

1.1 Senator moves to amend the delete-everything amendment (H0659-2A)
1.2 to S.F. No. 588 as follows:

1.3 Page 1, after line 4, insert:

1.4 "ARTICLE 1

1.5 **MSRS, TRA, AND SPTRFA POST-RETIREMENT ADJUSTMENT REVISIONS**
1.6 **SPTRFA SUPPLEMENTAL EMPLOYER CONTRIBUTION**

1.7 Section 1. Minnesota Statutes 2014, section 354A.12, subdivision 2a, is amended to
1.8 read:

1.9 Subd. 2a. **Employer regular and additional contributions.** (a) The employing
1.10 units shall make the following employer contributions to the teachers retirement fund
1.11 association:

1.12 (1) for ~~any~~ each coordinated member of the St. Paul Teachers Retirement Fund
1.13 Association, the employing unit shall make a regular employer contribution to the
1.14 retirement fund association in an amount equal to the designated percentage of the salary
1.15 of the coordinated member as provided below:

1.16	after June 30, 2014	5.5 percent
1.17	after June 30, 2015	6 percent
1.18	after June 30, 2016	6.25 percent
1.19	after June 30, 2017	6.5 percent
1.20	<u>after June 30, 2018</u>	<u>7.0 percent</u>

1.21 (2) for ~~any~~ each basic member of the St. Paul Teachers Retirement Fund Association,
1.22 the employing unit shall make a regular employer contribution to the respective retirement
1.23 fund in an amount according to the schedule below:

1.24	after June 30, 2014	9 percent of salary
1.25	after June 30, 2015	9.5 percent of salary
1.26	after June 30, 2016	9.75 percent of salary
1.27	after June 30, 2017	10 percent of salary
1.28	<u>after June 30, 2018</u>	<u>10.5 percent of salary</u>

1.29 (3) for a each basic member of the St. Paul Teachers Retirement Fund Association,
1.30 the employing unit shall make an additional employer contribution to the respective fund
1.31 in an amount equal to 3.64 percent of the salary of the basic member;

1.32 (4) for a each coordinated member of the St. Paul Teachers Retirement Fund
1.33 Association, the employing unit shall make an additional employer contribution to the
1.34 respective fund in an amount equal to 3.84 percent of the coordinated member's salary.

1.35 (b) The regular and additional employer contributions must be remitted directly to
1.36 the St. Paul Teachers Retirement Fund Association at least once each month. Delinquent
1.37 amounts are payable with interest under the procedure in subdivision 1a.

2.1 (c) Payments of regular and additional employer contributions for school district
 2.2 or technical college employees who are paid from normal operating funds must be made
 2.3 from the appropriate fund of the district or technical college.

2.4 (d) When an employer contribution rate changes for a fiscal year, the new
 2.5 contribution rate is effective for the entire salary paid by the employer with the first
 2.6 payroll cycle reported.

2.7 **EFFECTIVE DATE.** This section is effective July 1, 2016.

2.8 Sec. 2. Minnesota Statutes 2015 Supplement, section 354A.29, subdivision 7, is
 2.9 amended to read:

2.10 Subd. 7. **Eligibility for payment and calculation of postretirement adjustments.**

2.11 (a) Annually, after June 30, the board of trustees of the St. Paul Teachers Retirement
 2.12 Fund Association must determine the amount of any postretirement adjustment using the
 2.13 procedures in this subdivision ~~and subdivision 8 or 9, whichever is applicable.~~

2.14 (b) On January 1, each person who has been receiving an annuity or benefit under
 2.15 the articles of incorporation, the bylaws, or this chapter, whose effective date of benefit
 2.16 commencement occurred on or before July 1 of the immediately preceding calendar year
 2.17 ~~immediately before the adjustment~~, is eligible to receive a postretirement increase as
 2.18 ~~specified in subdivision 8 or 9~~ as determined under paragraph (c), clause (1) or (2),
 2.19 whichever applies.

2.20 (c) The amount provided for under this subdivision is the full postretirement increase
 2.21 to be applied as a permanent increase to the regular payment of each eligible member.

2.22 (1) A one percent postretirement increase shall apply for any eligible member
 2.23 whose effective date of benefit commencement occurred on or before January 1 of the
 2.24 immediately preceding calendar year.

2.25 (2) A one-half of one percent postretirement increase shall apply for any eligible
 2.26 member whose effective date of benefit commencement occurred after January 1 of the
 2.27 immediately preceding calendar year.

2.28 **EFFECTIVE DATE.** This section is effective July 1, 2016.

2.29 Sec. 3. Minnesota Statutes 2015 Supplement, section 356.215, subdivision 8, is
 2.30 amended to read:

2.31 Subd. 8. **Interest and salary assumptions.** (a) The actuarial valuation must use the
 2.32 applicable following interest assumption:

2.33 (1) select and ultimate interest rate assumption

3.1		ultimate interest
3.2	plan	rate assumption
3.3	teachers retirement plan	8.5%

3.4 The select preretirement interest rate assumption for the period through June 30,
3.5 2017, is eight percent.

3.6 (2) single rate interest rate assumption

3.7		interest rate
3.8	plan	assumption
3.9	general state employees retirement plan	8%
3.10	correctional state employees retirement plan	8
3.11	State Patrol retirement plan	8
3.12	legislators retirement plan, and for the	0
3.13	constitutional officers calculation of total plan	
3.14	liabilities	
3.15	judges retirement plan	8
3.16	general public employees retirement plan	8
3.17	public employees police and fire retirement plan	8
3.18	local government correctional service retirement	8
3.19	plan	
3.20	St. Paul teachers retirement plan	8
3.21	Bloomington Fire Department Relief Association	6
3.22	local monthly benefit volunteer firefighter relief	5
3.23	associations	
3.24	monthly benefit retirement plans in the statewide	6
3.25	volunteer firefighter retirement plan	

3.26 (b)(1) If funding stability has been attained, the valuation of each public pension
3.27 and retirement plan enumerated in section 356.20, subdivision 2, clauses (2), (4), (8),
3.28 (11), and (13), must use a postretirement adjustment rate actuarial assumption equal to
3.29 the postretirement adjustment rate specified in section ~~354A.27, subdivision 7; 354A.29,~~
3.30 ~~subdivision 9; or 356.415, subdivision 1b, 1c, 1e, or 1f,~~ whichever applies.

3.31 (2) If funding stability has not been attained, the valuation of each public pension
3.32 and retirement plan enumerated in section 356.20, subdivision 2, clauses (2), (4), (8), (11),
3.33 and (13), must use a select postretirement adjustment rate actuarial assumption equal to
3.34 the postretirement adjustment rate specified in section ~~354A.27, subdivision 6a; 354A.29,~~
3.35 ~~subdivision 8; or 356.415, subdivision 1a, 1b, 1c, 1d, 1e, or 1f,~~ whichever applies, for a
3.36 period ending when the approved actuary estimates that the plan will attain the defined
3.37 funding stability measure, and thereafter an ultimate postretirement adjustment rate
3.38 actuarial assumption equal to the postretirement adjustment rate under section ~~354A.27,~~
3.39 ~~subdivision 7; 354A.29, subdivision 9; or 356.415, subdivision 1b, 1c, 1e, or 1f,~~ for the
3.40 applicable period or periods beginning when funding stability is projected to be attained.

4.1 (3) The valuation of each public pension and retirement plan enumerated in section
 4.2 356.20, subdivision 2, clauses (1), (3), (5), and (12), must use a postretirement adjustment
 4.3 rate actuarial assumption equal to the postretirement adjustment rate specified in section
 4.4 354A.29 or 356.415, subdivision 1a or 1d, whichever applies.

4.5 (c) The actuarial valuation must use the applicable following single rate future salary
 4.6 increase assumption, the applicable following modified single rate future salary increase
 4.7 assumption, or the applicable following graded rate future salary increase assumption:

4.8 (1) single rate future salary increase assumption

plan	future salary increase assumption
4.9 legislators retirement plan	5%
4.10 judges retirement plan	2.75
4.11 Bloomington Fire Department Relief	4
4.12 Association	

4.14 (2) age-related future salary increase age-related select and ultimate future salary
 4.15 increase assumption or graded rate future salary increase assumption

plan	future salary increase assumption
4.16 local government correctional service retirement plan	assumption B
4.17 St. Paul teachers retirement plan	assumption A

4.19 For plans other than the St. Paul teachers
 4.20 retirement plan and the local government
 4.21 correctional service retirement plan, the
 4.22 select calculation is: during the designated
 4.23 select period, a designated percentage rate
 4.24 is multiplied by the result of the designated
 4.25 integer minus T, where T is the number of
 4.26 completed years of service, and is added
 4.27 to the applicable future salary increase
 4.28 assumption. The designated select period
 4.29 is ten years and the designated integer is
 4.30 ten for the local government correctional
 4.31 service retirement plan and 15 for the St.
 4.32 Paul Teachers Retirement Fund Association.
 4.33 The designated percentage rate is 0.2 percent
 4.34 for the St. Paul Teachers Retirement Fund
 4.35 Association.

4.36 The ultimate future salary increase assumption is:

	age	A	B
5.1			
5.2	16	5.9%	8.75%
5.3	17	5.9	8.75
5.4	18	5.9	8.75
5.5	19	5.9	8.75
5.6	20	5.9	8.75
5.7	21	5.9	8.5
5.8	22	5.9	8.25
5.9	23	5.85	8
5.10	24	5.8	7.75
5.11	25	5.75	7.5
5.12	26	5.7	7.25
5.13	27	5.65	7
5.14	28	5.6	6.75
5.15	29	5.55	6.5
5.16	30	5.5	6.5
5.17	31	5.45	6.25
5.18	32	5.4	6.25
5.19	33	5.35	6.25
5.20	34	5.3	6
5.21	35	5.25	6
5.22	36	5.2	5.75
5.23	37	5.15	5.75
5.24	38	5.1	5.75
5.25	39	5.05	5.5
5.26	40	5	5.5
5.27	41	4.95	5.5
5.28	42	4.9	5.25
5.29	43	4.85	5
5.30	44	4.8	5
5.31	45	4.75	4.75
5.32	46	4.7	4.75
5.33	47	4.65	4.75
5.34	48	4.6	4.75
5.35	49	4.55	4.75
5.36	50	4.5	4.75
5.37	51	4.45	4.75
5.38	52	4.4	4.75
5.39	53	4.35	4.75
5.40	54	4.3	4.75
5.41	55	4.25	4.5
5.42	56	4.2	4.5
5.43	57	4.15	4.25

6.1	58	4.1	4
6.2	59	4.05	4
6.3	60	4	4
6.4	61	4	4
6.5	62	4	4
6.6	63	4	4
6.7	64	4	4
6.8	65	4	3.75
6.9	66	4	3.75
6.10	67	4	3.75
6.11	68	4	3.75
6.12	69	4	3.75
6.13	70	4	3.75

6.14 (3) service-related ultimate future salary increase assumption

6.15	general state employees retirement plan of the	assumption A
6.16	Minnesota State Retirement System	
6.17	general employees retirement plan of the Public	assumption B
6.18	Employees Retirement Association	
6.19	Teachers Retirement Association	assumption C
6.20	public employees police and fire retirement plan	assumption D
6.21	State Patrol retirement plan	assumption E
6.22	correctional state employees retirement plan of the	assumption F
6.23	Minnesota State Retirement System	

6.24	service						
6.25	length	A	B	C	D	E	F
6.26	1	10.25%	11.78%	12%	12.75%	7.75%	5.75%
6.27	2	7.85	8.65	9	10.75	7.25	5.6
6.28	3	6.65	7.21	8	8.75	6.75	5.45
6.29	4	5.95	6.33	7.5	7.75	6.5	5.3
6.30	5	5.45	5.72	7.25	6.25	6.25	5.15
6.31	6	5.05	5.27	7	5.85	6	5
6.32	7	4.75	4.91	6.85	5.55	5.75	4.85
6.33	8	4.45	4.62	6.7	5.35	5.6	4.7
6.34	9	4.25	4.38	6.55	5.15	5.45	4.55
6.35	10	4.15	4.17	6.4	5.05	5.3	4.4
6.36	11	3.95	3.99	6.25	4.95	5.15	4.3
6.37	12	3.85	3.83	6	4.85	5	4.2
6.38	13	3.75	3.69	5.75	4.75	4.85	4.1
6.39	14	3.55	3.57	5.5	4.65	4.7	4
6.40	15	3.45	3.45	5.25	4.55	4.55	3.9
6.41	16	3.35	3.35	5	4.55	4.4	3.8
6.42	17	3.25	3.26	4.75	4.55	4.25	3.7
6.43	18	3.25	3.25	4.5	4.55	4.1	3.6

7.1	19	3.25	3.25	4.25	4.55	3.95	3.5
7.2	20	3.25	3.25	4	4.55	3.8	3.5
7.3	21	3.25	3.25	3.9	4.45	3.75	3.5
7.4	22	3.25	3.25	3.8	4.35	3.75	3.5
7.5	23	3.25	3.25	3.7	4.25	3.75	3.5
7.6	24	3.25	3.25	3.6	4.25	3.75	3.5
7.7	25	3.25	3.25	3.5	4.25	3.75	3.5
7.8	26	3.25	3.25	3.5	4.25	3.75	3.5
7.9	27	3.25	3.25	3.5	4.25	3.75	3.5
7.10	28	3.25	3.25	3.5	4.25	3.75	3.5
7.11	29	3.25	3.25	3.5	4.25	3.75	3.5
7.12	30 or more	3.25	3.25	3.5	4.25	3.75	3.5

7.13 (d) The actuarial valuation must use the applicable following payroll growth
7.14 assumption for calculating the amortization requirement for the unfunded actuarial
7.15 accrued liability where the amortization retirement is calculated as a level percentage
7.16 of an increasing payroll:

7.17	plan	payroll growth assumption
7.18	general state employees retirement plan of the	3.5%
7.19	Minnesota State Retirement System	
7.20	correctional state employees retirement plan	3.5
7.21	State Patrol retirement plan	3.5
7.22	judges retirement plan	2.75
7.23	general employees retirement plan of the Public	3.5
7.24	Employees Retirement Association	
7.25	public employees police and fire retirement plan	3.5
7.26	local government correctional service retirement plan	3.5
7.27	teachers retirement plan	3.75
7.28	St. Paul teachers retirement plan	4

7.29 (e) The assumptions set forth in paragraphs (c) and (d) continue to apply, unless a
7.30 different salary assumption or a different payroll increase assumption:

- 7.31 (1) has been proposed by the governing board of the applicable retirement plan;
7.32 (2) is accompanied by the concurring recommendation of the actuary retained under
7.33 section 356.214, subdivision 1, if applicable, or by the approved actuary preparing the
7.34 most recent actuarial valuation report if section 356.214 does not apply; and
7.35 (3) has been approved or deemed approved under subdivision 18.

7.36 **EFFECTIVE DATE.** This section is effective June 30, 2016.

7.37 Sec. 4. Minnesota Statutes 2015 Supplement, section 356.215, subdivision 11, is
7.38 amended to read:

8.1 Subd. 11. **Amortization contributions.** (a) In addition to the exhibit indicating
8.2 the level normal cost, the actuarial valuation of the retirement plan must contain an
8.3 exhibit for financial reporting purposes indicating the additional annual contribution
8.4 sufficient to amortize the unfunded actuarial accrued liability and must contain an exhibit
8.5 for contribution determination purposes indicating the additional contribution sufficient
8.6 to amortize the unfunded actuarial accrued liability. For the retirement plans listed in
8.7 subdivision 8, paragraph (c), but excluding the legislators retirement plan, the additional
8.8 contribution must be calculated on a level percentage of covered payroll basis by the
8.9 established date for full funding in effect when the valuation is prepared, assuming annual
8.10 payroll growth at the applicable percentage rate set forth in subdivision 8, paragraph (d).
8.11 For all other retirement plans and for the legislators retirement plan, the additional annual
8.12 contribution must be calculated on a level annual dollar amount basis.

8.13 (b) For any retirement plan other than a retirement plan governed by paragraph (d),
8.14 (e), (f), (g), (h), (i), or (j), if there has not been a change in the actuarial assumptions
8.15 used for calculating the actuarial accrued liability of the fund, a change in the benefit
8.16 plan governing annuities and benefits payable from the fund, a change in the actuarial
8.17 cost method used in calculating the actuarial accrued liability of all or a portion of the
8.18 fund, or a combination of the three, which change or changes by itself or by themselves
8.19 without inclusion of any other items of increase or decrease produce a net increase in the
8.20 unfunded actuarial accrued liability of the fund, the established date for full funding is the
8.21 first actuarial valuation date occurring after June 1, 2020.

8.22 (c) For any retirement plan, if there has been a change in any or all of the actuarial
8.23 assumptions used for calculating the actuarial accrued liability of the fund, a change in
8.24 the benefit plan governing annuities and benefits payable from the fund, a change in the
8.25 actuarial cost method used in calculating the actuarial accrued liability of all or a portion
8.26 of the fund, or a combination of the three, and the change or changes, by itself or by
8.27 themselves and without inclusion of any other items of increase or decrease, produce a net
8.28 increase in the unfunded actuarial accrued liability in the fund, the established date for full
8.29 funding must be determined using the following procedure:

8.30 (i) the unfunded actuarial accrued liability of the fund must be determined in
8.31 accordance with the plan provisions governing annuities and retirement benefits and the
8.32 actuarial assumptions in effect before an applicable change;

8.33 (ii) the level annual dollar contribution or level percentage, whichever is applicable,
8.34 needed to amortize the unfunded actuarial accrued liability amount determined under item
8.35 (i) by the established date for full funding in effect before the change must be calculated
8.36 using the interest assumption specified in subdivision 8 in effect before the change;

9.1 (iii) the unfunded actuarial accrued liability of the fund must be determined in
9.2 accordance with any new plan provisions governing annuities and benefits payable from
9.3 the fund and any new actuarial assumptions and the remaining plan provisions governing
9.4 annuities and benefits payable from the fund and actuarial assumptions in effect before
9.5 the change;

9.6 (iv) the level annual dollar contribution or level percentage, whichever is applicable,
9.7 needed to amortize the difference between the unfunded actuarial accrued liability amount
9.8 calculated under item (i) and the unfunded actuarial accrued liability amount calculated
9.9 under item (iii) over a period of 30 years from the end of the plan year in which the
9.10 applicable change is effective must be calculated using the applicable interest assumption
9.11 specified in subdivision 8 in effect after any applicable change;

9.12 (v) the level annual dollar or level percentage amortization contribution under item
9.13 (iv) must be added to the level annual dollar amortization contribution or level percentage
9.14 calculated under item (ii);

9.15 (vi) the period in which the unfunded actuarial accrued liability amount determined
9.16 in item (iii) is amortized by the total level annual dollar or level percentage amortization
9.17 contribution computed under item (v) must be calculated using the interest assumption
9.18 specified in subdivision 8 in effect after any applicable change, rounded to the nearest
9.19 integral number of years, but not to exceed 30 years from the end of the plan year in which
9.20 the determination of the established date for full funding using the procedure set forth in this
9.21 clause is made and not to be less than the period of years beginning in the plan year in which
9.22 the determination of the established date for full funding using the procedure set forth in
9.23 this clause is made and ending by the date for full funding in effect before the change; and

9.24 (vii) the period determined under item (vi) must be added to the date as of which
9.25 the actuarial valuation was prepared and the date obtained is the new established date
9.26 for full funding.

9.27 (d) For the general employees retirement plan of the Public Employees Retirement
9.28 Association, the established date for full funding is June 30, 2031.

9.29 (e) For the Teachers Retirement Association, the established date for full funding is
9.30 June 30, ~~2037~~ 2046.

9.31 (f) For the correctional state employees retirement plan of the Minnesota State
9.32 Retirement System, the established date for full funding is June 30, 2038.

9.33 (g) For the judges retirement plan, the established date for full funding is June
9.34 30, 2038.

9.35 (h) For the public employees police and fire retirement plan, the established date
9.36 for full funding is June 30, 2038.

10.1 (i) For the St. Paul Teachers Retirement Fund Association, the established date for
 10.2 full funding is June 30, 2042. In addition to other requirements of this chapter, the annual
 10.3 actuarial valuation must contain an exhibit indicating the funded ratio and the deficiency
 10.4 or sufficiency in annual contributions when comparing liabilities to the market value of
 10.5 the assets of the fund as of the close of the most recent fiscal year.

10.6 (j) For the general state employees retirement plan of the Minnesota State Retirement
 10.7 System, the established date for full funding is June 30, 2040.

10.8 (k) For the retirement plans for which the annual actuarial valuation indicates an
 10.9 excess of valuation assets over the actuarial accrued liability, the valuation assets in
 10.10 excess of the actuarial accrued liability must be recognized as a reduction in the current
 10.11 contribution requirements by an amount equal to the amortization of the excess expressed
 10.12 as a level percentage of pay over a 30-year period beginning anew with each annual
 10.13 actuarial valuation of the plan.

10.14 **EFFECTIVE DATE.** This section is effective the day following final enactment.

10.15 Sec. 5. Minnesota Statutes 2015 Supplement, section 356.415, subdivision 1a, is
 10.16 amended to read:

10.17 Subd. 1a. **Annual postretirement adjustments; Minnesota State Retirement**
 10.18 **System plans other than the State Patrol and judges retirement plan plans.** (a)
 10.19 Retirement annuity, disability benefit, or survivor benefit recipients of the legislators
 10.20 retirement plan, including constitutional officers as specified in chapter 3A, the general
 10.21 state employees retirement plan, the correctional state employees retirement plan, and
 10.22 the unclassified state employees retirement program are entitled to a postretirement
 10.23 adjustment annually on January 1, as follows:

10.24 (1) ~~for each successive January 1, if the definition of funding stability under~~
 10.25 ~~paragraph (b) has not been met as of the prior July 1 for or with respect to the applicable~~
 10.26 ~~retirement plan, effective January 1, 2017, through December 31, 2017, a postretirement~~
 10.27 ~~increase of two 1.75 percent must be applied each year, effective on January 1, to the~~
 10.28 ~~monthly annuity or benefit of each annuitant or benefit recipient who has been receiving~~
 10.29 ~~an annuity or a benefit for at least 12 full months as of the June 30 of the calendar year~~
 10.30 ~~immediately before the adjustment; and~~

10.31 (2) ~~for each successive January 1, if the definition of funding stability under~~
 10.32 ~~paragraph (b) has not been met as of the prior July 1 for or with respect to the applicable~~
 10.33 ~~retirement plan, effective January 1, 2017, through December 31, 2017, for each annuitant~~
 10.34 ~~or benefit recipient who has been receiving an annuity or a benefit for at least one full~~
 10.35 ~~month, but less than 12 full months as of the June 30 of the calendar year immediately~~

11.1 before the adjustment, an annual postretirement increase of 1/12 of ~~two~~ 1.75 percent for
11.2 each month that the person has been receiving an annuity or benefit must be applied;

11.3 (3) effective January 1, 2018, a postretirement increase of two percent must be
11.4 applied to the monthly annuity or benefit of each annuitant or benefit recipient who has
11.5 been receiving an annuity or a benefit for at least 12 full months as of the June 30 of the
11.6 calendar year immediately before the adjustment; and

11.7 (4) effective January 1, 2018, for each annuitant or benefit recipient who has been
11.8 receiving an annuity or a benefit for at least one full month, but less than 12 full months
11.9 as of the June 30 of the calendar year immediately before the adjustment, an annual
11.10 postretirement increase of 1/12 of two percent for each month that the person has been
11.11 receiving an annuity or benefit must be applied.

11.12 ~~(b) Increases under this subdivision for the general state employees retirement~~
11.13 ~~plan or the correctional state employees retirement plan terminate on December 31 of~~
11.14 ~~the calendar year in which two prior consecutive actuarial valuations prepared by the~~
11.15 ~~approved actuary under sections 356.214 and 356.215 and the standards for actuarial work~~
11.16 ~~promulgated by the Legislative Commission on Pensions and Retirement indicate that the~~
11.17 ~~market value of assets of the retirement plan equals or exceeds 90 percent of the actuarial~~
11.18 ~~accrued liability of the retirement plan and increases under subdivision 1 recommence~~
11.19 ~~after that date. Increases under this subdivision for the legislators retirement plan~~
11.20 ~~established under chapter 3A, including the constitutional officers specified in that chapter,~~
11.21 ~~and for the unclassified state employees retirement program, terminate on December 31~~
11.22 ~~of the calendar year in which two prior consecutive actuarial valuations prepared by the~~
11.23 ~~approved actuary under sections 356.214 and 356.215 and the standards for actuarial work~~
11.24 ~~promulgated by the Legislative Commission on Pensions and Retirement indicate that the~~
11.25 ~~market value of assets of the general state employees retirement plan equals or exceeds~~
11.26 ~~90 percent of the actuarial accrued liability of the retirement plan and increases under~~
11.27 ~~subdivision 1 recommence after that date.~~

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

11.33 ~~(1) 85 percent of the actuarial accrued liabilities of the applicable plan for two~~
11.34 ~~consecutive actuarial valuations; or~~

11.35 ~~(2) 80 percent of the actuarial accrued liabilities of the applicable plan for the most~~
11.36 ~~recent actuarial valuation.~~

12.1 ~~(d) After having met the definition of funding stability under paragraph (b), the~~
 12.2 ~~increase provided in paragraph (a), clauses (1) and (2), rather than an increase under~~
 12.3 ~~subdivision 1, for the legislators retirement plan, including the constitutional officers,~~
 12.4 ~~and for the unclassified state employees retirement program, is again to be applied in a~~
 12.5 ~~subsequent year or years if the market value of assets of the general state employees~~
 12.6 ~~retirement plan equals or is less than:~~

12.7 ~~(1) 85 percent of the actuarial accrued liabilities of the applicable plan for two~~
 12.8 ~~consecutive actuarial valuations; or~~

12.9 ~~(2) 80 percent of the actuarial accrued liabilities of the applicable plan for the most~~
 12.10 ~~recent actuarial valuation.~~

12.11 ~~(e) (b)~~ An increase in annuity or benefit payments under this subdivision must be
 12.12 made automatically unless written notice is filed by the annuitant or benefit recipient
 12.13 with the executive director of the applicable covered retirement plan requesting that the
 12.14 increase not be made.

12.15 **EFFECTIVE DATE.** This section is effective June 30, 2016.

12.16 Sec. 6. Minnesota Statutes 2015 Supplement, section 356.415, subdivision 1d, is
 12.17 amended to read:

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

12.19 (a) Retirement annuity, disability benefit, or survivor benefit recipients of the Teachers
 12.20 Retirement Association are entitled to a postretirement adjustment annually on January
 12.21 1, as follows:

12.22 ~~(1) for each January 1 until funding stability is restored, effective January 1, 2017,~~
 12.23 ~~through December 31, 2017, a postretirement increase of two one percent must be applied~~
 12.24 ~~each year, effective on January 1, to the monthly annuity or benefit amount of each~~
 12.25 ~~annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 12~~
 12.26 ~~full months as of the June 30 of the calendar year immediately before the adjustment;~~

12.27 ~~(2) for each January 1 until funding stability is restored effective January 1, 2017,~~
 12.28 ~~through December 31, 2017, for each annuitant or benefit recipient who has been receiving~~
 12.29 ~~an annuity or a benefit for at least one full month, but less than 12 full months as of the~~
 12.30 ~~June 30 of the calendar year immediately before the adjustment, an annual postretirement~~
 12.31 ~~increase of 1/12 of two one percent for each month the person has been receiving an~~
 12.32 ~~annuity or benefit must be applied;~~

12.33 ~~(3) for each January 1 following the restoration of funding stability effective January~~
 12.34 ~~1, 2018, and thereafter, a postretirement increase of 2.5 two percent must be applied each~~
 12.35 ~~year, effective January 1, to the monthly annuity or benefit amount of each annuitant or~~

13.1 benefit recipient who has been receiving an annuity or a benefit for at least 12 full months
 13.2 as of the June 30 of the calendar year immediately before the adjustment; and

13.3 ~~(4) for each January 1 following the restoration of funding stability effective January~~
 13.4 ~~1, 2018, and thereafter, for each annuitant or benefit recipient who has been receiving an~~
 13.5 ~~annuity or a benefit for at least one full month, but less than 12 full months as of the June~~
 13.6 ~~30 of the calendar year immediately before the adjustment, an annual postretirement~~
 13.7 ~~increase of 1/12 of 2.5 two percent for each month the person has been receiving an~~
 13.8 ~~annuity or benefit must be applied.~~

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

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

13.18 ~~(1) 85 percent of the actuarial accrued liabilities of the plan for two consecutive~~
 13.19 ~~actuarial valuations; or~~

13.20 ~~(2) 80 percent of the actuarial accrued liabilities of the plan for the most recent~~
 13.21 ~~actuarial valuation.~~

13.22 ~~(d) (b)~~ An increase in annuity or benefit payments under this section must be made
 13.23 automatically unless written notice is filed by the annuitant or benefit recipient with the
 13.24 executive director of the Teachers Retirement Association requesting that the increase
 13.25 not be made.

13.26 ~~(e) (c)~~ The retirement annuity payable to a person who retires before becoming
 13.27 eligible for Social Security benefits and who has elected the optional payment as provided
 13.28 in section 354.35 must be treated as the sum of a period-certain retirement annuity
 13.29 and a life retirement annuity for the purposes of any postretirement adjustment. The
 13.30 period-certain retirement annuity plus the life retirement annuity must be the annuity
 13.31 amount payable until age 62, 65, or normal retirement age, as selected by the member
 13.32 at retirement, for an annuity amount payable under section 354.35. A postretirement
 13.33 adjustment granted on the period-certain retirement annuity must terminate when the
 13.34 period-certain retirement annuity terminates.

13.35 **EFFECTIVE DATE.** This section is effective the day following final enactment.

14.1 Sec. 7. Minnesota Statutes 2015 Supplement, section 356.415, subdivision 1e, is
14.2 amended to read:

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

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

14.7 (1) a postretirement increase of one percent must be applied each year, effective on
14.8 January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who
14.9 has been receiving an annuity or a benefit for at least 12 full months as of the June 30 of
14.10 the calendar year immediately before the adjustment; and

14.11 (2) for each annuitant or benefit recipient who has been receiving an annuity or
14.12 a benefit for at least one full month, but less than 12 full months as of the June 30 of
14.13 the calendar year immediately before the adjustment, an annual postretirement increase
14.14 of 1/12 of one percent for each month that the person has been receiving an annuity or
14.15 benefit must be applied.

14.16 (b) Increases under paragraph (a) for the State Patrol retirement plan terminate on
14.17 December 31 of the calendar year in which two prior consecutive actuarial valuations for
14.18 the plan prepared by the approved actuary under sections 356.214 and 356.215 and the
14.19 standards for actuarial work promulgated by the Legislative Commission on Pensions
14.20 and Retirement indicates that the market value of assets of the retirement plan equals or
14.21 exceeds 85 percent of the actuarial accrued liability of the retirement plan. Thereafter,
14.22 increases under paragraph (a) become effective again on the December 31 of the calendar
14.23 year in which the actuarial valuation, or prior consecutive actuarial valuations for the
14.24 plan prepared by the approved actuary under sections 356.214 and 356.215 and the
14.25 standards for actuarial work promulgated by the Legislative Commission on Pensions and
14.26 Retirement indicates that the market value of the assets of the retirement plan equals or is
14.27 less than 80 percent of the actuarial accrued liability of the retirement plan for two years,
14.28 or equals or is less than 75 percent of the actuarial accrued liability of the retirement plan
14.29 for one year and increases under paragraph (c) commence after that date.

14.30 (c) Retirement annuity, disability benefit, or survivor benefit recipients of the State
14.31 Patrol retirement plan are entitled to a postretirement adjustment annually on January 1 if
14.32 the definition of funding stability under paragraph (b) has been met, as follows:

14.33 (1) a postretirement increase of 1.5 percent must be applied each year, effective on
14.34 January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who
14.35 has been receiving an annuity or a benefit for at least 12 full months as of the June 30 of
14.36 the calendar year immediately before the adjustment; and

15.1 (2) for each annuitant or benefit recipient who has been receiving an annuity or
15.2 a benefit for at least one full month, but less than 12 full months as of the June 30 of
15.3 the calendar year immediately before the adjustment, an annual postretirement increase
15.4 of 1/12 of 1.5 percent for each month that the person has been receiving an annuity or
15.5 benefit must be applied.

15.6 (d) Increases under paragraph (c) for the State Patrol retirement plan terminate on
15.7 December 31 of the calendar year in which two prior consecutive actuarial valuations
15.8 prepared by the approved actuary under sections 356.214 and 356.215 and the standards
15.9 for actuarial work adopted by the Legislative Commission on Pensions and Retirement
15.10 indicates that the market value of assets of the retirement plan equals or exceeds 90 percent
15.11 of the actuarial accrued liability of the retirement plan and increases under ~~subdivision~~
15.12 ~~1~~ recommence paragraph (e) commence after that date.

15.13 (e) Retirement annuity, disability benefit, or survivor benefit recipients of the State
15.14 Patrol retirement plan are entitled to a postretirement adjustment annually on January 1 if
15.15 the definition of funding stability under paragraph (d) has been met, as follows:

15.16 (1) a postretirement increase of 2.5 percent must be applied each year, effective on
15.17 January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who
15.18 has been receiving an annuity or a benefit for at least 12 full months as of the June 30 of
15.19 the calendar year immediately before the adjustment; and

15.20 (2) for each annuitant or benefit recipient who has been receiving an annuity or
15.21 a benefit for at least one full month, but less than 12 full months as of the June 30 of
15.22 the calendar year immediately before the adjustment, an annual postretirement increase
15.23 of 1/12 of 2.5 percent for each month that the person has been receiving an annuity or
15.24 benefit must be applied.

15.25 (e) ~~(f)~~ An increase in annuity or benefit payments under this subdivision must be
15.26 made automatically unless written notice is filed by the annuitant or benefit recipient
15.27 with the executive director of the applicable covered retirement plan requesting that the
15.28 increase not be made.

15.29 **EFFECTIVE DATE.** This section is effective June 30, 2016.

15.30 Sec. 8. Minnesota Statutes 2015 Supplement, section 356.415, subdivision 1f, is
15.31 amended to read:

15.32 Subd. 1f. **Annual postretirement adjustments; Minnesota State Retirement**
15.33 **System judges retirement plan.** ~~(a) The increases provided under this subdivision are in~~
15.34 ~~lieu of increases under subdivision 1 or 1a for retirement annuity, disability benefit, or~~
15.35 ~~survivor benefit recipients of the judges retirement plan.~~

16.1 ~~(b)~~ (a) Retirement annuity, disability benefit, or survivor benefit recipients of the
16.2 judges retirement plan are entitled to a postretirement adjustment annually on January 1 if
16.3 the definition of funding stability under paragraph (b) has not been met, as follows:

16.4 (1) a postretirement increase of 1.75 percent must be applied each year, effective on
16.5 January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who
16.6 has been receiving an annuity or a benefit for at least 12 full months as of the June 30 of
16.7 the calendar year immediately before the adjustment; and

16.8 (2) for each annuitant or benefit recipient who has been receiving an annuity or a
16.9 benefit for at least one full month, but less than 12 full months as of the June 30 of the
16.10 calendar year immediately before the adjustment, an annual postretirement increase of
16.11 1/12 of 1.75 percent for each month that the person has been receiving an annuity or
16.12 benefit must be applied.

16.13 ~~(e)~~ (b) Increases under ~~this subdivision~~ paragraph (a) terminate on December 31
16.14 of the calendar year in which two prior consecutive actuarial valuations prepared by the
16.15 approved actuary under sections 356.214 and 356.215 and the standards for actuarial work
16.16 promulgated by the Legislative Commission on Pensions and Retirement indicates that
16.17 the market value of assets of the judges retirement plan equals or exceeds 70 percent of
16.18 the actuarial accrued liability of the retirement plan; and increases under subdivision
16.19 1 or 1a, whichever is applicable, begin on the January 1 next following paragraph (c)
16.20 commence after that date.

16.21 (c) Retirement annuity, disability benefit, or survivor benefit recipients of the judges
16.22 retirement plan are entitled to a postretirement adjustment annually on January 1 if the
16.23 definition of funding stability under paragraph (d) has not been met, as follows:

16.24 (1) a postretirement increase of two percent must be applied each year, effective on
16.25 January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who
16.26 has been receiving an annuity or a benefit for at least 12 full months as of the June 30 of
16.27 the calendar year immediately before the adjustment; and

16.28 (2) for each annuitant or benefit recipient who has been receiving an annuity or a
16.29 benefit for at least one full month, but less than 12 full months as of the June 30 of the
16.30 calendar year immediately before the adjustment, an annual postretirement increase of
16.31 1/12 of two percent for each month that the person has been receiving an annuity or
16.32 benefit must be applied.

16.33 (d) Increases under paragraph (c) terminate on December 31 of the calendar year
16.34 in which two prior consecutive actuarial valuations prepared by the approved actuary
16.35 under sections 356.214 and 356.215 and the standards for actuarial work adopted by the
16.36 Legislative Commission on Pensions and Retirement indicates that the market value of

17.1 assets of the judges retirement plan equals or exceeds 90 percent of the actuarial accrued
17.2 liability of the retirement plan and increases under paragraph (e) commence after that date.

17.3 (e) Retirement annuity, disability benefit, or survivor benefit recipients of the judges
17.4 retirement plan are entitled to a postretirement adjustment annually on January 1 if the
17.5 definition of funding stability under paragraph (d) has been met, as follows:

17.6 (1) a postretirement increase of 2.5 percent must be applied each year, effective on
17.7 January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who
17.8 has been receiving an annuity or a benefit for at least 12 full months as of the June 30 of
17.9 the calendar year immediately before the adjustment; and

17.10 (2) for each annuitant or benefit recipient who has been receiving an annuity or
17.11 a benefit for at least one full month, but less than 12 full months as of the June 30 of
17.12 the calendar year immediately before the adjustment, an annual postretirement increase
17.13 of 1/12 of 2.5 percent for each month that the person has been receiving an annuity or
17.14 benefit must be applied.

17.15 ~~(d)~~ (f) An increase in annuity or benefit payments under this subdivision must be
17.16 made automatically unless written notice is filed by the annuitant or benefit recipient
17.17 with the executive director of the applicable covered retirement plan requesting that the
17.18 increase not be made.

17.19 **EFFECTIVE DATE.** This section is effective June 30, 2016.

17.20 Sec. 9. Minnesota Statutes 2014, section 490.121, subdivision 25, is amended to read:

17.21 Subd. 25. **Tier I.** "Tier I" is the benefit program of the retirement plan with a
17.22 membership specified by section 490.1221, paragraph (b), and governed by sections
17.23 356.415, ~~subdivisions 1 and~~ subdivision 1f; and 490.121 to 490.133, except as modified
17.24 in sections 490.121, subdivision 21f, paragraph (b); 490.1222; 490.123, subdivision 1a,
17.25 paragraph (b); and 490.124, subdivision 1, paragraphs (c) and (d).

17.26 **EFFECTIVE DATE.** This section is effective June 30, 2016.

17.27 Sec. 10. Minnesota Statutes 2014, section 490.121, subdivision 26, is amended to read:

17.28 Subd. 26. **Tier II.** "Tier II" is the benefit program of the retirement plan with a
17.29 membership specified by section 490.1221, paragraph (c), and governed by sections
17.30 356.415, ~~subdivisions 1 and~~ subdivision 1f; 490.121 to 490.133, as modified in section
17.31 490.121, subdivision 21f, paragraph (b); 490.1222; 490.123, subdivision 1a, paragraph
17.32 (b); and 490.124, subdivision 1, paragraphs (c) and (d).

17.33 **EFFECTIVE DATE.** This section is effective June 30, 2016.

18.1 Sec. 11. **REPEALER.**

18.2 (a) Minnesota Statutes 2015 Supplement, section 356.415, subdivision 1, is repealed.

18.3 (b) Minnesota Statutes 2015 Supplement, section 354A.29, subdivisions 8 and

18.4 9, are repealed.

18.5 **EFFECTIVE DATE.** Paragraph (a) is effective June 30, 2016. Paragraph (b) is
18.6 effective July 1, 2016."

18.7 Renumber the articles in sequence

18.8 Amend the title accordingly