fund. If the contributing employee elects to transfer to another fund, the employee is entitled to a refund of the net accumulated contributions made by such employee to the fund organized under this chapter with interest at the annual compound rate of six percent.

Subd. 2. [Repealed, 1Sp2005 c 8 art 10 s 81]

Subd. 3. **Limitation on eligibility.** No employee of the city is eligible to be a member of, or receive benefits from, more than one retirement plan or fund of the city for the same period of service.

Subd. 4. **Death-while-active refund.** (a) Upon the death of an active member before the employee's termination of active service, the beneficiary or beneficiaries designated by the member on a form specified by the executive director and filed with the retirement board are entitled to receive the net accumulated employee deductions from salary, pay, or compensation, including interest under subdivision 1, paragraph (a), compounded annually to the date of the member's death. The amount must not include any contributions made by the employee or on the employee's behalf, or any interest or investment earnings on those contributions, which were allocated to the survivor benefit fund under section 422A.06, subdivision 6.

(b) If the employee fails to make a designation, or if the beneficiary or beneficiaries designated by the employee predeceases the employee, the deceased employee's estate is entitled to the benefit specified in paragraph (a).

(c) A benefit payable under this subdivision is in addition to any applicable survivor benefit under section 422A.23.

Subd. 5. [Repealed, 1Sp2005 c 8 art 10 s 81]

Subd. 6. **Refund; Minneapolis Employees Retirement Fund.** A person who has received a refund from the Minneapolis Employees Retirement Fund, and who is a member of a public retirement system included in section 422A.16, subdivision 8, may repay such refund with interest at a compound annual rate of 8.5 percent to the Minneapolis Employees Retirement Fund. If a refund is repaid to the fund and if more than one refund has been received from the fund, all refunds must be repaid. Repayment must be made as provided in this chapter.

History: 1Sp2005 c 8 art 10 s 71-74

422A.221 [Repealed, 1Sp2005 c 8 art 10 s 81]

422A.231 COST ALLOCATION.

(a) Notwithstanding any law to the contrary, all current and future contribution requirements due to this article are payable by the participating contributing employing units other than the state of Minnesota.

(b) In each actuarial valuation of the retirement fund, the actuary retained under section 356.214 shall include an exhibit on the impact of the benefit increases contained in this article on the survivor benefit fund. The actuary shall calculate the expected change in the present value of the future benefits payable from the survivor benefit fund attributable to this article, using the actuarial method and assumptions applicable to the Minneapolis Employees Retirement Fund, from the prior actuarial valuation and shall compare that result with the actual change in the present value of future benefits payable from the survivor benefit fund attributable to this article from the prior actuarial valuation.

(c) The executive director shall assess each participating employer, other than the state of Minnesota, its proportional share of the net increase amount calculated under paragraph (b). The assessment must be made on the first business day of the following

February, plus compound interest at an annual rate of six percent on the amount from the actuarial valuation date to the date of payment.

History: *1Sp2005 c 8 art 10 s 75*

422A.24 ALLOWANCES NOT ASSIGNABLE OR SUBJECT TO PROCESS.

The provisions of section 356.401 apply to the Minneapolis employees retirement plan.

History: *1Sp2005 c 8 art 10 s 76*