

CHAPTER 423A
POLICE AND SALARIED FIREFIGHTERS
RELIEF ASSOCIATIONS

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423A.01 POLICE AND SALARIED FIREFIGHTER'S RELIEF ASSOCIATIONS.

Subdivision 1. **Membership of new police and salaried firefighters in the public employees police and fire fund.** Notwithstanding any law to the contrary, all persons first employed by any municipality as police officers or police officer trainees, salaried firefighters or firefighter trainees or public safety officers or public safety officer trainees after June 15, 1980 shall be members of the public employees police and fire fund established by sections 353.63 to 353.68, and shall not be members of any local police or paid firefighter's relief association established or maintained by the municipality, unless the municipality elects to retain the local relief association by the adoption of a municipal resolution approved by a majority of the governing body of the municipality following the holding of a public meeting at which the views of the public are considered and a copy of the municipal resolution is filed with the secretary of state, the commissioner of finance, the commissioner of insurance and the executive secretary of the legislative commission on pensions and retirement on or before August 15, 1980.

Subd. 2. **Operation of local relief association upon modification of retirement coverage for newly hired police officers and firefighters.** The minimum obligation of a municipality in which the retirement coverage for newly hired police officers or salaried firefighters has been modified pursuant to subdivision 1 with respect to the local relief association shall be determined and governed in accordance with the provisions of sections 69.77, 356.215 and 356.216, except that the normal cost calculation for the relief association shall be computed as a percentage of the compensation paid to the active members of the relief association. The compensation paid to persons with retirement coverage modified pursuant to subdivision 1 shall not be included in any of the computations made in determining the obligation of the municipality with respect to the local relief association.

The contribution rate of members of the local relief association shall be governed by section 69.77, unless a special law establishing a greater member contribution rate is applicable whereupon it shall continue to govern. The member contribution rate of persons with retirement coverage modified pursuant to subdivision 1 shall be governed by section 353.65.

When every active member of the local relief association retires or terminates from active duty, the local relief association shall cease to exist as a legal entity and the assets of the special fund of the relief association shall be transferred to a trust fund to be established by the appropriate municipality for the purpose of paying service pensions and retirement benefits to recipient beneficiaries. If there are at least five recipient beneficiaries, the trust fund shall be managed by a board of trustees composed of five members selected by the recipient beneficiaries of the fund, subject to the approval of the governing body of the municipality. If there are fewer than five recipient beneficiaries, the trust fund shall be managed by the governing body of the municipality. The term of

the elected members of the board of trustees shall be indefinite and shall continue until a vacancy occurs in one of the board of trustee member positions. Board of trustee members shall not be compensated for their services, but shall be reimbursed for any expenses actually and necessarily incurred as a result of the performance of their duties in their capacity as board of trustee members. The municipality shall perform whatever services are necessary to administer the trust fund. The balance of assets remaining in the trust fund shall not revert to the municipality until all obligations of the trust fund are paid.

The financial requirements of the trust fund and the minimum obligation of the municipality with respect to the trust fund shall be determined in accordance with sections 69.77, 356.215 and 356.216 until the unfunded accrued liability of the trust fund is fully amortized in accordance with Laws 1980, Chapter 607. The municipality shall provide in its annual budget for at least the aggregate amount of service pensions, disability benefits, survivorship benefits and refunds which are projected as payable for the following calendar year, as determined by the board of trustees of the trust fund, less the amount of assets in the trust fund as of the end of the most current calendar year for which figures are available, valued pursuant to section 356.20, subdivision 4, clause (1) (a), if the difference between those two figures is a positive number.

In calculating the amount of service pensions and other retirement benefits payable from the local relief association and in calculating the amount of any automatic post retirement increases in those service pensions and retirement benefits based on the salary paid or payable to active members or escalated in any fashion, the salary for use as the base for the service pension or retirement benefit calculation and the post retirement increase calculation for the local relief association shall be the salary for the applicable position as specified in the articles of incorporation or bylaws of the relief association as of the date immediately prior to the effective date of the modification of retirement coverage for newly hired personnel pursuant to subdivision 1, as the applicable salary is reset by the municipality periodically, irrespective of whether retirement coverage for persons holding the applicable position used in calculations is provided by the relief association or by the public employees police and fire fund.

If the modification of retirement coverage implemented pursuant to subdivision 1 is applicable to a local police relief association, the police state aid received by the municipality shall be disbursed pursuant to section 69.031, subdivision 5, clause (2) (c). If the modification of retirement coverage implemented pursuant to subdivision 1 is applicable to a local firefighters' relief association, the fire state aid received by the applicable municipality shall be disbursed as the municipality at its option may elect. The municipality may elect: (1) to transmit the total fire state aid to the treasurer of the local relief association for immediate deposit in the special fund of the relief association; or (2) to apply the total fire state aid toward the employer contribution of the municipality to the public employees police and fire fund pursuant to section 353.65, subdivision 3; or (3) to allocate the total fire state aid proportionately between the special fund of the local relief association and employer contribution of the municipality to the public employees police and fire fund on the basis of the respective number of active full time salaried firefighters receiving retirement coverage from each.

Subd. 3. Benefit increase for certain relief association members. Notwithstanding any law to the contrary, any member of a local police or salaried firefighters' relief association located in a municipality which has not adopted a municipal resolution retaining the local relief association pursuant to subdivision 1, except the city of Minneapolis, shall be entitled to receive, after the effective date for the modification of pension coverage for newly employed personnel, a retirement annuity in addition to the service pension to which the member may

be eligible upon retirement. The additional retirement annuity shall be payable for the life of the retired member. The additional retirement annuity shall be equal to one-half of one percent of the salary upon which the service pension is calculated payable on the date of termination of active service per year of service credit acquired in excess of 25 years of service credit. The retirement annuity under this subdivision shall not be subject to any post retirement increases granted pursuant to increases in the salary payable to a certain employment category or in the salaries payable to active members or be in any other manner escalated or increased after retirement.

Subd. 4. Automatic post retirement adjustments for certain newly employed, active and retired members. (1) Notwithstanding any provision of law, municipal charter, municipal ordinance or resolution, or relief association articles of incorporation or bylaws to the contrary, any person who meets one of the following requirements for entitlement shall be entitled to an annual automatic post retirement adjustment in the amount of the service pension calculated pursuant to clause (2). A person meets the requirements for entitlement if:

(a) the person is a member of a covered local police or salaried firefighters' relief association enumerated in clause (3) unless the municipality has adopted a municipal resolution retaining the local relief association pursuant to subdivision 1, if applicable, commences receiving a service pension at an age no earlier than attaining the age of 55 years, and has met all applicable requirements for entitlement to a service pension specified in the applicable laws and relief association articles of incorporation or bylaws governing the local relief association;

(b) the person is a retired member of a covered local police or salaried firefighters' relief association enumerated in clause (3) unless the municipality has adopted a municipal resolution retaining the local relief association pursuant to subdivision 1, if applicable, retired on a service pension after June 15, 1980 and after attaining the age of at least 50 years but prior to attaining the age of 55 years and attains the age of 55 years subsequent to retirement; or

(c) the person was a retired member on June 15, 1980 of a covered local police or salaried firefighters' relief association or retirement trust fund enumerated in clause (3), unless the municipality has adopted a municipal resolution retaining the local relief association pursuant to subdivision 1, if applicable, on June 15, 1980, is receiving a service pension, and has attained the age of at least 55 years.

(2) Any person who meets the requirements specified in clause (1)(a) or (1)(b) shall be entitled to receive the annual automatic post retirement adjustment on the January 1 next following the date upon which the requirements for entitlement are met but in no event prior to the date upon which the person attains the age of 55 years. Any person who meets the requirements specified in clause (1)(c) shall be entitled to receive the annual automatic post retirement adjustment on the January 1 next following the effective date of the approval of the benefit modification by the municipality as provided for in clause (3) or the date upon which the person attains the age of 55 years; whichever occurs later. The amount of the annual automatic post retirement adjustment shall be determined by the board of trustees of the local relief association on or before December 1 annually and the annual automatic post retirement adjustment shall accrue each year as of January 1 next following the determination date. The annual automatic post retirement adjustment shall be first payable with the service pension payment made for January. Each annual automatic post retirement adjustment in the amount of the service pension shall be equal to the dollar amount determined by applying the percentage by which the salary payable by the municipality to a top grade patrol officer or a top grade firefighter, whichever is applicable, has increased during the year subject to the limitation provided for in this clause to the amount of service pension payable to the person

for the month immediately prior to the month in which the determination is made. The maximum percentage increase shall not exceed 3-1/2 percent in any year and any increase in the salary level of the applicable position used to govern the determination of annual automatic post retirement adjustments in excess of 3-1/2 percent in any year shall not carry over to or be used to calculate the rate of salary increase for any succeeding year in which the increase in the salary of the applicable position does not exceed 3-1/2 percent.

(3) The provisions of this subdivision shall apply to the active members and retired members of a local police or salaried firefighters' relief association or to the retired members of a retirement trust fund contained in the following enumeration of covered relief associations if the governing body of the applicable municipality approves the modification in the benefit plan of the relief association specified in this subdivision following consideration of an actuarial valuation which is, or actuarial estimate based on the most recent actuarial valuation which was, prepared in accordance with sections 356.215 and 356.216, based on the benefit plan of the applicable local relief association or retirement trust fund including the modification provided for in this subdivision, does not adopt a municipal resolution retaining the local relief association pursuant to subdivision 1, and files a resolution indicating approval of the modification in the benefit plan with the secretary of state, the commissioner of insurance and the executive secretary of the legislative commission on pensions and retirement on or before the first day of the tenth month following June 15, 1980:

- (a) Buhl police relief association;
- (b) Crookston firefighters relief association;
- (c) Crookston police relief association;
- (d) Eveleth joint retired police and firefighters retirement trust fund;
- (e) Moorhead firefighters relief association;
- (f) Moorhead police relief association;
- (g) Thief River Falls police retirement trust fund;
- (h) Virginia firefighters relief association;
- (i) West St. Paul police relief association.

History: 1980 c 607 art 15 s 4

423A.02 LOCAL POLICE AND FIREFIGHTERS' RELIEF ASSOCIATION AMORTIZATION STATE AID.

Any municipality in which is located a local police or salaried firefighters' relief association to which the provisions of section 69.77, apply, unless the municipality has adopted a municipal resolution retaining the local relief association pursuant to section 423A.01, subdivision 1, shall be entitled upon annual application on or before the date specified by the commissioner of finance to receive local police and salaried firefighters' relief association amortization state aid if the municipality and the appropriate relief association both comply with the applicable provisions of sections 69.031, subdivision 5, 69.051, subdivisions 1 and 3, and 69.77. The amount of local police and salaried firefighters' relief association amortization state aid to which a municipality is entitled annually shall be an amount equal to the level annual dollar amount required to amortize, by December 31, 2010, the unfunded accrued liability of the special fund of the appropriate relief association as reported in the most recent actuarial valuation of the relief association prepared pursuant to Minnesota Statutes 1978, Sections 356.215 and 356.216, and filed with the commissioner of insurance on the date of final enactment of Laws 1980, Chapter 607, reduced by the dollar amount required to pay the interest on the unfunded accrued liability of the special fund of the relief association for the calendar year next following the date of

final enactment of Laws 1980, Chapter 607, set at the rate specified in Minnesota Statutes 1978, Section 356.215, Subdivision 4, Clause (4). Payment of local police and salaried firefighters' relief association amortization state aid to municipalities shall be made directly to the municipalities involved in four equal installments on March 15, July 15, September 15 and November 15 annually. Upon receipt of the local police and salaried firefighters' relief association amortization state aid, the municipal treasurer shall transmit the aid amount to the treasurer of the local relief association for immediate deposit in the special fund of the relief association. The commissioner of finance shall prescribe and periodically revise the form for and content of the annual application for the local police and salaried firefighters' relief association amortization state aid. The amounts required to pay the local police and salaried firefighters' relief association amortization state aid are hereby annually appropriated from the general fund to the commissioner of finance.

History: 1980 c 607 art 15 s 5

423A.03 TEMPORARY PROVISION; APPLICATION TO CERTAIN MUNICIPALITIES.

Any municipality in which is located a local police or salaried firefighters' relief association which is governed by section 69.77, and in which all newly hired police officers or firefighters, whichever is applicable, after a certain date are required by special law to have their retirement coverage provided by the public employees police and fire fund established pursuant to chapter 353, and not by the local police or firefighters' relief association, may have made applicable any other provisions of section 423A.01, by adopting by majority vote of the governing body, a resolution implementing those provisions of section 423A.01 which are not present in or which are in substantial conflict with the applicable special law modifying retirement coverage for new police officers or firefighters, whichever is applicable, other than the date of the modification in retirement coverage. Prior to becoming effective, a copy of the municipal resolution shall be filed with the secretary of state, the commissioner of finance, the commissioner of insurance and the executive secretary of the legislative commission on pensions and retirement. To be deemed an implementing municipal resolution within the meaning of this section, the municipal resolution shall either refer to this section and the applicable subdivisions of section 423A.01 or shall describe in summary form the modifications to be implemented.

History: 1980 c 607 art 15 s 6

423A.04 ALTERNATIVE BENEFIT INCREASE.

Notwithstanding any provision of law to the contrary, and in lieu of the benefit increase provided for in section 423A.01, subdivision 3, the governing body of a participating municipality, except the city of Minneapolis, is authorized by resolution approved by a majority of the members of the governing body, following consideration of an actuarial analysis of the effect of any change, to increase the service pension or retirement benefits provided by or modify any provision of the benefit plan of either a police relief association or a salaried firefighters relief association unless the municipality elects to retain the local relief association by the adoption of a municipal resolution pursuant to section 423A.01, subdivision 1. The total cost of any increase or modification, including amortization by the applicable date to amortize specified in any prior applicable special legislation, shall not exceed 1.26 percent of covered payroll.

History: 1980 c 607 art 15 s 7