

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 [Repealed, 2010 c 359 art 1 s 89]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 [Repealed, 1995 c 262 art 2 s 14]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 [Repealed, 1995 c 262 art 2 s 14]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 [Repealed, 1995 c 262 art 2 s 14]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.

[See Note.]

Subd. 6. [Repealed, 2013 c 111 art 13 s 24]

Subd. 6a. **Postretirement adjustment transition.** (a) If the funded ratio of the retirement plan based on the actuarial value of assets 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 adjustments are governed by subdivision 7.

(b) Each annuity or benefit recipient of the retirement plan who has been receiving that annuity or benefit for at least 12 months as of the applicable January 1 is eligible to receive a postretirement adjustment of one percent, payable on January 1.

[See Note.]

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

[See Note.]

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; 2013 c 111 art 13 s 10,11; 2014 c 296 art 6 s 48,49; art 11 s 1

NOTE: Subdivisions 5, 6a, and 7 are repealed by Laws 2014, chapter 296, article 6, section 48, effective June 30, 2015. Laws 2014, chapter 296, article 6, section 49.