

**354A.27 DULUTH TEACHERS RETIREMENT FUND ASSOCIATION;  
POSTRETIREMENT ADJUSTMENT MECHANISM.**

Subdivision 1. [Repealed, 2010 c 359 art 1 s 89]

Subd. 2. [Repealed, 1995 c 262 art 2 s 14]

Subd. 3. [Repealed, 1995 c 262 art 2 s 14]

Subd. 4. [Repealed, 1995 c 262 art 2 s 14]

Subd. 5. **Eligibility for and payment of postretirement adjustments.** (a) Annually, after June 30, the board of trustees of the Duluth Teachers Retirement Fund Association determines the amount of any postretirement adjustment using the procedures in this subdivision and subdivision 6 or 7, whichever is applicable.

(b) Each person who has been receiving an annuity or benefit under the articles of incorporation, bylaws, or under this section for at least 12 months as of the date of the postretirement adjustment shall be eligible for a postretirement adjustment. The postretirement adjustment shall be payable each January 1. The postretirement adjustment shall be a permanent percentage increase as specified under subdivision 6 or 7, whichever is applicable, applied to the annuity or benefit to which the person is entitled one month prior to the payment of the postretirement adjustment.

Subd. 6. **Calculation of postretirement adjustments; transitional provision.** (a) For purposes of computing postretirement adjustments after July 1, 2010, for eligible benefit recipients of the Duluth Teachers Retirement Fund Association, the funding ratio of the plan, as determined by dividing the market value of assets by the actuarial accrued liability as reported in the most recent actuarial valuation prepared under sections 356.214 and 356.215, determines the postretirement increase as follows:

| Funding Ratio                                | Postretirement Increase |
|--|-------------------------|
| less than 80 percent                         | 0 percent               |
| at least 80 percent but less than 90 percent | 1 percent               |
| at least 90 percent                          | 2 percent               |

(b) If the funding ratio of the plan based on actuarial value, rather than market value, is at least 90 percent as reported in the most recent actuarial valuation prepared under sections 356.214 and 356.215, this subdivision expires and subsequent postretirement increases must be paid as specified under subdivision 7.

Subd. 7. **Calculation of postretirement adjustments.** (a) This subdivision applies if subdivision 6 has expired.

(b) A percentage adjustment must be computed and paid under this subdivision to eligible persons under subdivision 5. This adjustment is determined by reference to the Consumer Price Index for urban wage earners and clerical workers all items index as reported by the Bureau of Labor Statistics within the United States Department of Labor each year as part of the determination of annual cost-of-living adjustments to recipients of federal old-age, survivors, and disability insurance. For calculations of cost-of-living adjustments under paragraph (c), the term "average third quarter Consumer Price Index value" means the sum of the monthly index

values as initially reported by the Bureau of Labor Statistics for the months of July, August, and September, divided by 3.

(c) Before January 1 of each year, the executive director must calculate the amount of the cost-of-living adjustment by dividing the most recent average third quarter index value by the same average third quarter index value from the previous year, subtract one from the resulting quotient, and express the result as a percentage amount, which must be rounded to the nearest one-tenth of one percent.

(d) The amount calculated under paragraph (c) is the full cost-of-living adjustment to be applied as a permanent increase to the regular payment of each eligible member on January 1 of the next calendar year. For any eligible member whose effective date of benefit commencement occurred during the calendar year before the cost-of-living adjustment is applied, the full increase amount must be prorated on the basis of whole calendar quarters in benefit payment status in the calendar year prior to the January 1 on which the cost-of-living adjustment is applied, calculated to the third decimal place.

(e) The adjustment must not be less than zero nor greater than five percent.

(f) If the funding ratio of the plan as determined in the most recent actuarial valuation using the actuarial value of assets is less than 80 percent there will be no postretirement adjustment the following January 1.

**History:** 1992 c 403 s 1; 1995 c 262 art 2 s 3-5; 2006 c 271 art 3 s 47; 2010 c 359 art 1 s 60-62