

423A.01 POLICE AND SALARIED FIREFIGHTERS' RELIEF ASSOCIATIONS.

Subdivision 1. **Membership of new police and salaried firefighters in the public employees police and fire fund.** Notwithstanding any law to the contrary, all persons first employed by any municipality as police officers or police officer trainees, salaried firefighters or firefighter trainees or public safety officers or public safety officer trainees after June 15, 1980 shall be members of the public employees police and fire fund established by sections 353.63 to 353.68, and shall not be members of any local police or paid firefighters' relief association established or maintained by the municipality, unless the municipality elects to retain the local relief association by the adoption of a municipal resolution approved by a majority of the governing body of the municipality following the holding of a public meeting at which the views of the public are considered and a copy of the municipal resolution is filed with the secretary of state, the commissioner of management and budget, the commissioner of commerce and the executive director of the Legislative Commission on Pensions and Retirement on or before August 15, 1980.

Subd. 2. **Operation of local relief association upon modification of retirement coverage for newly hired police officers and firefighters.** (a) The following provisions shall govern the operation of a local relief association upon the modification of retirement coverage for newly hired police officers or firefighters:

(1) The minimum obligation of a municipality in which the retirement coverage for newly hired police officers or salaried firefighters has been modified pursuant to subdivision 1 with respect to the local relief association shall be determined and governed in accordance with the provisions of sections 69.77, 356.215, and 356.216, except that the normal cost calculation for the relief association shall be computed as a percentage of the compensation paid to the active members of the relief association. The compensation paid to persons with retirement coverage modified pursuant to subdivision 1 shall not be included in any of the computations made in determining the obligation of the municipality with respect to the local relief association.

(2) The contribution rate of members of the local relief association shall be governed by section 69.77, unless a special law establishing a greater member contribution rate is applicable whereupon it shall continue to govern. The member contribution rate of persons with retirement coverage modified pursuant to subdivision 1 shall be governed by section 353.65.

(3) Unless otherwise provided for by law, when every active member of the local relief association retires or terminates from active duty, the local relief association shall cease to exist as a legal entity and the assets of the special fund of the relief association shall be transferred to a trust fund to be established by the appropriate municipality for the purpose of paying service pensions and retirement benefits to recipient beneficiaries. Recipient beneficiaries who are competent to act on their own behalf shall be entitled to select the prescribed number of trustees of the trust fund as provided in this clause, subject to the approval of the governing body of the municipality. If there are at least five recipient beneficiaries, the trust fund shall be managed by a board of trustees composed of five persons selected by the recipient beneficiaries of the fund. When there are fewer than five recipient beneficiaries, the number of trustees selected by the recipient beneficiaries shall be equal to the number of the remaining recipient beneficiaries. The governing body of the municipality shall select the additional trustees. The term of the elected members of the board of trustees shall be indefinite and shall continue until a vacancy occurs in one of the board of trustee member positions. Board of trustee members shall not be compensated for their services, but shall be reimbursed for any expenses actually and necessarily incurred as a result of the performance of their duties in their capacity as board of trustee members. The municipality shall perform

whatever services are necessary to administer the trust fund. When all obligations of the trust fund are paid, the balance of the assets remaining in the trust fund shall revert to the municipality for expenditure for law enforcement or firefighting purposes, whichever is applicable.

(4) The financial requirements of the trust fund and the minimum obligation of the municipality with respect to the trust fund shall be determined in accordance with sections 69.77, 356.215, and 356.216 until the unfunded accrued liability of the trust fund is fully amortized in accordance with section 69.77, subdivision 4. The municipality shall provide in its annual budget for at least the aggregate amount of service pensions, disability benefits, survivorship benefits, and refunds which are projected as payable for the following calendar year, as determined by the board of trustees of the trust fund, less the amount of assets in the trust fund as of the end of the most current calendar year for which figures are available, valued pursuant to section 356.20, subdivision 4, if the difference between those two figures is a positive number.

(5) In calculating the amount of service pensions and other retirement benefits payable from the local relief association and in calculating the amount of any automatic postretirement increases in those service pensions and retirement benefits based on the salary paid or payable to active members or escalated in any fashion, the salary for use as the base for the service pension or retirement benefit calculation and the postretirement increase calculation for the local relief association shall be the salary for the applicable position as specified in the articles of incorporation or bylaws of the relief association as of the date immediately prior to the effective date of the modification of retirement coverage for newly hired personnel pursuant to subdivision 1, as the applicable salary is reset by the municipality periodically, irrespective of whether retirement coverage for persons holding the applicable position used in calculations is provided by the relief association or by the public employees police and fire fund. If for a local salaried firefighters relief association, the specified position no longer exists because of a reorganization of the fire department as a volunteer fire department, the percentage increase in the salary of the position of a top grade patrol officer in the police department of the municipality must be the basis for service pension and retirement benefit postretirement increase calculations.

(6) If the modification of retirement coverage implemented pursuant to subdivision 1 is applicable to a local police relief association, the police state aid received by the municipality shall be disbursed pursuant to section 69.031, subdivision 5, clause (2)(c). If the modification of retirement coverage implemented pursuant to subdivision 1 is applicable to a local firefighters' relief association, the fire state aid received by the applicable municipality other than a city of the first class with a population of more than 300,000 shall be disbursed as the municipality at its option may elect. The municipality may elect: (a) to transmit the total fire state aid to the treasurer of the local relief association for immediate deposit in the special fund of the relief association; or (b) to apply the total fire state aid toward the employer contribution of the municipality to the public employees police and fire fund pursuant to section 353.65, subdivision 3; or (c) to allocate the total fire state aid proportionately between the special fund of the local relief association and employer contribution of the municipality to the public employees police and fire fund on the basis of the respective number of active full-time salaried firefighters receiving retirement coverage from each.

(b) For a city of the first class with a population of more than 300,000, in addition, the city may elect to allot the appropriate portion of the total fire state aid to apply toward the employer contribution of the city to the public employees police and fire fund based on the

covered salary of firefighters covered by the fund each payroll period and to transmit the balance to the firefighters relief association.

Subd. 3. Benefit increase for certain relief association members. Notwithstanding any law to the contrary, any member of a local police or salaried firefighters' relief association located in a municipality which has not adopted a municipal resolution retaining the local relief association pursuant to subdivision 1, except the city of Minneapolis, shall be entitled to receive, after the effective date for the modification of pension coverage for newly employed personnel, a retirement annuity in addition to the service pension to which the member may be eligible upon retirement. The additional retirement annuity shall be payable for the life of the retired member. The additional retirement annuity shall be equal to one-half of one percent of the salary upon which the service pension is calculated payable on the date of termination of active service per year of service credit acquired in excess of 25 years of service credit. The retirement annuity under this subdivision shall not be subject to any postretirement increases granted pursuant to increases in the salary payable to a certain employment category or in the salaries payable to active members or be in any other manner escalated or increased after retirement.

Subd. 4. Automatic postretirement adjustments for certain newly employed, active and retired members. (a) Notwithstanding any provision of law, municipal charter, municipal ordinance or resolution, or relief association articles of incorporation or bylaws to the contrary, any person who meets one of the following requirements for entitlement shall be entitled to an annual automatic postretirement adjustment in the amount of the service pension calculated pursuant to paragraph (b). A person meets the requirements for entitlement if:

(1) the person is a member of a covered local police or salaried firefighters' relief association enumerated in paragraph (c), commences receiving a service pension at an age no earlier than attaining the age of 55 years, and has met all applicable requirements for entitlement to a service pension specified in the applicable laws and relief association articles of incorporation or bylaws governing the local relief association;

(2) the person is a retired member of a covered local police or salaried firefighters' relief association enumerated in paragraph (c), retired on a service pension after June 15, 1980, after attaining the age of at least 50 years but prior to attaining the age of 55 years, and attains the age of 55 years subsequent to retirement; or

(3) the person was a retired member on June 15, 1980, of a covered local police or salaried firefighters' relief association or retirement trust fund enumerated in paragraph (c), is receiving a service pension, and has attained the age of at least 55 years.

(b) Any person who meets the requirements specified in paragraph (a), clause (1) or (2), shall be entitled to receive the annual automatic postretirement adjustment on the January 1 next following the date upon which the requirements for entitlement are met but in no event prior to the date upon which the person attains the age of 55 years. Any person who meets the requirements specified in paragraph (a), clause (3), shall be entitled to receive the adjustment on the January 1 next following the date upon which the person attains the age of 55 years. The amount of the adjustment shall be determined by the board of trustees of the local relief association on or before December 1 annually and the adjustment shall accrue each year as of January 1 next following the determination date. The adjustment shall be first payable with the service pension payment made for January. Each adjustment in the amount of the service pension shall be based on the

percentage increase in the salary upon which retirement coverage is credited during the prior year subject to the limitation provided for in this paragraph.

The percentage increase in the salary shall be applied to the amount of service pension payable to the person for the month immediately prior to the month in which the determination is made. The maximum percentage increase shall not exceed 3-1/2 percent in any year and any increase in the salary level of the applicable position used to govern the determination of adjustments in excess of 3-1/2 percent in any year shall not carry over to or be used to calculate the rate of salary increase for any succeeding year in which the increase in the salary of the applicable position does not exceed 3-1/2 percent.

(c) The provisions of this subdivision shall apply to the active members and retired members of a local police or salaried firefighters' relief association or to the retired members of a retirement trust fund contained in the following enumeration of covered relief associations:

- (1) Buhl Police Relief Association;
- (2) Eveleth joint retired police and firefighters' retirement trust fund;
- (3) Moorhead Firefighters' Relief Association;
- (4) Moorhead Police Relief Association;
- (5) Thief River Falls police retirement trust fund;
- (6) Virginia Firefighters' Relief Association;
- (7) West St. Paul Police Relief Association.

History: 1980 c 607 art 15 s 4; 1982 c 578 art 3 s 16; 1983 c 289 s 114 subd 1; 1983 c 291 s 6,7; 1984 c 655 art 1 s 92; 1986 c 359 s 26; 1989 c 319 art 10 s 1; art 19 s 5; 2002 c 392 art 1 s 8; 2009 c 86 art 1 s 70; 2009 c 101 art 2 s 109