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State of Minnesota
HOUSE OF REPRESENTATIVES

**EIGHTY-FIFTH
SESSION**

HOUSE FILE No. 2453

April 24, 2007

Authored by Thissen

The bill was read for the first time and referred to the Committee on Governmental Operations, Reform, Technology and Elections

1.1 A bill for an act
1.2 relating to retirement; modifying the investment related to postretirement
1.3 adjustment of the Minneapolis Firefighters' Relief Association; amending
1.4 Minnesota Statutes 2006, section 423C.06, subdivision 2.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. Minnesota Statutes 2006, section 423C.06, subdivision 2, is amended to read:

1.7 Subd. 2. **Actuarial assets of special fund less than 102 percent.** (a) When
1.8 the actuarial assets of the special fund in any year are less than 102 percent of its
1.9 accrued liabilities according to the most recent annual actuarial valuation of the special
1.10 fund prepared in accordance with sections 356.215 and 356.216, investment-related
1.11 postretirement adjustments shall be determined and paid pursuant to this subdivision.
1.12 Payment of the annual postretirement adjustment may be made only if there is excess
1.13 investment income.

1.14 (b) The board shall determine by May 1 of each year whether or not the special
1.15 fund has excess investment income. The amount of excess investment income, if any,
1.16 must be stated as a dollar amount and reported by the executive secretary to the mayor
1.17 and governing body of the city, the state auditor, the commissioner of finance, and the
1.18 executive director of the Legislative Commission on Pensions and Retirement. The dollar
1.19 amount of excess investment income up to one percent of the assets of the special fund
1.20 must be applied for the purpose specified in paragraph (c). Excess investment income
1.21 must not be considered as income to or assets of the special fund for actuarial valuations
1.22 of the special fund for that year under this section and sections 69.77, 356.215, and
1.23 356.216, except to offset the annual postretirement adjustment. Additional investment
1.24 income is any realized or unrealized investment income other than the excess investment

2.1 income and must be included in the actuarial valuations performed under this section
2.2 and sections 69.77, 356.215, and 356.216.

2.3 (c) The amount determined under paragraph (b) must be applied as follows:
2.4 the association shall apply ~~the first one-half of~~ one percent of assets that constitute
2.5 excess investment income to the payment of an annual postretirement adjustment to
2.6 eligible members ~~and the second one-half of one percent of assets which constitute~~
2.7 ~~excess investment income shall be applied to reduce the state amortization state aid or~~
2.8 ~~supplementary amortization state aid payments otherwise due the association under~~
2.9 ~~section 423A.02 for the current calendar year.~~ The amounts of all payments to eligible
2.10 members shall not exceed ~~one-half of~~ one percent of the assets of the fund. The amount
2.11 of each eligible member's postretirement adjustment shall be calculated by dividing the
2.12 total number of units to which eligible members are entitled into the excess investment
2.13 income available for distribution to eligible members, and then multiplying that result by
2.14 the number of units to which each eligible member is entitled. If this amount exceeds the
2.15 total monthly benefit that the eligible member was entitled to in the prior year under the
2.16 terms of this chapter, the association shall pay the eligible member the lesser amount.
2.17 Payment of the annual postretirement adjustment must be in a lump-sum amount on June
2.18 1 following the determination date in any year. In the event an eligible member dies prior
2.19 to the payment of the annual postretirement adjustment, the executive secretary shall pay
2.20 the eligible member's estate the amount to which the member was entitled.