

423B.15 INVESTMENT RELATED POSTRETIREMENT ADJUSTMENTS.

Subdivision 1. **Annual postretirement payment authorized.** Notwithstanding the provisions of chapter 69, or any other law to the contrary, the relief association may provide annual postretirement payments to eligible members under this section.

Subd. 2. **Determination of excess investment income.** The board of trustees of the relief association shall determine by May 1 of each year whether or not the fund has excess investment income. The amount of excess investment income, if any, must be stated as a dollar amount and reported by the chief administrative officer of the relief association 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 fund, except when the actuarial value of assets of the fund according to the most recent annual actuarial valuation prepared in accordance with sections 356.215 and 356.216 is greater than 102 percent of its actuarial accrued liabilities in which case the amount may not exceed 1-1/2 percent of the assets of the fund, must be applied for the purpose specified in subdivision 3. Excess investment income must not be considered as income to or assets of the fund for actuarial valuations of the fund for that year under sections 69.77, 356.215, and 356.216 and the provisions of this section except to offset the annual postretirement payment. 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 sections 69.77, 356.215, and 356.216 and the provisions of this section.

Subd. 3. **Amount of annual postretirement payment.** (a) The amount determined under subdivision 2 must be applied in accordance with this subdivision. When the actuarial value of assets of the fund according to the most recent annual actuarial valuation prepared in accordance with sections 356.215 and 356.216 is less than 102 percent of its total actuarial liabilities, the relief association shall apply the first one-half of excess investment income to the payment of an annual postretirement payment as specified in this subdivision and the second one-half of excess investment income up to one-half of one percent of the assets of the fund must be applied to reduce the state amortization state aid or supplementary amortization state aid payments otherwise due to the relief association under section 423A.02 for the current calendar year. When the actuarial value of assets of the fund according to the most recent annual actuarial valuation prepared in accordance with sections 356.215 and 356.216 is less than 102 percent funded and other conditions are met, the relief association shall pay an annual postretirement payment to all eligible members in an amount not to exceed one-half of one percent of the assets of the fund. When the actuarial value of assets of the fund according to the most recent annual actuarial valuation prepared in accordance with sections 356.215 and 356.216 is greater than 102 percent of

its actuarial accrued liabilities, the relief association shall pay an annual postretirement payment to all eligible members in an amount not to exceed 1-1/2 percent of the assets of the fund. Payment of the annual postretirement payment must be in a lump sum amount on June 1 following the determination date in any year. Payment of the annual postretirement payment may be made only if the average time weighted total rate of return for the most recent prior five years exceeds by two percent the actual average percentage increase in the current monthly salary of a top grade patrol officer in the most recent prior five fiscal years. The total amount of all payments to members may not exceed the amount determined under this subdivision. Payment to each eligible member must be calculated by dividing the total number of pension units to which eligible members are entitled into the excess investment income available for distribution to members, and then multiplying that result by the number of units to which each eligible member is entitled to determine each eligible member's annual postretirement payment. When the actuarial value of assets of the fund according to the most recent annual actuarial valuation prepared in accordance with sections 356.215 and 356.216 is less than 102 percent of its actuarial accrued liabilities, payment to each eligible member may not exceed an amount equal to the total monthly benefit that the eligible member was entitled to in the prior year under the terms of the benefit plan of the relief association or each eligible member's proportionate share of the excess investment income, whichever is less. When the actuarial value of assets of the fund according to the most recent annual actuarial valuation prepared in accordance with sections 356.215 and 356.216 is greater than 102 percent of its actuarial accrued liabilities, payment to each eligible member must not exceed the member's proportionate share of 1-1/2 percent of the assets of the fund.

(b) A person who received a pension or benefit for the entire 12 months before the determination date is eligible for a full annual postretirement payment. A person who received a pension or benefit for less than 12 months before the determination date is eligible for a prorated annual postretirement payment.

Subd. 4. **Annual postretirement payment in the event of death.** In the event an eligible member dies after the determination date and before the payment of the annual postretirement payment, the chief administrative officer of the relief association shall pay that eligible member's estate the amount of the postretirement payment to which the eligible member was entitled.

Subd. 5. **Report on annual postretirement payment.** The chief administrative officer of the relief association shall prepare a report on the amount of all postretirement payments made under this section and the manner in which those payments were determined. That report must be submitted to the state auditor, the executive director of the Legislative Commission on Pensions and Retirement, and the city clerk of the city.

Subd. 6. **No guarantee of annual postretirement payment.** No provision of or payment made under this section may be interpreted or relied upon by any member of the relief association to guarantee or entitle a member to annual postretirement payments for a period when no excess investment income is earned by the fund. If the actuarial value of assets of the fund according to the most recent annual actuarial valuation prepared in accordance with sections 356.215 and 356.216 is less than 102 percent of its actuarial accrued liabilities, the distribution of assets under this section must not exceed one-half of one percent.

Subd. 7. **Annual actuarial valuation date.** Notwithstanding any provision of section 69.77, subdivision 10, 356.215, or 356.216 to the contrary, the annual actuarial valuation of the fund must be completed by May 1 of each year.

History: 1992 c 471 art 1 s 15; 1996 c 438 art 4 s 11; 1997 c 233 art 4 s 8-11; 2002 c 392 art 1 s 8