

SENATE
STATE OF MINNESOTA
EIGHTY-NINTH SESSION

S.F. No. 519

(SENATE AUTHORS: PAPPAS and Rosen)

DATE	D-PG	OFFICIAL STATUS
02/05/2015	204	Introduction and first reading Referred to State and Local Government See SF1398, Art. 4

A bill for an act

1.1 relating to retirement; general state employees retirement plan; correctional state
 1.2 employees retirement plan; State Patrol retirement plan; public employees police
 1.3 and fire retirement plan; Teachers Retirement Association; St. Paul Teachers
 1.4 Retirement Fund Association; modifying the financial sustainability triggers for
 1.5 postretirement adjustment mechanisms; amending Minnesota Statutes 2014,
 1.6 sections 354A.29, subdivisions 7, 8, 9; 356.415, subdivisions 1, 1a, 1c, 1d, 1e, 1f.
 1.7

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

1.9 Section 1. Minnesota Statutes 2014, section 354A.29, subdivision 7, is amended to read:

1.10 Subd. 7. **Eligibility for payment of postretirement adjustments.** (a) Annually,
 1.11 after June 30, the board of trustees of the St. Paul Teachers Retirement Fund Association
 1.12 must determine the amount of any postretirement adjustment using the procedures in this
 1.13 subdivision and subdivision 8 or 9, whichever is applicable.

1.14 (b) On January 1, each ~~eligible~~ person who has been receiving an annuity or benefit
 1.15 under the articles of incorporation, the bylaws, or this chapter ~~for at least three calendar~~
 1.16 ~~months as of the end of the last day of the previous calendar year, whose effective date~~
 1.17 of benefit commencement occurred on or before July 1 of the calendar year immediately
 1.18 before the adjustment, is eligible to receive a postretirement increase as specified in
 1.19 subdivision 8 or 9.

1.20 **EFFECTIVE DATE.** This section is effective June 30, 2015.

1.21 Sec. 2. Minnesota Statutes 2014, section 354A.29, subdivision 8, is amended to read:

1.22 Subd. 8. **Calculation of postretirement adjustments; ~~transitional provision~~**
 1.23 **percentage based.** (a) For purposes of computing postretirement adjustments for eligible
 1.24 benefit recipients of the St. Paul Teachers Retirement Fund Association, the accrued

2.1 liability funding ratio based on the actuarial value of assets of the plan as determined by
 2.2 the two most recent actuarial valuations prepared under sections 356.214 and 356.215
 2.3 determines the postretirement increase, as follows:

2.4	Funding ratio	Postretirement increase
2.5	Less than 80 percent	1 percent
2.6	At least 80 percent but less than 90	
2.7	percent	2 percent

2.8 (b) The amount determined under paragraph (a) is the full postretirement increase to
 2.9 be applied as a permanent increase to the regular payment of each eligible member on
 2.10 January 1 of the next calendar year. For any eligible member whose effective date of
 2.11 benefit commencement occurred ~~during~~ after January 1 of the calendar year immediately
 2.12 before the postretirement increase is applied, the full increase amount determined under
 2.13 paragraph (a) must be prorated on the basis of whole calendar quarters in benefit payment
 2.14 status in the calendar year prior to the January 1 on which the postretirement increase is
 2.15 applied, calculated to the third decimal place reduced by 50 percent.

2.16 (c) If the accrued liability funding ratio based on the actuarial value of assets is at
 2.17 least 90 percent in two consecutive actuarial valuations, ~~this subdivision expires and~~
 2.18 subsequent postretirement increases must be paid as specified in subdivision 9.

2.19 (d) If, following a postretirement increase under paragraph (a), the accrued liability
 2.20 funding ratio, based on the actuarial value of assets, falls below 80 percent for two
 2.21 consecutive actuarial valuations, the applicable postretirement increase must be reduced
 2.22 to one percent until January 1 of the calendar year next following the date on which the
 2.23 requirements for an increase under paragraph (a) are again satisfied.

2.24 **EFFECTIVE DATE.** This section is effective June 30, 2015.

2.25 Sec. 3. Minnesota Statutes 2014, section 354A.29, subdivision 9, is amended to read:

2.26 Subd. 9. **Calculation of postretirement adjustments; CPI based.** (a) This
 2.27 subdivision applies if the requirements of subdivision 8 has expired, paragraph (c), have
 2.28 been satisfied.

2.29 (b) A percentage adjustment must be computed and paid under this subdivision to
 2.30 eligible persons under subdivision 7. This adjustment is determined by reference to the
 2.31 Consumer Price Index for urban wage earners and clerical workers all items index as
 2.32 reported by the Bureau of Labor Statistics within the United States Department of Labor
 2.33 each year as part of the determination of annual cost-of-living adjustments to recipients of
 2.34 federal old-age, survivors, and disability insurance. For calculations of postretirement
 2.35 adjustments under paragraph (c), the term "average third quarter Consumer Price Index

3.1 value" means the sum of the monthly index values as initially reported by the Bureau of
 3.2 Labor Statistics for the months of July, August, and September, divided by three.

3.3 (c) Before January 1 of each year, the executive director must calculate the amount
 3.4 of the postretirement adjustment by dividing the most recent average third quarter index
 3.5 value by the same average third quarter index value from the previous year, subtract one
 3.6 from the resulting quotient, and express the result as a percentage amount, which must be
 3.7 rounded to the nearest one-tenth of one percent.

3.8 (d) The amount calculated under paragraph (c) is the full postretirement adjustment
 3.9 to be applied as a permanent increase to the regular payment of each eligible member on
 3.10 January 1 of the next calendar year. For any eligible member whose effective date of
 3.11 benefit commencement occurred ~~during~~ after January 1 of the calendar year immediately
 3.12 before the postretirement adjustment is applied, the full increase amount determined under
 3.13 paragraph (c) must be prorated on the basis of whole calendar quarters in benefit payment
 3.14 status in the calendar year prior to the January 1 on which the postretirement adjustment is
 3.15 applied, calculated to the third decimal place reduced by 50 percent.

3.16 (e) The adjustment calculated under paragraph (c) must not be less than zero nor
 3.17 greater than five percent.

3.18 (f) In the event the accrued liability funding ratio based on the actuarial value of
 3.19 assets falls below 90 percent for two consecutive actuarial valuations, the applicable
 3.20 postretirement increase must be determined under subdivision 8 until January 1 of the
 3.21 calendar year next following the date on which the requirements of subdivision 8,
 3.22 paragraph (c), are again satisfied.

3.23 **EFFECTIVE DATE.** This section is effective June 30, 2015.

3.24 Sec. 4. Minnesota Statutes 2014, section 356.415, subdivision 1, is amended to read:

3.25 Subdivision 1. **Annual postretirement adjustments; generally.** (a) Except as
 3.26 otherwise provided in subdivision 1a, 1b, 1c, 1d, 1e, or 1f, retirement annuity, disability
 3.27 benefit, or survivor benefit recipients of a covered retirement plan are entitled to a
 3.28 postretirement adjustment annually on January 1, as follows:

3.29 (1) a postretirement increase of 2.5 percent must be applied each year, effective
 3.30 January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who
 3.31 has been receiving an annuity or a benefit for at least 12 full months ~~prior to~~ before the
 3.32 January 1 increase; and

3.33 (2) for each annuitant or benefit recipient who has been receiving an annuity or a
 3.34 benefit amount for at least one full month, but less than 12 full months as of the current
 3.35 June 30, an annual postretirement increase of 1/12 of 2.5 percent for each month that the

4.1 person has been receiving an annuity or benefit must be applied, effective on January 1
 4.2 following the calendar year in which the person has been retired for less than 12 months.

4.3 (b) The increases provided by this subdivision commence on January 1, 2010.

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

4.7 **EFFECTIVE DATE.** This section is effective June 30, 2015.

4.8 Sec. 5. Minnesota Statutes 2014, section 356.415, subdivision 1a, is amended to read:

4.9 Subd. 1a. **Annual postretirement adjustments; Minnesota State Retirement**
 4.10 **System plans other than State Patrol retirement plan.** (a) Retirement annuity, disability
 4.11 benefit, or survivor benefit recipients of the legislators retirement plans, including
 4.12 constitutional officers as specified in chapter 3A, the general state employees retirement
 4.13 plan, the correctional state employees retirement plan, and the unclassified state employees
 4.14 retirement program, ~~and the judges retirement plan~~ are entitled to a postretirement
 4.15 adjustment annually on January 1, as follows:

4.16 (1) for each successive January 1 if the definition of funding stability under
 4.17 paragraph (b) has not been met as of the prior July 1 for or with respect to the applicable
 4.18 retirement plan, a postretirement increase of two percent must be applied each year,
 4.19 effective on January 1, to the monthly annuity or benefit of each annuitant or benefit
 4.20 recipient who has been receiving an annuity or a benefit for at least 18 full months before
 4.21 the January 1 increase; and

4.22 (2) for each successive January 1 if the definition of funding stability under
 4.23 paragraph (b) has not been met as of the prior July 1 for or with respect to the applicable
 4.24 retirement plan, for each annuitant or benefit recipient who has been receiving an annuity
 4.25 or a benefit for at least ~~six~~ one full month, but less than 12 full months as of the current
 4.26 June 30, an annual postretirement increase of 1/12 of two percent for each month that the
 4.27 person has been receiving an annuity or benefit must be applied, effective January 1,
 4.28 following the calendar year in which the person has been retired for ~~at least six months,~~
 4.29 ~~but has been retired for less than 18~~ 12 months.

4.30 (b) ~~The increases provided by this subdivision commence on January 1, 2011.~~

4.31 Increases under this subdivision for the general state employees retirement plan, or the
 4.32 correctional state employees retirement plan, ~~or the judges retirement plan~~ terminate on
 4.33 December 31 of the calendar year in which two prior consecutive actuarial valuations
 4.34 prepared by the approved actuary under sections 356.214 and 356.215 and the standards for
 4.35 actuarial work promulgated by the Legislative Commission on Pensions and Retirement

5.1 indicates that the market value of assets of the retirement plan equals or exceeds 90 percent
5.2 of the actuarial accrued liability of the retirement plan and increases under subdivision 1
5.3 recommence after that date. Increases under this subdivision for the legislators retirement
5.4 ~~plan or the elected state officers retirement plan, including the constitutional officers, and~~
5.5 ~~for the unclassified state employees retirement program~~ terminate on December 31 of the
5.6 calendar year in which ~~the two prior consecutive~~ actuarial valuation valuations prepared
5.7 by the approved actuary under sections 356.214 and 356.215 and the standards for
5.8 actuarial work promulgated by the Legislative Commission on Pensions and Retirement
5.9 indicates that the market value of assets of the general state employees retirement plan
5.10 equals or exceeds 90 percent of the actuarial accrued liability of the retirement plan and
5.11 increases under subdivision 1 recommence after that date.

5.12 (c) After having met the definition of funding stability under paragraph (b), the
5.13 increase provided in paragraph (a), clauses (1) and (2), rather than an increase under
5.14 subdivision 1, for the general state employees retirement plan or the correctional state
5.15 employees retirement plan, is again to be applied in a subsequent year or years if the
5.16 market value of assets of the applicable plan equals or is less than:

5.17 (1) 85 percent of the actuarial accrued liabilities of the applicable plan for two
5.18 consecutive actuarial valuations; or

5.19 (2) 80 percent of the actuarial accrued liabilities of the applicable plan for the most
5.20 recent actuarial valuation.

5.21 After having met the definition of funding stability under paragraph (b), the increase
5.22 provided in paragraph (a), clauses (1) and (2), rather than an increase under subdivision
5.23 1, for the legislators retirement plan, including the constitutional officers, and for the
5.24 unclassified state employees retirement program, is again to be applied in a subsequent
5.25 year or years if the market value of assets of the general state employees retirement plan
5.26 equals or is less than:

5.27 (1) 85 percent of the actuarial accrued liabilities of the applicable plan for two
5.28 consecutive actuarial valuations; or

5.29 (2) 80 percent of the actuarial accrued liabilities of the applicable plan for the most
5.30 recent actuarial valuation.

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

5.35 **EFFECTIVE DATE.** This section is effective June 30, 2015.

6.1 Sec. 6. Minnesota Statutes 2014, section 356.415, subdivision 1c, is amended to read:

6.2 Subd. 1c. **Annual postretirement adjustments; PERA-police and fire.** (a)

6.3 Retirement annuity, disability benefit, or survivor benefit recipients of the public
6.4 employees police and fire retirement plan are entitled to a postretirement adjustment
6.5 annually on January 1, ~~until~~ if the definition of funding stability is restored under
6.6 paragraph (c) has not been met, as follows:

6.7 (1) for each annuitant or benefit recipient whose annuity or benefit effective date is
6.8 on or before June 1, 2014, who has been receiving the annuity or benefit for at least 12
6.9 full months as of the immediate preceding June 30, an amount equal to one percent in
6.10 each year; or

6.11 (2) for each annuitant or benefit recipient whose annuity or benefit effective date is
6.12 on or before June 1, 2014, who has been receiving the annuity or benefit for at least one
6.13 full month, but not less than 11 months, as of the immediate preceding June 30, an amount
6.14 equal to 1/12 of one percent for each month of annuity or benefit receipt; and

6.15 (3) for each annuitant or benefit recipient whose annuity or benefit effective date is
6.16 after June 1, 2014, unless Laws 2014, chapter 296, article 13, section 27, applies, who will
6.17 have been receiving an annuity or benefit for at least 36 full months as of the immediate
6.18 preceding June 30, an amount equal to one percent; or

6.19 (4) for each annuitant or benefit recipient whose annuity or benefit effective date is
6.20 after June 1, 2014, unless Laws 2014, chapter 296, article 13, section 27, applies, who
6.21 has been receiving the annuity or benefit for at least 25 full months, but less than 36
6.22 months as of the immediate preceding June 30, an amount equal to 1/12 of one percent for
6.23 each full month of annuity or benefit receipt during the fiscal year in which the annuity
6.24 or benefit was effective.

6.25 (b) Retirement annuity, disability benefit, or survivor benefit recipients of the public
6.26 employees police and fire retirement plan are entitled to a postretirement adjustment
6.27 annually on each January 1 following the restoration of funding stability as defined under
6.28 paragraph (c) and during the continuation of funding stability as defined under paragraph
6.29 (c), as follows:

6.30 (1) for each annuitant or benefit recipient who has been receiving the annuity or
6.31 benefit for at least 36 full months as of the immediate preceding June 30, an amount
6.32 equal to ~~the percentage increase in the Consumer Price Index for urban wage earners and~~
6.33 ~~clerical workers all items index published by the Bureau of Labor Statistics of the United~~
6.34 ~~States Department of Labor between the immediate preceding June 30 and the June 30~~
6.35 ~~occurring 12 months previous, but not to exceed 2.5 percent; and~~

7.1 (2) for each annuitant or benefit recipient who has been receiving the annuity
 7.2 or benefit for at least 25 full months, but less than 36 full months, as of the immediate
 7.3 preceding June 30, an amount equal to 1/12 of the percentage increase in the Consumer
 7.4 Price Index for urban wage earners and clerical workers all items index published by
 7.5 the Bureau of Labor Statistics of the United States Department of Labor between the
 7.6 immediate preceding June 30 and the June 30 occurring 12 months previous for each full
 7.7 month of annuity or benefit receipt during the fiscal year in which the annuity or benefit
 7.8 was effective, but not to exceed 1/12 of 2.5 percent for each full month of annuity or
 7.9 benefit receipt during the fiscal year in which the annuity or benefit was effective.

7.10 (c) Funding stability is restored when the market value of assets of the public
 7.11 employees police and fire retirement plan equals or exceeds 90 percent of the actuarial
 7.12 accrued liabilities of the applicable plan in the two most recent consecutive actuarial
 7.13 valuations prepared under section 356.215 and under the standards for actuarial work of
 7.14 the Legislative Commission on Pensions and Retirement by the approved actuary retained
 7.15 by the Public Employees Retirement Association under section 356.214.

7.16 (d) After having met the definition of funding stability under paragraph (c), a full
 7.17 or prorated increase, as provided in paragraph (a), clause (1), (2), (3), or (4), whichever
 7.18 applies, rather than adjustments under paragraph (b), is again applied in a subsequent year
 7.19 or years if the market value of assets of the public employees police and fire retirement
 7.20 plan equals or is less than:

7.21 (1) 85 percent of the actuarial accrued liabilities of the applicable plan for two
 7.22 consecutive actuarial valuations; or

7.23 (2) 80 percent of the actuarial accrued liabilities of the applicable plan for the most
 7.24 recent actuarial valuation.

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

7.29 **EFFECTIVE DATE.** This section is effective June 30, 2015.

7.30 Sec. 7. Minnesota Statutes 2014, section 356.415, subdivision 1d, is amended to read:

7.31 Subd. 1d. **Teachers Retirement Association annual postretirement adjustments.**

7.32 (a) Retirement annuity, disability benefit, or survivor benefit recipients of the Teachers
 7.33 Retirement Association are entitled to a postretirement adjustment annually on January
 7.34 1, as follows:

7.35 (1) for January 1, 2011, and January 1, 2012, no postretirement increase is payable;

8.1 ~~(2) for January 1, 2013, and~~ each successive January 1 until funding stability is
8.2 restored, a postretirement increase of two percent must be applied each year, effective
8.3 on January 1, to the monthly annuity or benefit amount of each annuitant or benefit
8.4 recipient who has been receiving an annuity or a benefit for at least 18 full months prior
8.5 to the January 1 increase;

8.6 ~~(3) (2) for January 1, 2013, and~~ each successive January 1 until funding stability is
8.7 restored, for each annuitant or benefit recipient who has been receiving an annuity or a
8.8 benefit for at least six one full month, but less than 12 full months before the January 1
8.9 increase as of the current June 30, an annual postretirement increase of 1/12 of two percent
8.10 for each month the person has been receiving an annuity or benefit must be applied,
8.11 effective the January 1, for which the person has been retired for at least six months but
8.12 less than 18 months following the calendar year in which the person retired;

8.13 ~~(4) (3) for~~ each January 1 following the restoration of funding stability, a
8.14 postretirement increase of 2.5 percent must be applied each year, effective January 1, to
8.15 the monthly annuity or benefit amount of each annuitant or benefit recipient who has
8.16 been receiving an annuity or a benefit for at least 18 full months prior to the January 1
8.17 increase; and

8.18 ~~(5) (4) for~~ each January 1 following the restoration of funding stability, for each
8.19 annuitant or benefit recipient who has been receiving an annuity or a benefit for at least ~~six~~
8.20 one month, but less than 12 full months before the January 1 increase as of the current
8.21 June 30, an annual postretirement increase of 1/12 of 2.5 percent for each month the
8.22 person has been receiving an annuity or benefit must be applied, effective the January 1;
8.23 for which the person has been retired for at least six months but less than 18 months
8.24 following the calendar year in which the person retired.

8.25 (b) Funding stability is restored when the market value of assets of the Teachers
8.26 Retirement Association equals or exceeds 90 percent of the actuarial accrued liabilities
8.27 of the Teachers Retirement Association in the two most recent prior actuarial valuations
8.28 prepared under section 356.215 and the standards for actuarial work by the approved
8.29 actuary retained by the Teachers Retirement Association under section 356.214.

8.30 (c) After having met the definition of funding stability under paragraph (b), the
8.31 increase provided in paragraph (a), clauses (1) and (2), rather than an increase under
8.32 subdivision 1, or the increase under paragraph (a), clauses (3) and (4), is again to be applied
8.33 in a subsequent year or years if the market value of assets of the plan equals or is less than:

8.34 (1) 85 percent of the actuarial accrued liabilities of the plan for two consecutive
8.35 actuarial valuations; or

9.1 (2) 80 percent of the actuarial accrued liabilities of the plan for the most recent
 9.2 actuarial valuation.

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

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

9.16 **EFFECTIVE DATE.** This section is effective June 30, 2015.

9.17 Sec. 8. Minnesota Statutes 2014, section 356.415, subdivision 1e, is amended to read:

9.18 Subd. 1e. **Annual postretirement adjustments; State Patrol retirement plan.**

9.19 (a) Retirement annuity, disability benefit, or survivor benefit recipients of the State Patrol
 9.20 retirement plan are entitled to a postretirement adjustment annually on January 1 if the
 9.21 definition of funding stability under paragraph (b) has not been met, as follows:

9.22 (1) a postretirement increase of one percent must be applied each year, effective on
 9.23 January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who
 9.24 has been receiving an annuity or a benefit for at least 18 full months before the January 1
 9.25 increase; and

9.26 (2) for each annuitant or benefit recipient who has been receiving an annuity or a
 9.27 benefit for at least ~~six~~ one full month, but less than 12 full months as of the current June
 9.28 30, an annual postretirement increase of 1/12 of one percent for each month that the person
 9.29 has been receiving an annuity or benefit must be applied, effective January 1, following
 9.30 the calendar year in which the person has been retired for ~~at least six months, but has~~
 9.31 ~~been retired for less than 18~~ 12 months.

9.32 (b) ~~The increases provided by this subdivision commence on January 1, 2014.~~
 9.33 Increases under paragraph (a) for the State Patrol retirement plan terminate on December
 9.34 31 of the calendar year in which two prior consecutive actuarial valuations for the
 9.35 plan prepared by the approved actuary under sections 356.214 and 356.215 and the

10.1 standards for actuarial work promulgated by the Legislative Commission on Pensions
 10.2 and Retirement indicates that the market value of assets of the retirement plan equals or
 10.3 exceeds 85 percent of the actuarial accrued liability of the retirement plan; however,
 10.4 thereafter, increases under paragraph (a) become effective again on the December 31 of
 10.5 the calendar year in which the actuarial valuation, or prior consecutive actuarial valuations
 10.6 for the plan prepared by the approved actuary under sections 356.214 and 356.215 and the
 10.7 standards for actuarial work promulgated by the Legislative Commission on Pensions and
 10.8 Retirement indicates that the market value of the assets of the retirement plan equals or is
 10.9 less than 80 percent of the actuarial accrued liability of the retirement plan for two years,
 10.10 or equals or is less than 75 percent of the actuarial accrued liability of the retirement plan
 10.11 for one year and increases under paragraph (c) recommence commence after that date.

10.12 (c) Retirement annuity, disability benefit, or survivor benefit recipients of the State
 10.13 Patrol retirement plan are entitled to a postretirement adjustment annually on January
 10.14 1, as follows:

10.15 (1) a postretirement increase of 1.5 percent must be applied each year, effective on
 10.16 January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who
 10.17 has been receiving an annuity or a benefit for at least 18 full months before the January 1
 10.18 increase; and

10.19 (2) for each annuitant or benefit recipient who has been receiving an annuity or a
 10.20 benefit for at least ~~six~~ one full month, but less than 12 full months as of the current June
 10.21 30, an annual postretirement increase of 1/12 of 1.5 percent for each month that the person
 10.22 has been receiving an annuity or benefit must be applied, effective January 1, following
 10.23 the calendar year in which the person has been retired for ~~at least six months, but has~~
 10.24 ~~been retired for~~ less than ~~18~~ 12 months.

10.25 (d) Increases under paragraph (c) for the State Patrol retirement plan terminate on
 10.26 December 31 of the calendar year in which two prior consecutive actuarial valuations
 10.27 prepared by the approved actuary under sections 356.214 and 356.215 and the standards
 10.28 for actuarial work adopted by the Legislative Commission on Pensions and Retirement
 10.29 indicates that the market value of assets of the retirement plan equals or exceeds 90
 10.30 percent of the actuarial accrued liability of the retirement plan and increases under
 10.31 subdivision 1 recommence after that date.

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

10.36 **EFFECTIVE DATE.** This section is effective June 30, 2015.

11.1 Sec. 9. Minnesota Statutes 2014, section 356.415, subdivision 1f, is amended to read:

11.2 Subd. 1f. **Annual postretirement adjustments; Minnesota State Retirement**
11.3 **System judges retirement plan.** (a) The increases provided under this subdivision begin
11.4 on January 1, 2014, and are in lieu of increases under subdivision 1 or 1a for retirement
11.5 annuity, disability benefit, or survivor benefit recipients of the judges retirement plan.

11.6 (b) Retirement annuity, disability benefit, or survivor benefit recipients of the
11.7 judges retirement plan are entitled to a postretirement adjustment annually on January
11.8 1, as follows:

11.9 (1) a postretirement increase of 1.75 percent must be applied each year, effective
11.10 on January 1, to the monthly annuity or benefit of each annuitant or benefit recipient
11.11 who has been receiving an annuity or a benefit for at least 18 full months before the
11.12 January 1 increase; and

11.13 (2) for each annuitant or benefit recipient who has been receiving an annuity or a
11.14 benefit for at least ~~six~~ one full month, but less than 12 full months as of the current June
11.15 30, an annual postretirement increase of 1/12 of 1.75 percent for each month that the
11.16 person has been receiving an annuity or benefit must be applied, effective January 1,
11.17 following the calendar year in which the person has been retired for ~~at least six months,~~
11.18 ~~but has been retired for~~ less than ~~18~~ 12 months.

11.19 (c) Increases under this subdivision terminate on December 31 of the calendar year
11.20 in which two prior consecutive actuarial valuations prepared by the approved actuary
11.21 under sections 356.214 and 356.215 and the standards for actuarial work promulgated
11.22 by the Legislative Commission on Pensions and Retirement indicates that the market
11.23 value of assets of the judges retirement plan equals or exceeds 70 percent of the actuarial
11.24 accrued liability of the retirement plan. Increases under subdivision 1 or 1a, whichever is
11.25 applicable, begin on the January 1 next following that date.

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

11.30 **EFFECTIVE DATE.** This section is effective June 30, 2015.