

1.1 ..... moves to amend S.F. No. 777; H.F. No. 1111, as follows:

1.2 Page 36, after line 8, insert:

1.3 "Sec. 73. Minnesota Statutes 2008, section 422A.06, subdivision 8, is amended to read:

1.4 Subd. 8. **Retirement benefit fund.** (a) The retirement benefit fund consists of  
1.5 amounts held for payment of retirement allowances for members retired under this chapter,  
1.6 including any transfer amount payable under subdivision 3, paragraph (c).

1.7 (b) Unless subdivision 3, paragraph (c), applies, assets equal to the required  
1.8 reserves for retirement allowances under this chapter determined in accordance with the  
1.9 appropriate mortality table adopted by the board of trustees based on the experience of the  
1.10 fund as recommended by the actuary retained under section 356.214 must be transferred  
1.11 from the deposit accumulation fund to the retirement benefit fund as of the last business  
1.12 day of the month in which the retirement allowance begins. The income from investments  
1.13 of these assets must be allocated to this fund and any interest charge under subdivision  
1.14 3, paragraph (c), must be credited to the fund. There must be paid from this fund the  
1.15 retirement annuities authorized by law. A required reserve calculation for the retirement  
1.16 benefit fund must be made by the actuary retained under section 356.214 and must be  
1.17 certified to the retirement board by the actuary retained under section 356.214.

1.18 (c) There is established a deferred yield adjustment account which must be increased  
1.19 by the sale or disposition of any debt securities at less than book value and must be  
1.20 decreased by the sale or disposition of debt securities at more than book value. At the  
1.21 end of each fiscal year, a portion of the balance of this account must be offset against the  
1.22 investment income for that year. The annual portion of the balance to be offset must be  
1.23 proportional to the reciprocal of the average remaining life of the bonds sold, unless the  
1.24 amounts are offset by gains on the future sales of these securities. The amount of this  
1.25 account must be included in the recognized value of assets other than corporate stocks  
1.26 and all other equity investments. In any fiscal year in which the gains on the sales of debt  
1.27 securities exceed the discounts realized on the sales of such securities, the excess must  
1.28 be used to reduce the balance of the account. If the realized capital gains are sufficient  
1.29 to reduce the balance of the account to zero, any excess gains must be available for the  
1.30 calculation of postretirement adjustments.

1.31 (d)(1) Annually, following June 30, the board shall use the procedures in clauses (2),  
1.32 (3), and (4), to determine whether a postretirement adjustment is payable and to determine  
1.33 the amount of any postretirement adjustment.

1.34 (2) If the Consumer Price Index for urban wage earners and clerical workers all  
1.35 items index published by the Bureau of Labor Statistics of the United States Department  
1.36 of Labor increases from June 30 of the preceding year to June 30 of the current year, the

2.1 board shall certify the percentage increase. The amount certified must not exceed ~~the~~  
2.2 ~~lesser of the difference between the preretirement interest assumption and postretirement~~  
2.3 ~~interest assumption in section 356.215, subdivision 8, paragraph (a), or 3.5 percent.~~

2.4 (3) In addition to any percentage increase certified under paragraph (b), the board  
2.5 shall use the following procedures to determine if a postretirement adjustment is payable  
2.6 under this paragraph:

2.7 (i) the board shall determine the market value of the fund on June 30 of that year;

2.8 (ii) the amount of reserves required as of the current June 30 for the annuity or  
2.9 benefit payable to an annuitant and benefit recipient must be determined by the actuary  
2.10 retained under section 356.214. An annuitant or benefit recipient who has been receiving  
2.11 an annuity or benefit for at least 12 full months as of the current June 30 is eligible to  
2.12 receive a full postretirement adjustment. An annuitant or benefit recipient who has been  
2.13 receiving an annuity or benefit for at least one full month, but less than 12 full months as of  
2.14 the current June 30, is eligible to receive a partial postretirement adjustment. The amount  
2.15 of the reserves for those annuitants and benefit recipients who are eligible to receive a  
2.16 full postretirement benefit adjustment is known as "eligible reserves." The amount of  
2.17 the reserves for those annuitants and benefit recipients who are not eligible to receive a  
2.18 postretirement adjustment is known as "noneligible reserves." For an annuitant or benefit  
2.19 recipient who is eligible to receive a partial postretirement adjustment, additional "eligible  
2.20 reserves" is an amount that bears the same ratio to the total reserves required for the  
2.21 annuitant or benefit recipient as the number of full months of annuity or benefit receipt as  
2.22 of the current June 30 bears to 12 full months. The remainder of the annuitant's or benefit  
2.23 recipient's reserves are "noneligible reserves";

2.24 (iii) the board shall determine the percentage increase certified under clause (2)  
2.25 multiplied by the eligible required reserves, as adjusted for mortality gains and losses,  
2.26 determined under item (ii);

2.27 (iv) the board shall add the amount of reserves required for the annuities or benefits  
2.28 payable to annuitants and benefit recipients of the participating public pension plans or  
2.29 funds as of the current June 30 to the amount determined under item (iii);

2.30 (v) the board shall subtract the amount determined under item (iv) from the market  
2.31 value of the fund determined under item (i);

2.32 (vi) the board shall adjust the amount determined under item (v) by the cumulative  
2.33 current balance determined under item (viii) and any negative balance carried forward  
2.34 under item (ix);

2.35 (vii) a positive amount resulting from the calculations in items (i) to (vi) is the excess  
2.36 market value. A negative amount is the negative balance;

3.1 (viii) the board shall allocate one-fifth of the excess market value or one-fifth of the  
3.2 negative balance to each of five consecutive years, beginning with the fiscal year ending  
3.3 the current June 30; and

3.4 (ix) to calculate the postretirement adjustment under this paragraph based on  
3.5 investment performance for a fiscal year, the board shall add together all excess market  
3.6 value allocated to that year and subtract from the sum all negative balances allocated to  
3.7 that year. If this calculation results in a negative number, the entire negative balance must  
3.8 be carried forward and allocated to the next year. If the resulting amount is positive, a  
3.9 postretirement adjustment is payable under this paragraph. The board shall express a  
3.10 positive amount as a percentage of the total eligible required reserves certified to the  
3.11 board under item (ii).

3.12 (4) The board shall determine the amount of any postretirement adjustment which  
3.13 is payable using the following procedure:

3.14 (i) the total "eligible" required reserves as of the first of January next following the  
3.15 end of the fiscal year for the annuitants and benefit recipients eligible to receive a full or  
3.16 partial postretirement adjustment as determined by item (ii) must be certified to the board  
3.17 by the actuary retained under section 356.214. The total "eligible" required reserves  
3.18 must be determined by the actuary retained under section 356.214 on the assumption that  
3.19 all annuitants and benefit recipients eligible to receive a full or partial postretirement  
3.20 adjustment will be alive on the January 1 in question; and

3.21 (ii) the board shall add the percentage certified under clause (2) to any positive  
3.22 percentage calculated under clause (3). The board shall not subtract from the percentage  
3.23 certified under paragraph (b) any negative amount calculated under clause (3). The sum  
3.24 of these percentages must be carried to five decimal places and must be certified as the  
3.25 full postretirement adjustment percentage.

3.26 (e) The board shall determine the amount of the postretirement adjustment payable  
3.27 to each eligible annuitant and benefit recipient. The dollar amount of the postretirement  
3.28 adjustment must be calculated by applying the certified postretirement adjustment  
3.29 percentage to the amount of the monthly annuity or benefit payable to each eligible  
3.30 annuitant or benefit recipient eligible for a full adjustment.

3.31 The dollar amount of the partial postretirement adjustment payable to each annuitant  
3.32 or benefit recipient eligible for a partial adjustment must be calculated by first determining  
3.33 a partial percentage amount that bears the same ratio to the certified full adjustment  
3.34 percentage amount as the number of full months of annuity or benefit receipt as of the  
3.35 current June 30 bears to 12 full months. The partial percentage amount determined  
3.36 must then be applied to the amount of the monthly annuity or benefit payable to each

4.1 annuitant or benefit recipient eligible to receive a partial postretirement adjustment. The  
4.2 postretirement adjustments are payable on January 1 following the calculations required  
4.3 under this section and must thereafter be included in the monthly annuity or benefit paid to  
4.4 the recipient. Any adjustments under this section must be paid automatically unless the  
4.5 intended recipient files a written notice with the applicable participating public pension  
4.6 fund or plan requesting that the adjustment not be paid.

4.7 (f) As of June 30 annually, the actuary retained under section 356.214 shall calculate  
4.8 the amount of required reserves representing any mortality gains and any mortality losses  
4.9 incurred during the fiscal year and report the results of those calculations to the plan.  
4.10 The actuary shall report separately the amount of the reserves for annuitants and benefit  
4.11 recipients who are eligible for a postretirement benefit adjustment and the amount of  
4.12 reserves for annuitants and benefit recipients who are not eligible for a postretirement  
4.13 benefit adjustment. If the net amount of required reserves represents a mortality gain,  
4.14 the board shall sell sufficient securities or transfer sufficient available cash to equal the  
4.15 amount. If the amount of required reserves represents a mortality loss, the plan shall  
4.16 transfer an amount equal to the amount of the net mortality loss. The amount of the  
4.17 transfers must be determined before any postretirement benefit adjustments have been  
4.18 made. All transfers resulting from mortality adjustments must be completed annually  
4.19 by December 31 for the preceding June 30. Interest is payable on any transfers after  
4.20 December 31 based upon the preretirement interest assumption for the participating plan  
4.21 or fund as specified in section 356.215, subdivision 8, stated as a monthly rate. Book  
4.22 values of the assets of the fund must be determined only after all adjustments for mortality  
4.23 gains and losses for the fiscal year have been made.

4.24 (g) All money necessary to meet the requirements of the certification of withdrawals  
4.25 and all money necessary to pay postretirement adjustments under this section are hereby  
4.26 and from time to time appropriated from the postretirement investment fund to the board.

4.27 (h) Annually, following the calculation of any postretirement adjustment payable  
4.28 from the retirement benefit fund, the board of trustees shall submit a report to the  
4.29 executive director of the Legislative Commission on Pensions and Retirement and to the  
4.30 commissioner of finance indicating the amount of any postretirement adjustment and  
4.31 the underlying calculations on which that postretirement adjustment amount is based,  
4.32 including the amount of dividends, the amount of interest, and the amount of net realized  
4.33 capital gains or losses utilized in the calculations.

4.34 (i) With respect to a former contributing member who began receiving a retirement  
4.35 annuity or disability benefit under section 422A.151, paragraph (a), clause (2), after June  
4.36 30, 1997, or with respect to a survivor of a former contributing member who began

5.1 receiving a survivor benefit under section 422A.151, paragraph (a), clause (2), after June  
5.2 30, 1997, the reserves attributable to the one percent lower amount of the cost-of-living  
5.3 adjustment payable to those annuity or benefit recipients annually must be transferred back  
5.4 to the deposit accumulation fund to the credit of the Metropolitan Airports Commission.  
5.5 The calculation of this annual reduced cost-of-living adjustment reserve transfer must be  
5.6 reviewed by the actuary retained under section 356.214."

5.7 Page 37, line 10, before "Sections" insert "(a)" and delete "76" and insert "72 and  
5.8 74 to 77"

5.9 Page 37, after line 10, insert:

5.10 "(b) Section 73 is effective retroactively from June 30, 2008."

5.11 Renumber the sections in sequence and correct the internal references

5.12 Amend the title accordingly