

423C.06 INVESTMENT-RELATED POSTRETIREMENT ADJUSTMENTS.

Subdivision 1. **Annual adjustments.** Notwithstanding the provisions of chapter 69, or any other law to the contrary, the association may provide annual postretirement payments to eligible members under this section. No provision of or payment made under this section may be interpreted or relied upon by any member of the association to guarantee or entitle a member to annual postretirement adjustments for any period when the requirements in this section have not been met.

Subd. 2. **Actuarial assets of special fund less than 102 percent.** (a) When the actuarial assets of the special fund in any year are less than 102 percent of its accrued liabilities according to the most recent annual actuarial valuation of the special fund prepared in accordance with sections 356.215 and 356.216, investment-related postretirement adjustments shall be determined and paid pursuant to this subdivision. Payment of the annual postretirement adjustment may be made only if there is excess investment income.

(b) The board shall determine by May 1 of each year whether or not the special fund has excess investment income. The amount of excess investment income, if any, must be stated as a dollar amount and reported by the executive secretary to the mayor and governing body of the city, the state auditor, the commissioner of finance, and the executive director of the Legislative Commission on Pensions and Retirement. The dollar amount of excess investment income up to one percent of the assets of the special fund must be applied for the purpose specified in paragraph (c). Excess investment income must not be considered as income to or assets of the special fund for actuarial valuations of the special fund for that year under this section and sections 69.77, 356.215, and 356.216, except to offset the annual postretirement adjustment. Additional investment income is any realized or unrealized investment income other than the excess investment income and must be included in the actuarial valuations performed under this section and sections 69.77, 356.215, and 356.216.

(c) The amount determined under paragraph (b) must be applied as follows: the association shall apply the first one-half of one percent of assets that constitute excess investment income to the payment of an annual postretirement adjustment to eligible members and the second one-half of one percent of assets which constitute excess investment income shall be applied to reduce the state amortization state aid or supplementary amortization state aid payments otherwise due the association under section 423A.02 for the current calendar year. The amounts of all payments to eligible members shall not exceed one-half of one percent of the assets of the fund. The amount of each eligible member's postretirement adjustment shall be calculated by dividing the total number of units to which eligible members are entitled into the excess investment income available for distribution to eligible members, and then multiplying that result by the number of units to which

each eligible member is entitled. If this amount exceeds the total monthly benefit that the eligible member was entitled to in the prior year under the terms of this chapter, the association shall pay the eligible member the lesser amount. Payment of the annual postretirement adjustment must be in a lump-sum amount on June 1 following the determination date in any year. In the event an eligible member dies prior to the payment of the annual postretirement adjustment, the executive secretary shall pay the eligible member's estate the amount to which the member was entitled.

Subd. 3. Actuarial assets of special fund 102 percent or more. (a) When the actuarial assets of the special fund in any year are 102 percent or more of its accrued liabilities according to the most recent annual actuarial valuation of the special fund prepared in accordance with sections 356.215 and 356.216, an investment-related postretirement adjustment shall be determined and paid pursuant to this subdivision. Payment of the annual postretirement adjustment may only be made if there is excess investment income.

(b) The board shall determine by May 1 of each year whether or not the special fund has excess investment income. The amount of excess investment income, if any, must be stated as a dollar amount and reported by the executive secretary to the mayor and governing body of the city, the state auditor, the commissioner of finance, and the executive director of the Legislative Commission on Pensions and Retirement. The dollar amount of excess investment income up to 1-1/2 percent of the assets of the fund must be applied for the purpose specified in paragraph (c). Excess investment income must not be considered as income to or assets of the special fund for actuarial valuations of the special fund for that year under this section and sections 69.77, 356.215, and 356.216, except to offset the annual postretirement adjustment. Additional investment income is any realized or unrealized investment income other than the excess investment income and must be included in the actuarial valuations performed under this section and sections 69.77, 356.215, and 356.216.

(c) The amount determined under paragraph (b) must be applied as follows: the association shall apply the 1-1/2 percent of assets that constitute excess investment income to the payment of an annual postretirement adjustment to eligible members. The amount of each eligible member's postretirement adjustment shall be calculated by dividing the total number of units to which eligible members are entitled into the excess investment income available for distribution to eligible members, and then multiplying that result by the number of units to which each eligible member is entitled. Payment of the annual postretirement adjustment must be in a lump-sum amount on June 1 following the determination date in any year. In the event an eligible member dies prior to the payment of the annual postretirement adjustment, the executive secretary shall pay the eligible member's estate the amount to which the member was entitled.

Subd. 4. **Actuarial assets of special fund 110 percent or more.** (a) When the actuarial assets of the special fund in any year are 110 percent or more of its accrued liabilities according to the most recent annual actuarial valuation of the special fund prepared in accordance with sections 356.215 and 356.216, an investment-related postretirement adjustment shall be determined and paid pursuant to this subdivision. Payment of the annual postretirement adjustment may be made only if a total excess asset amount exists.

(b) The board shall determine by May 1 of each year whether the special fund has a total excess asset amount for that year. If a total excess asset amount exists for the given year, the net total asset amount shall be determined. The executive secretary shall report the total excess asset amount and net total excess asset amount to the mayor and governing body of the city, the state auditor, the commissioner of finance, and the executive director of the Legislative Commission on Pensions and Retirement. The portion of the net excess asset amount which is distributed under this subdivision shall not be considered income to or assets of the special fund for actuarial valuations of the special fund for that year under sections 69.77, 356.215, and 356.216, and Laws 2000, chapter 461, except to offset the amount distributed.

(c) Twenty percent of the net total excess asset amount determined under paragraph (b) is available for excess asset amount payments under paragraph (d).

(d) Except as limited under paragraph (e), the net excess asset amount payment to an eligible member is equal to the amount determined under paragraph (c) multiplied by the units applicable to the eligible member and divided by the total units of all eligible members.

(e) A member who is an eligible member for the entire 12 months before the determination date is eligible for a full excess asset amount payment pursuant to paragraph (d). A member who is an eligible member for less than 12 months before the determination date is eligible for a prorated excess asset amount payment. If an eligible member dies before the determination date and before the excess asset amount payment commences, the association shall pay the eligible member's excess asset amount payment to the eligible member's surviving spouse or, if no surviving spouse, to the eligible member's estate.

(f) The excess asset amount payments determined under this subdivision commence on June 1 following the determination date. The board may disburse payments to eligible members in a lump sum, 12 monthly installments, or any other manner that the board determines.

Subd. 5. **Report on annual postretirement adjustments.** The executive secretary shall submit a report on the amount of all postretirement adjustments made under this section and the manner in which those payments were determined to the state auditor, the executive director of the Legislative Commission on Pensions and Retirement, and the city clerk.

Subd. 6. **City tax levy.** If in any year after the actuarial value of special fund assets, according to the most recent annual actuarial valuation prepared in accordance with sections 356.215 and 356.216, is greater than 102 percent of the actuarial accrued liabilities of the special fund and subsequently the actuarial value of assets is less than 100 percent of the actuarial accrued liabilities according to the most recent annual actuarial valuation prepared according to sections 356.215 and 356.216, the city of Minneapolis is not required to levy a property tax to fund any deficit unless the fund has two successive years when the actuarial value of assets is less than 100 percent of the actuarial accrued liabilities according to the most recent annual actuarial valuation prepared according to sections 356.215 and 356.216.

History: *1Sp2001 c 10 art 15 s 6; 2007 c 134 art 9 s 2*