

CHAPTER 423B

MINNEAPOLIS POLICE PENSIONS

423B.01	Minneapolis police relief association; definitions.	423B.10	Survivor benefits.
423B.06	Source of funds.	423B.15	Investment related postretirement adjustments.
423B.07	Authorized fund disbursements.	423B.17	Payments exempt from process.
423B.09	Relief association service pensions and disability pensions.		

423B.01 MINNEAPOLIS POLICE RELIEF ASSOCIATION; DEFINITIONS.

[For text of subs 1 to 8, see M.S.1996]

Subd. 9. Excess investment income. "Excess investment income" means the amount, if any, by which the average time weighted total rate of return earned by the fund in the most recent prior five fiscal years has exceeded the actual average percentage increase in the current monthly salary of a first grade patrol officer in the most recent prior five fiscal years plus two percent, and must be expressed as a dollar amount. The amount may not exceed one percent of the total assets of the fund, except when the actuarial value of assets of the fund according to the most recent annual actuarial valuation prepared in accordance with sections 356.215 and 356.216 is greater than 102 percent of its actuarial accrued liabilities, in which case the amount must not exceed 1-1/2 percent of the total assets of the fund, and does not exist unless the yearly average percentage increase of the time weighted total rate of return of the fund for the previous five years exceeds by two percent the yearly average percentage increase in monthly salary of a first grade patrol officer during the previous five calendar years.

[For text of subs 10 to 14, see M.S.1996]

Subd. 15. Actuarial equivalent. "Actuarial equivalent" or "actuarially equivalent" means the condition of one annuity or benefit having an equal actuarial present value as another annuity or benefit, determined as of a given date at a specified age with each actuarial present value based on the appropriate mortality table adopted by the board of directors based on the experience of the fund and approved by the actuary retained by the legislative commission on pensions and retirement and using the applicable preretirement or postretirement interest rate assumptions specified in section 356.216.

History: 1997 c 233 art 4 s 1,2

423B.06 SOURCE OF FUNDS.

Subdivision 1. Sources. The fund is derived from the following sources:

- (1) gifts provided to the fund;
- (2) rewards received by members of the Minneapolis police department;
- (3) money coming into the hands of members of the Minneapolis police department in their official capacity and remaining unclaimed for six months;
- (4) proceeds from sales of property coming into the hands of members of the Minneapolis police department in their official capacity and remaining unclaimed for six months, upon sale by the chief of police of the city;
- (5) an amount equal to the minimum percentage specified in section 69.77, subdivision 2a, of the salary of a first grade patrol officer deducted from the monthly salary of each active member;
- (6) all money derived from taxation as provided by sections 69.77, subdivisions 2b, 2c, 2d, 2e, and 2f; and 423A.01, subdivision 2;
- (7) all money received from the state amortization aid programs under section 423A.02, to fund the unfunded actuarial accrued liability of the association;
- (8) all money received from the state under chapter 69, as state police aid;

- (9) all money provided by the state for the association in addition to clauses (7) and (8);
- (10) all money derived from taxation by the municipality for the support of the association and the payment of pensions; and
- (11) money from the investment of, earnings on, and interest on the assets of the fund.

Subd. 1a. **Sales of unclaimed property.** The chief of police of the city shall sell property coming into the hands of members of the Minneapolis police department in their official capacity and remaining unclaimed for six months.

[For text of subs 2 to 4, see M.S.1996]

Subd. 5. **Tax levy.** Notwithstanding any provision of section 69.77 to the contrary, if in any year after the actuarial value of assets of the fund according to the most recent annual actuarial valuation prepared in accordance with sections 356.215 and 356.216 is greater than 102 percent of the actuarial accrued liabilities of the fund and subsequently the actuarial value of assets are less than 100 percent of the actuarial accrued liabilities, the city of Minneapolis is not required to levy a property tax to amortize any unfunded actuarial accrued liability unless the fund experiences two successive years when the actuarial value of assets are less than 100 percent of the actuarial accrued liabilities according to the most recent annual actuarial valuation prepared in accordance with sections 356.215 and 356.216.

History: 1997 c 233 art 4 s 3; 1997 c 241 art 9 s 2,3

423B.07 AUTHORIZED FUND DISBURSEMENTS.

The police pension fund may be used only for the payment of:

- (1) service, disability, or dependency pensions;
- (2) notwithstanding a contrary provision of section 69.80, the salary of the secretary of the association in an amount not to exceed 30 percent of the base salary of a first grade patrol officer, the salary of the president of the association in an amount not to exceed ten percent of the base salary of a first grade patrol officer, and the salaries of the other elected members of the board of trustees in an amount not to exceed three units;
- (3) expenses of officers and employees of the association in connection with the protection of the fund;
- (4) expenses of operating and maintaining the association, including the administrative expenses related to the administration of the insurance plan authorized in section 423B.08; and
- (5) other expenses authorized by section 69.80, or other applicable law.

History: 1997 c 233 art 4 s 4

423B.09 RELIEF ASSOCIATION SERVICE PENSIONS AND DISABILITY PENSIONS.

Subdivision 1. **Minneapolis police; persons entitled to receive pensions.** The association shall grant pensions payable from the police pension fund in monthly installments to persons entitled to pensions in the manner and for the following purposes.

(a) When the actuarial value of assets of the fund according to the most recent annual actuarial valuation performed in accordance with sections 356.215 and 356.216 is less than 90 percent of the actuarial accrued liabilities, an active member or a deferred pensioner who has performed duty as a member of the police department of the city for five years or more, upon written application after retiring from duty and reaching at least age 50, is entitled to be paid monthly for life a service pension equal to eight units. For full years of service beyond five years, the service pension increases by 1.6 units for each full year, to a maximum of 40 units. When the actuarial value of assets of the fund according to the most recent annual actuarial valuation prepared in accordance with sections 356.215 and 356.216 is greater than 90 percent of actuarial accrued liabilities, active members, deferred members, and service pensioners are entitled to a service pension according to the following schedule:

5 years	8.0 units
6 years	9.6 units
7 years	11.2 units
8 years	12.8 units
9 years	14.4 units
10 years	16.0 units
11 years	17.6 units
12 years	19.2 units
13 years	20.8 units
14 years	22.4 units
15 years	24.0 units
16 years	25.6 units
17 years	27.2 units
18 years	28.8 units
19 years	30.4 units
20 years	34.0 units
21 years	35.6 units
22 years	37.2 units
23 years	38.8 units
24 years	40.4 units
25 years	42.0 units

Fractional years of service may not be used in computing pensions.

(b) An active member who after five years' service but less than 20 years' service with the police department of the city, becomes superannuated so as to be permanently unable to perform the person's assigned duties, is entitled to be paid monthly for life a superannuation pension equal to four units for five years of service and an additional two units for each full year of service over five years and less than 20 years.

(c) An active member who is not eligible for a service pension and who, while a member of the police department of the city, becomes diseased or sustains an injury while in the service that permanently unfits the member for the performance of police duties is entitled to be paid monthly for life a pension equal to 34 units while so disabled.

[For text of subs 2 to 5, see M.S.1996]

Subd. 6. Optional annuities. A member who is retired or disabled on the effective date of Laws 1997, chapter 233, article 4, section 6, may elect an optional retirement annuity within 60 days of the effective date of Laws 1997, chapter 233, article 4, section 6, instead of the normal retirement annuity. A member who retires or becomes disabled after the effective date of Laws 1997, chapter 233, article 4, section 6, may elect an optional retirement annuity prior to the receipt of any benefits. The optional retirement annuity may be a 50 percent, a 75 percent, or a 100 percent joint and survivor annuity without reinstatement in the event of the designated beneficiary predeceasing the member or a 50 percent, a 75 percent, or a 100 percent joint and survivor annuity with reinstatement in the event of the designated beneficiary predeceasing the member. Optional retirement annuity forms must be actuarially equivalent to the service pension and automatic survivor coverage otherwise payable to the retiring member and the member's beneficiaries. Once selected, the optional annuity is irrevocable.

History: 1997 c 233 art 4 s 5,6

423B.10 SURVIVOR BENEFITS.

Subdivision 1. Entitlement; benefit amount. (a) The surviving spouse of a deceased service pensioner, disability pensioner, deferred pensioner, superannuation pensioner, or active member, who was the legally married spouse of the decedent, residing with the decedent, and who was married while or before the time the decedent was on the payroll of the police department, and who, if the deceased member was a service or deferred pensioner, was legally married to the member for a period of at least one year before retirement from the police department, is entitled to a surviving spouse benefit. The surviving spouse benefit is equal to 22 units per month if the person is the surviving spouse of a deceased active member or dis-

abilitant. The surviving spouse benefit is equal to six units per month, plus an additional one unit for each year of service to the credit of the decedent in excess of five years, to a maximum of 22 units per month, if the person is the surviving spouse of a deceased service pensioner, deferred pensioner, or superannuation pensioner. The surviving spouse benefit is payable for the life of the surviving spouse.

(b) A surviving child of a deceased service pensioner, disability pensioner, deferred pensioner, superannuation pensioner, or active member, who was living while the decedent was an active member of the police department or was born within nine months after the decedent terminated active service in the police department, is entitled to a surviving child benefit. The surviving child benefit is equal to eight units per month if the person is the surviving child of a deceased active member or disabilitant. The surviving child benefit is equal to two units per month, plus an additional four-tenths of one unit per month for each year of service to the credit of the decedent in excess of five years, to a maximum of eight units, if the person is the surviving child of a deceased service pensioner, deferred pensioner, or superannuation pensioner. The surviving child benefit is payable until the person attains age 18, or, if in full-time attendance during the normal school year, in a school approved by the board of directors, until the person receives a bachelor's degree or attains the age of 22 years, whichever occurs first. In the event of the death of both parents leaving a surviving child or children entitled to a surviving child benefit as determined in this paragraph, the surviving child is, or the surviving children are, entitled to a surviving child benefit in such sums as determined by the board of directors to be necessary for the care and education of such surviving child or children, but not to exceed the family maximum benefit per month, to the children of any one family.

(c) The surviving spouse and surviving child benefits are subject to a family maximum benefit. The family maximum benefit is 41 units per month.

(d) A surviving spouse who is otherwise not qualified may receive a benefit if the surviving spouse was married to the decedent for a period of five years and was residing with the decedent at the time of death. The surviving spouse benefit is the same as that provided in paragraph (a), except that if the surviving spouse is younger than the decedent, the surviving spouse benefit must be actuarially equivalent to a surviving spouse benefit that would have been paid to the member's spouse had the member been married to a person of the same age or a greater age than the member's age before retirement.

[For text of subd 2, see M.S.1996]

History: 1997 c 233 art 4 s 7

NOTE: The amendment to subdivision 1 by Laws 1997, chapter 233, article 4, section 7, is effective retroactive to July 1, 1996, and applies to all current spouses of members, except that the unit increases for surviving spouses in subdivision 1 shall not otherwise increase the surviving spouse benefit beyond 22 units. Laws 1997, chapter 233, article 4, section 23.

423B.15 INVESTMENT RELATED POSTRETIREMENT ADJUSTMENTS.

[For text of subd 1, see M.S.1996]

Subd. 2. Determination of excess investment income. The board of trustees of the relief association shall determine by May 1 of each year whether or not the fund has excess investment income. The amount of excess investment income, if any, must be stated as a dollar amount and reported by the chief administrative officer of the relief association to the mayor and governing body of the city, the state auditor, the commissioner of finance, and the executive director of the legislative commission on pensions and retirement. The dollar amount of excess investment income up to one percent of the assets of the fund, except when the actuarial value of assets of the fund according to the most recent annual actuarial valuation prepared in accordance with sections 356.215 and 356.216 is greater than 102 percent of its actuarial accrued liabilities in which case the amount may not exceed 1-1/2 percent of the assets of the fund, must be applied for the purpose specified in subdivision 3. Excess investment income must not be considered as income to or assets of the fund for actuarial valuations of the fund for that year under sections 69.77, 356.215, and 356.216 and the provisions of this section except to offset the annual postretirement payment. Additional investment in-

come is any realized or unrealized investment income other than the excess investment income and must be included in the actuarial valuations performed under sections 69.77, 356.215, and 356.216 and the provisions of this section.

Subd. 3. Amount of annual postretirement payment. The amount determined under subdivision 2 must be applied in accordance with this subdivision. When the actuarial value of assets of the fund according to the most recent annual actuarial valuation prepared in accordance with sections 356.215 and 356.216 is less than 102 percent of its total actuarial liabilities, the relief association shall apply the first one-half of excess investment income to the payment of an annual postretirement payment as specified in this subdivision and the second one-half of excess investment income up to one-half of one percent of the assets of the fund must be applied to reduce the state amortization state aid or supplementary amortization state aid payments otherwise due to the relief association under section 423A.02 for the current calendar year. When the actuarial value of assets of the fund according to the most recent annual actuarial valuation prepared in accordance with sections 356.215 and 356.216 is less than 102 percent funded and other conditions are met, the relief association shall pay an annual postretirement payment to all eligible members in an amount not to exceed one-half of one percent of the assets of the fund. When the actuarial value of assets of the fund according to the most recent annual actuarial valuation prepared in accordance with sections 356.215 and 356.216 is greater than 102 percent of its actuarial accrued liabilities, the relief association shall pay an annual postretirement payment to all eligible members in an amount not to exceed 1-1/2 percent of the assets of the fund. Payment of the annual postretirement payment must be in a lump sum amount on June 1 following the determination date in any year. Payment of the annual postretirement payment may be made only if the average time weighted total rate of return for the most recent prior five years exceeds by two percent the actual average percentage increase in the current monthly salary of a top grade patrol officer in the most recent prior five fiscal years. The total amount of all payments to members may not exceed the amount determined under this subdivision. Payment to each eligible member must be calculated by dividing the total number of pension units to which eligible members are entitled into the excess investment income available for distribution to members, and then multiplying that result by the number of units to which each eligible member is entitled to determine each eligible member's annual postretirement payment. When the actuarial value of assets of the fund according to the most recent annual actuarial valuation prepared in accordance with sections 356.215 and 356.216 is less than 102 percent of its actuarial accrued liabilities, payment to each eligible member may not exceed an amount equal to the total monthly benefit that the eligible member was entitled to in the prior year under the terms of the benefit plan of the relief association or each eligible member's proportionate share of the excess investment income, whichever is less. When the actuarial value of assets of the fund according to the most recent annual actuarial valuation prepared in accordance with sections 356.215 and 356.216 is greater than 102 percent of its actuarial accrued liabilities, payment to each eligible member must not exceed the member's proportionate share of 1-1/2 percent of the assets of the fund.

A person who received a pension or benefit for the entire 12 months before the determination date is eligible for a full annual postretirement payment. A person who received a pension or benefit for less than 12 months before the determination date is eligible for a prorated annual postretirement payment.

[For text of subs 4 and 5, see M.S.1996]

Subd. 6. No guarantee of annual postretirement payment. No provision of or payment made under this section may be interpreted or relied upon by any member of the relief association to guarantee or entitle a member to annual postretirement payments for a period when no excess investment income is earned by the fund. If the actuarial value of assets of the fund according to the most recent annual actuarial valuation prepared in accordance with sections 356.215 and 356.216 is less than 102 percent of its actuarial accrued liabilities, the distribution of assets under this section must not exceed one-half of one percent.

Subd. 7. **Annual actuarial valuation date.** Notwithstanding any provision of section 69.77, subdivision 2h, 356.215, or 356.216 to the contrary, the annual actuarial valuation of the fund must be completed by May 1 of each year.

History: 1997 c 233 art 4 s 8-11

423B.17 PAYMENTS EXEMPT FROM PROCESS.

A payment made by the association under a provision of sections 423B.01 to 423B.18, as amended, is exempt from legal process except as provided in section 518.58, 518.581, or 518.6111. No person entitled to a payment may assign the same. The association may not recognize an assignment or pay a sum on account of an assignment.

History: 1997 c 203 art 6 s 92