

356.415 POSTRETIREMENT ADJUSTMENTS; STATEWIDE RETIREMENT PLANS.

Subdivision 1. **Annual postretirement adjustments; Minnesota State Retirement System general state employees retirement plan, legislators retirement plan, and unclassified state employees retirement program.** (a) Except as set forth in paragraph (c), recipients of a retirement annuity, disability benefit, or survivor benefit from the general state employees retirement plan, the legislators retirement plan, or the unclassified state employees retirement program are entitled to an annual postretirement adjustment, effective as of each January 1, as follows:

(1) effective January 1, 2019, through December 31, 2023, a postretirement increase of one percent must be applied each year to the amount of the monthly annuity or benefit of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 12 full months as of the June 30 of the calendar year immediately before the adjustment;

(2) effective January 1, 2019, through December 31, 2023, for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least one full month, but less than 12 full months as of the June 30 of the calendar year immediately before the adjustment, a postretirement increase of 1/12 of one percent for each month that the person has been receiving an annuity or benefit must be applied to the amount of the monthly annuity or benefit of the annuitant or benefit recipient;

(3) effective January 1, 2024, and thereafter, a postretirement increase of 1.5 percent must be applied each year to the amount of the monthly annuity or benefit of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 12 full months as of the June 30 of the calendar year immediately before the adjustment; and

(4) effective January 1, 2024, and thereafter, for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least one full month, but less than 12 full months as of the June 30 of the calendar year immediately before the adjustment, an annual postretirement increase of 1/12 of 1.5 percent for each month that the person has been receiving an annuity or benefit must be applied to the amount of the monthly annuity or benefit of the annuitant or benefit recipient.

(b) An increase in annuity or benefit payments under this subdivision must be made automatically unless written notice is filed by the annuitant or benefit recipient with the executive director of the covered retirement plan requesting that the increase not be made.

(c) Members who retire on or after January 1, 2024, under the general state employees retirement plan, the legislators retirement plan, or the unclassified state employees retirement program are entitled to an annual postretirement adjustment of the member's retirement annuity, effective as of each January 1, beginning with the year following the year in which the member attains normal retirement age, as follows:

(1) if a member has been receiving an annuity for at least 12 full months as of the June 30 of the calendar year immediately before the date of the adjustment, a postretirement increase equal to the percentage specified in paragraph (a), clause (3), must be applied, effective on January 1, to the amount of the member's monthly annuity;

(2) if a member has been receiving an annuity for at least one full month, but less than 12 full months as of the June 30 of the calendar year immediately before the date of adjustment, a postretirement increase of 1/12 of the percentage specified in paragraph (a), clause (4), for each month that the member has been receiving an annuity must be applied, effective on January 1, to the amount of the member's monthly annuity; or

(3) if a member has been receiving an annuity for fewer than seven months before the date of adjustment, a postretirement increase shall not be applied until the next January 1 and the amount of the adjustment shall be the amount determined under clause (2).

(d) Paragraph (c) does not apply to members who retire under section 352.116, subdivision 1, paragraph (c).

Subd. 1a. Annual postretirement adjustments; Minnesota State Retirement System correctional state employees retirement plan. (a) Retirement annuity, disability benefit, or survivor benefit recipients of the correctional state employees retirement plan are entitled to an annual postretirement adjustment, effective as of each January 1, as follows:

(1) a postretirement increase of 1.5 percent must be applied each year to the monthly annuity or benefit of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 12 full months as of the June 30 of the calendar year immediately before the adjustment; and

(2) for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least one full month, but less than 12 full months as of the June 30 of the calendar year immediately before the adjustment, an annual postretirement increase of $1/12$ of 1.5 percent for each month that the person has been receiving an annuity or benefit must be applied to the amount of the monthly annuity or benefit of each annuitant or benefit recipient.

(b) An increase in annuity or benefit payments under this subdivision must be made automatically unless written notice is filed by the annuitant or benefit recipient with the executive director of the applicable covered retirement plan requesting that the increase not be made.

Subd. 1b. Annual postretirement adjustments; PERA; general employees retirement plan. (a) Annuities, disability benefits, and survivor benefits being paid from the general employees retirement plan of the Public Employees Retirement Association shall be increased effective each January 1 by the percentage of increase determined under this subdivision. The increase to the annuity or benefit shall be determined by multiplying the monthly amount of the annuity or benefit by the percentage of increase specified in paragraph (b), after taking into account any reduction to the percentage of increase required under paragraph (c).

(b) The percentage of increase shall be one percent unless the federal Social Security Administration has announced a cost-of-living adjustment pursuant to United States Code, title 42, section 415(i), in the last quarter of the preceding calendar year that is greater than two percent. If the cost-of-living adjustment announced by the federal Social Security Administration is greater than two percent, the percentage of increase shall be 50 percent of the cost-of-living adjustment announced by the federal Social Security Administration, but in no event may the percentage of increase exceed 1.5 percent.

(c)(1) If the recipient of an annuity, disability benefit, or survivor's benefit has been receiving the annuity or benefit for at least 12 full months as of the June 30 of the calendar year immediately before the effective date of the increase, there is no reduction in the percentage of increase.

(2) If the recipient of an annuity, disability benefit, or survivor's benefit has been receiving the annuity or benefit for at least one month, but less than 12 full months, as of the June 30 of the calendar year immediately preceding the effective date of the increase, the percentage of increase is multiplied by a fraction, the numerator of which is the number of months the annuity or benefit was received as of June 30 of the preceding calendar year and the denominator of which is 12.

(d) Effective for members who retire on or after January 1, 2024, annuities shall not be increased under paragraphs (a) to (c) until January 1 of the year following the year in which the member reaches normal

retirement age. January 1 of the year following the year in which the member reaches normal retirement age shall be considered the effective date of the increase under paragraph (c). If a member has been receiving an annuity for fewer than seven months as of the January 1 of the year following the year in which the member reaches normal retirement age, no increase shall be paid until January 1 of the next year.

(e) An increase in annuity or benefit payments under this section must be made automatically unless written notice is filed by the recipient with the executive director of the Public Employees Retirement Association requesting that the increase not be made.

(f) Paragraph (d) does not apply to members who retire under section 353.30, subdivision 1a.

Subd. 1c. Annual postretirement adjustments; PERA-police and fire. (a) Retirement annuity, disability benefit, or survivor benefit recipients of the public employees police and fire retirement plan are entitled to an annual postretirement adjustment, effective as of each January 1, as follows:

(1) for each annuitant or benefit recipient who will have been receiving an annuity or benefit for at least 36 full months as of the immediate preceding June 30, a postretirement increase of one percent must be applied each year to the amount of the monthly annuity or benefit of the annuitant or benefit recipient; or

(2) for each annuitant or benefit recipient who has been receiving the annuity or benefit for at least 25 full months, but less than 36 months as of the immediate preceding June 30, a postretirement increase of 1/12 of one percent for each full month that the person has been receiving an annuity or benefit during the fiscal year in which the annuity or benefit was effective must be applied each year to the amount of the monthly annuity or benefit of the annuitant or benefit recipient.

(b) An increase in annuity or benefit payments under this section must be made automatically unless written notice is filed by the annuitant or benefit recipient with the executive director of the Public Employees Retirement Association requesting that the increase not be made.

Subd. 1d. Teachers Retirement Association annual postretirement adjustments. (a) Except as set forth in paragraph (d), recipients of a retirement annuity, disability benefit, or survivor benefit from the Teachers Retirement Association are entitled to an annual postretirement adjustment, effective as of each January 1, as follows:

(1) effective January 1, 2019, through December 31, 2023, a postretirement increase of one percent must be applied each year to the amount of the monthly annuity or benefit of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 12 full months as of the June 30 of the calendar year immediately before the adjustment;

(2) effective January 1, 2019, through December 31, 2023, for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least one full month, but less than 12 full months as of the June 30 of the calendar year immediately before the adjustment, a postretirement increase of 1/12 of one percent for each month the person has been receiving an annuity or benefit must be applied to the amount of the monthly annuity or benefit of the annuitant or benefit recipient;

(3) effective January 1, 2024, and thereafter, a postretirement increase must be applied each year to the amount of the monthly annuity or benefit of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 12 full months as of the June 30 of the calendar year immediately before the adjustment, at the following rates:

from January 1, 2024, through December 31, 2024	1.1 percent
from January 1, 2025, through December 31, 2025	1.2 percent
from January 1, 2026, through December 31, 2026	1.3 percent
from January 1, 2027, through December 31, 2027	1.4 percent
from January 1, 2028, and thereafter	1.5 percent

(4) effective January 1, 2024, and thereafter, for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least one full month, but less than 12 full months, as of the June 30 of the calendar year immediately before the adjustment, an annual postretirement increase of 1/12 of the applicable percentage for each month that the person has been receiving an annuity or benefit must be applied to the amount of the monthly annuity or benefit of the annuitant or benefit recipient. The applicable percentages are the following:

from January 1, 2024, through December 31, 2024	1.1 percent
from January 1, 2025, through December 31, 2025	1.2 percent
from January 1, 2026, through December 31, 2026	1.3 percent
from January 1, 2027, through December 31, 2027	1.4 percent
from January 1, 2028, and thereafter	1.5 percent

(b) An increase in annuity or benefit payments under this section must be made automatically unless written notice is filed by the annuitant or benefit recipient with the executive director of the Teachers Retirement Association requesting that the increase not be made.

(c) The retirement annuity payable to a person who retires before becoming eligible for Social Security benefits and who has elected the optional payment as provided in section 354.35 must be treated as the sum of a period-certain retirement annuity and a life retirement annuity for the purposes of any postretirement adjustment. The period-certain retirement annuity plus the life retirement annuity must be the annuity amount payable until age 62, 65, or normal retirement age, as selected by the member at retirement, for an annuity amount payable under section 354.35. A postretirement adjustment granted on the period-certain retirement annuity must terminate when the period-certain retirement annuity terminates.

(d) Members who retire on or after July 1, 2024, are entitled to an annual postretirement adjustment of the member's retirement annuity, effective as of each January 1, beginning with the year following the year in which the member attains normal retirement age, as follows:

(1) if a member has been receiving an annuity for at least 12 full months as of the June 30 of the calendar year immediately before the date of the adjustment, a postretirement increase equal to the percentage specified in paragraph (a), clause (3), must be applied, effective on January 1, to the amount of the member's monthly annuity;

(2) if a member has been receiving an annuity for at least one full month, but less than 12 full months as of the June 30 of the calendar year immediately before the date of adjustment, a postretirement increase of 1/12 of the applicable percentage specified in paragraph (a), clause (4), for each month that the member

has been receiving an annuity must be applied, effective on January 1, to the amount of the member's monthly annuity; or

(3) if a member has been receiving an annuity for fewer than seven months as of the January 1 of the year following the year in which the member attains normal retirement age, a postretirement adjustment shall be applied effective as of the next January 1. The amount of the adjustment shall be determined under clause (2).

(e) Paragraph (d) does not apply to members who retire under section 354.44, subdivision 6, paragraph (c), clause (3), or who retire when the member is at least age 62 and has at least 30 years of service under section 354.44, subdivision 6, paragraph (c), (d), (e), or (f), as applicable.

Subd. 1e. Annual postretirement adjustments; State Patrol retirement plan. (a) Retirement annuity, disability benefit, or survivor benefit recipients of the State Patrol retirement plan are entitled to an annual postretirement adjustment, effective as of each January 1, as follows:

(1) a postretirement increase of one percent must be applied each year to the monthly annuity or benefit of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 12 full months as of the June 30 of the calendar year immediately before the adjustment; and

(2) for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least one full month, but less than 12 full months as of the June 30 of the calendar year immediately before the adjustment, an annual postretirement increase of 1/12 of one percent for each month that the person has been receiving an annuity or benefit must be applied to the amount of the monthly annuity or benefit of each annuitant or benefit recipient.

(b) An increase in annuity or benefit payments under this subdivision must be made automatically unless written notice is filed by the annuitant or benefit recipient with the executive director of the applicable covered retirement plan requesting that the increase not be made.

Subd. 1f. Annual postretirement adjustments; Minnesota State Retirement System judges retirement plan. (a) Retirement annuity, disability benefit, or survivor benefit recipients of the judges retirement plan are entitled to an annual postretirement adjustment, effective as of each January 1 if the definition of funding stability under paragraph (b) has not been met, as follows:

(1) a postretirement increase of 1.75 percent must be applied each year to the monthly annuity or benefit of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 12 full months as of the June 30 of the calendar year immediately before the adjustment; and

(2) for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least one full month, but less than 12 full months as of the June 30 of the calendar year immediately before the adjustment, an annual postretirement increase of 1/12 of 1.75 percent for each month that the person has been receiving an annuity or benefit must be applied to the amount of the monthly annuity or benefit of each annuitant or benefit recipient.

(b) Increases under paragraph (a) terminate on December 31 of the calendar year in which two prior consecutive actuarial valuations prepared by the approved actuary under sections 356.214 and 356.215 and the standards for actuarial work promulgated by the Legislative Commission on Pensions and Retirement indicates that the market value of assets of the judges retirement plan equals or exceeds 70 percent of the actuarial accrued liability of the retirement plan and increases under paragraph (c) begin after that date.

(c) Retirement annuity, disability benefit, or survivor benefit recipients of the judges retirement plan are entitled to a postretirement adjustment annually, effective as of each January 1 if the definition of funding stability under paragraph (d) has not been met, as follows:

(1) a postretirement increase of two percent must be applied each year to the monthly annuity or benefit of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 12 full months as of the June 30 of the calendar year immediately before the adjustment; and

(2) for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least one full month, but less than 12 full months as of the June 30 of the calendar year immediately before the adjustment, an annual postretirement increase of 1/12 of two percent for each month that the person has been receiving an annuity or benefit must be applied to the amount of the monthly annuity or benefit of the annuitant or benefit recipient.

(d) Increases under paragraph (c) terminate on December 31 of the calendar year in which two prior consecutive actuarial valuations prepared by the approved actuary under section 356.214 and the standards for actuarial work promulgated by the Legislative Commission on Pensions and Retirement indicate that the market value of assets of the judges retirement plan equals or exceeds 90 percent of the actuarial accrued liability of the retirement plan and increases under paragraph (e) begin after that date.

(e) Retirement annuity, disability benefit, or survivor benefit recipients of the judges retirement plan are entitled to a postretirement adjustment annually, effective as of each January 1, as follows:

(1) a postretirement increase of 2.5 percent must be applied each year to the monthly annuity or benefit of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 12 full months as of the June 30 of the calendar year immediately before the adjustment; and

(2) for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least one full month, but less than 12 full months as of the June 30 of the calendar year immediately before the adjustment, an annual postretirement increase of 1/12 of 2.5 percent for each month that the person has been receiving an annuity or benefit must be applied to the amount of the monthly annuity or benefit of the annuitant or benefit recipient.

(f) An increase in annuity or benefit payments under this subdivision must be made automatically unless written notice is filed by the annuitant or benefit recipient with the executive director of the applicable covered retirement plan requesting that the increase not be made.

Subd. 1g. Annual postretirement adjustments; PERA local government correctional retirement plan. (a) Annuities, disability benefits, and survivor benefits being paid from the local government correctional retirement plan of the Public Employees Retirement Association shall be increased effective each January 1 by the percentage of increase determined under this subdivision. The increase to the annuity or benefit shall be determined by multiplying the monthly amount of the annuity or benefit by the percentage of increase specified in paragraph (b), after taking into account any reduction to the percentage of increase required under paragraph (c).

(b) The percentage of increase shall be one percent unless the federal Social Security Administration has announced a cost-of-living adjustment pursuant to United States Code, title 42, section 415(i), in the last quarter of the preceding calendar year that is greater than one percent. If the cost-of-living adjustment announced by the federal Social Security Administration is greater than one percent, the percentage of increase shall be the same as the cost-of-living adjustment announced by the federal Social Security Administration, but in no event may the percentage of increase exceed the applicable maximum percentage.

The applicable maximum percentage is 2.5 percent, until either of the following occurs, in which case the applicable maximum percentage is 1.5 percent and remains at 1.5 percent thereafter:

(1) the market value of assets equals or is less than 85 percent of the actuarial accrued liabilities as reported by the plan's actuary in two consecutive annual actuarial valuations; or

(2) the market value of assets equals or is less than 80 percent of the actuarial accrued liabilities as reported by the plan's actuary in the most recent annual actuarial valuation.

(c)(1) If the recipient of an annuity, disability benefit, or survivor's benefit has been receiving the annuity or benefit for at least 12 full months as of the June 30 of the calendar year immediately before the effective date of the increase, there is no reduction in the percentage of increase.

(2) If the recipient of an annuity, disability benefit, or survivor's benefit has been receiving the annuity or benefit for at least one month, but less than 12 full months, as of the June 30 of the calendar year immediately preceding the effective date of the increase, the percentage of increase is multiplied by a fraction, the numerator of which is the number of months the annuity or benefit was received as of June 30 of the preceding calendar year and the denominator of which is 12.

(d) An increase in annuity or benefit payments under this section must be made automatically unless written notice is filed by the recipient with the executive director of the Public Employees Retirement Association requesting that the increase not be made.

Subd. 2. Covered retirement plans. The provisions of this section apply to the following retirement plans:

(1) the legislators retirement plan established under chapter 3A, including constitutional officers as specified in that chapter;

(2) the correctional state employees retirement plan of the Minnesota State Retirement System established under chapter 352;

(3) the general state employees retirement plan of the Minnesota State Retirement System established under chapter 352;

(4) the State Patrol retirement plan established under chapter 352B;

(5) the general employees retirement plan of the Public Employees Retirement Association established under chapter 353;

(6) the public employees police and fire retirement plan of the Public Employees Retirement Association established under chapter 353;

(7) the local government correctional employees retirement plan of the Public Employees Retirement Association established under chapter 353E;

(8) the teachers retirement plan established under chapter 354; and

(9) the judges retirement plan established under chapter 490.

Subd. 3. [Repealed, 2014 c 296 art 10 s 3]

History: 2009 c 169 art 1 s 73; 2010 c 359 art 1 s 76-82; art 12 s 32; 2012 c 286 art 8 s 8; 2013 c 111 art 2 s 30,31; art 3 s 28,29; art 9 s 10; art 11 s 13,14; art 14 s 2,3; 2014 c 296 art 11 s 3-6; art 13 s 19; 2015 c 68 art 4 s 4-10; art 12 s 39; art 13 s 49-53; art 14 s 25; 2018 c 211 art 5 s 6-13