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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH
SESSION

HOUSE FILE No. **3385**

February 25, 2008

Authored by Thissen; Nelson; Murphy, M.; Smith; Kahn and others

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 postretirement
1.3 adjustment of the Minneapolis firefighters relief association by correcting;
1.4 providing an additional cost-of-living unit to members of the Minneapolis
1.5 firefighters relief association upon achieving 110 percent funding; amending
1.6 Minnesota Statutes 2006, section 423C.05, by adding subdivisions.

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

1.8 Section 1. Minnesota Statutes 2006, section 423C.05, is amended by adding a
1.9 subdivision to read:

1.10 Subd. 10. Pension unit increase. When the actuarial value of assets of the special
1.11 fund is greater than 110 percent of the actuarial accrued liabilities, according to the most
1.12 recent annual actuarial valuation performed in accordance with sections 356.215 and
1.13 356.216, each service pensioner, joint survivor annuitant, and surviving spouse member is
1.14 entitled to a onetime permanent benefit increase of one additional unit. The association
1.15 shall add the additional unit to the pension to which the member is otherwise entitled
1.16 beginning January 1 of the year following the year for which the valuation was prepared.
1.17 Active members retiring after the effective date of this subdivision will be entitled to this
1.18 additional unit upon retirement from the fire department, once the requirements of this
1.19 legislation have been satisfied and the benefit has been provided to the retired membership.
1.20 The benefit increase authorized by this subdivision will occur only when the funding ratio
1.21 equals or exceeds 110 percent of liabilities. This subdivision authorizes a benefit increase
1.22 of up to one unit to a total maximum of 43 units for a service pensioner, 23 units for a
1.23 surviving spouse benefit, and 43.2 units for unmarried service pensioners. If adding an
1.24 additional unit results in raising total units past the maximum, a partial unit may be added

2.1 to reach the maximum. For joint survivor annuities, this subdivision authorizes a benefit
2.2 increase actuarially equivalent to one unit.

2.3 Sec. 2. Minnesota Statutes 2006, section 423C.05, is amended by adding a subdivision
2.4 to read:

2.5 Subd. 11. **Unit precedence.** The additional unit provided for in subdivision 10
2.6 shall take precedence over the benefit provided in section 423C.06, subdivision 4. In
2.7 preparing the actuarial valuation under sections 356.215 and 356.216, the actuary for the
2.8 fund shall first account for the benefit provided in subdivision 10 in determining the plan's
2.9 funded ratio. No benefit payments may be made by the association under section 423C.06,
2.10 subdivision 4, until the actuarial impact of the benefit provided for in subdivision 10 has
2.11 been determined and factored into the funding ratio.

2.12 Sec. 3. **EFFECTIVE DATE.**

2.13 Sections 1 and 2 are effective the day following final enactment.