

This Document can be made available in alternative formats upon request

State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-SECOND SESSION

H. F. No. 1291

02/18/2021 Authored by Murphy
The bill was read for the first time and referred to the Committee on State Government Finance and Elections

1.1 A bill for an act
1.2 relating to retirement; Minnesota State Retirement System judges retirement plan;
1.3 reducing the postretirement adjustment and eliminating the triggers that would
1.4 increase the postretirement adjustment upon attainment of specified funding
1.5 thresholds; amending Minnesota Statutes 2020, section 356.415, subdivision 1f.

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

1.7 Section 1. Minnesota Statutes 2020, section 356.415, subdivision 1f, is amended to read:

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

1.13 (1) through December 31, 2021, a postretirement increase of 1.75 percent must be applied
1.14 each year to the monthly annuity or benefit of each annuitant or benefit recipient who has
1.15 been receiving an annuity or a benefit for at least 12 full months as of the June 30 of the
1.16 calendar year immediately before the adjustment; and

1.17 (2) through December 31, 2021, for each annuitant or benefit recipient who has been
1.18 receiving an annuity or a benefit for at least one full month, but less than 12 full months as
1.19 of the June 30 of the calendar year immediately before the adjustment, an annual
1.20 postretirement increase of 1/12 of 1.75 percent for each month that the person has been
1.21 receiving an annuity or benefit must be applied to the amount of the monthly annuity or
1.22 benefit of each annuitant or benefit recipient;

2.1 (3) effective January 1, 2022, and thereafter, a postretirement increase of 1.5 percent  
2.2 must be applied each year to the monthly annuity or benefit of each annuitant or benefit  
2.3 recipient who has been receiving an annuity or a benefit for at least 12 full months as of the  
2.4 June 30 of the calendar year immediately before the adjustment; and

2.5 (4) effective January 1, 2022, and thereafter, for each annuitant or benefit recipient who  
2.6 has been receiving an annuity or a benefit for at least one full month, but less than 12 full  
2.7 months as of the June 30 of the calendar year immediately before the adjustment, an annual  
2.8 postretirement increase of 1/12 of 1.5 percent for each month that the person has been  
2.9 receiving an annuity or benefit must be applied to the amount of the monthly annuity or  
2.10 benefit.

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

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

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

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

2.30 ~~(d) Increases under paragraph (c) terminate on December 31 of the calendar year in~~  
2.31 ~~which two prior consecutive actuarial valuations prepared by the approved actuary under~~  
2.32 ~~section 356.214 and the standards for actuarial work promulgated by the Legislative~~  
2.33 ~~Commission on Pensions and Retirement indicate that the market value of assets of the~~

3.1 ~~judges retirement plan equals or exceeds 90 percent of the actuarial accrued liability of the~~  
3.2 ~~retirement plan and increases under paragraph (e) begin after that date.~~

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

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

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

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

3.19 **EFFECTIVE DATE.** This section is effective June 30, 2021.