

ARTICLE 18

117.26 MINNEAPOLIS POLICE RELIEF ASSOCIATION

117.27 Section 1. Minnesota Statutes 2002, section 69.77,
117.28 subdivision 4, is amended to read:

117.29 Subd. 4. [RELIEF ASSOCIATION FINANCIAL REQUIREMENTS;
117.30 MINIMUM MUNICIPAL OBLIGATION.] (a) The officers of the relief
117.31 association shall determine the financial requirements of the
117.32 relief association and minimum obligation of the municipality
117.33 for the following calendar year in accordance with the
117.34 requirements of this subdivision. The financial requirements of
117.35 the relief association and the minimum obligation of the
117.36 municipality must be determined on or before the submission date
118.1 established by the municipality under subdivision 5.

118.2 (b) The financial requirements of the relief association
118.3 for the following calendar year must be based on the most recent
118.4 actuarial valuation or survey of the special fund of the
118.5 association if more than one fund is maintained by the
118.6 association, or of the association, if only one fund is
118.7 maintained, prepared in accordance with sections 356.215,
118.8 subdivisions 4 to 15, and 356.216, as required under subdivision
118.9 10. If an actuarial estimate is prepared by the actuary of the
118.10 relief association as part of obtaining a modification of the
118.11 benefit plan of the relief association and the modification is
118.12 implemented, the actuarial estimate must be used in calculating
118.13 the subsequent financial requirements of the relief association.

118.14 (c) If the relief association has an unfunded actuarial
118.15 accrued liability as reported in the most recent actuarial
118.16 valuation or survey, the total of the amounts calculated under
118.17 clauses (1), (2), and (3), constitute the financial requirements
118.18 of the relief association for the following year. If the relief
118.19 association does not have an unfunded actuarial accrued
118.20 liability as reported in the most recent actuarial valuation or
118.21 survey, the amount calculated under clauses (1) and (2)
118.22 constitute the financial requirements of the relief association
118.23 for the following year. The financial requirement elements are:

118.24 (1) the normal level cost requirement for the following
118.25 year, expressed as a dollar amount, which must be determined by
118.26 applying the normal level cost of the relief association as
118.27 reported in the actuarial valuation or survey and expressed as a
118.28 percentage of covered payroll to the estimated covered payroll
118.29 of the active membership of the relief association, including
118.30 any projected change in the active membership, for the following
118.31 year;

118.32 (2) for the Bloomington Fire Department Relief Association,
118.33 the Fairmont Police Relief Association, and the Virginia Fire
118.34 Department Relief Association, to the dollar amount of normal
118.35 cost determined under clause (1) must be added an amount equal
118.36 to the dollar amount of the administrative expenses of the
119.1 special fund of the association if more than one fund is
119.2 maintained by the association, or of the association if only one
119.3 fund is maintained, for the most recent year, multiplied by the
119.4 factor of 1.035. The administrative expenses are those
119.5 authorized under section 69.80. No amount of administrative
119.6 expenses under this clause are to be included in the financial
119.7 requirements of the Minneapolis Firefighters Relief Association
119.8 or the Minneapolis Police Relief Association; and

119.9 (3) to the dollar amount of normal cost and expenses

119.10 determined under clauses (1) and (2) must be added an amount
119.11 equal to the level annual dollar amount which is sufficient to
119.12 amortize the unfunded actuarial accrued liability by December
119.13 31, 2010, for the Bloomington Fire Department Relief
119.14 Association, the Fairmont Police Relief Association, the
119.15 Minneapolis Firefighters Relief Association, and the Virginia
119.16 Fire Department Relief Association, and by December 31, 2020,
119.17 for the Minneapolis Police Relief Association, as determined
119.18 from the actuarial valuation or survey of the fund, using an
119.19 interest assumption set at the applicable rate specified in
119.20 section 356.215, subdivision 8. The amortization date specified
119.21 in this clause applies to all local police or salaried
119.22 firefighters' relief associations and that date supersedes any
119.23 amortization date specified in any applicable special law.

119.24 (d) The minimum obligation of the municipality is an amount
119.25 equal to the financial requirements of the relief association
119.26 reduced by the estimated amount of member contributions from
119.27 covered salary anticipated for the following calendar year and
119.28 the estimated amounts anticipated for the following calendar
119.29 year from the applicable state aid program established under
119.30 sections 69.011 to 69.051 receivable by the relief association
119.31 after any allocation made under section 69.031, subdivision 5,
119.32 paragraph (b), clause (2), or 423A.01, subdivision 2, clause
119.33 (6), from the local police and salaried firefighters' relief
119.34 association amortization aid program established under section
119.35 423A.02, subdivision 1, from the supplementary amortization
119.36 state-aid program established under section 423A.02, subdivision
120.1 1a, and from the additional amortization state aid under section
120.2 423A.02, subdivision 1b.

120.3 Sec. 2. Minnesota Statutes 2002, section 356.216, is
120.4 amended to read:

120.5 356.216 [CONTENTS OF ACTUARIAL VALUATIONS FOR LOCAL POLICE
120.6 AND FIRE FUNDS.]

120.7 (a) The provisions of section 356.215 that govern the
120.8 contents of actuarial valuations must apply to any local police
120.9 or fire pension fund or relief association required to make an
120.10 actuarial report under this section, except as follows:

120.11 (1) in calculating normal cost and other requirements, if
120.12 required to be expressed as a level percentage of covered
120.13 payroll, the salaries used in computing covered payroll must be
120.14 the maximum rate of salary on which retirement and survivorship
120.15 credits and amounts of benefits are determined and from which
120.16 any member contributions are calculated and deducted;

120.17 (2) in lieu of the amortization date specified in section
120.18 356.215, subdivision 11, the appropriate amortization target
120.19 date specified in section 69.77, subdivision 4, or 69.773,
120.20 subdivision 4, clause (c), must be used in calculating any
120.21 required amortization contribution except that the amortization
120.22 date for the Minneapolis Police Relief Association is December
120.23 31, 2020;

120.24 (3) in addition to the tabulation of active members and
120.25 annuitants provided for in section 356.215, subdivision 13, the
120.26 member contributions for active members for the calendar year
120.27 and the prospective annual retirement annuities under the
120.28 benefit plan for active members must be reported;

120.29 (4) actuarial valuations required under section 69.773,
120.30 subdivision 2, must be made at least every four years and

120.31 actuarial valuations required under section 69.77 shall be made
120.32 annually;

120.33 (5) the actuarial balance sheet showing accrued assets
120.34 valued at market value if the actuarial valuation is required to
120.35 be prepared at least every four years or valued as current
120.36 assets under section 356.215, subdivision 1, clause (6), or
121.1 paragraph (b), whichever applies, if the actuarial valuation is
121.2 required to be prepared annually, actuarial accrued liabilities,
121.3 and the unfunded actuarial accrued liability must include the
121.4 following required reserves:

121.5 (i) For active members

121.6 1. Retirement benefits
121.7 2. Disability benefits
121.8 3. Refund liability due to death or withdrawal
121.9 4. Survivors' benefits

121.10 (ii) For deferred annuitants' benefits
121.11 (iii) For former members without vested rights
121.12 (iv) For annuitants

121.13 1. Retirement annuities
121.14 2. Disability annuities
121.15 3. Surviving spouses' annuities
121.16 4. Surviving children's annuities

121.17 In addition to those required reserves, separate items must
121.18 be shown for additional benefits, if any, which may not be
121.19 appropriately included in the reserves listed above; and

121.20 (6) actuarial valuations are due by the first day of the
121.21 seventh month after the end of the fiscal year which the
121.22 actuarial valuation covers.

121.23 (b) For the Minneapolis Firefighters Relief Association or
121.24 the Minneapolis Police Relief Association, the following
121.25 provisions additionally apply:

121.26 (1) in calculating the actuarial balance sheet, unfunded
121.27 actuarial accrued liability, and amortization contribution of
121.28 the relief association, "current assets" means the value of all
121.29 assets at cost, including realized capital gains and losses,
121.30 plus or minus, whichever applies, the average value of total
121.31 unrealized capital gains or losses for the most recent
121.32 three-year period ending with the end of the plan year
121.33 immediately preceding the actuarial valuation report
121.34 transmission date; and

121.35 (2) in calculating the applicable portions of the actuarial
121.36 valuation, an annual preretirement interest assumption of six
122.1 percent, an annual postretirement interest assumption of six
122.2 percent, and an annual salary increase assumption of four
122.3 percent must be used.

122.4 Sec. 3. Minnesota Statutes 2002, section 423B.01,
122.5 subdivision 12, is amended to read:

122.6 Subd. 12. [EXCESS INVESTMENT INCOME.] "Excess investment
122.7 income" means the amount, if any, by which the average time
122.8 weighted total rate of return earned by the fund in the most
122.9 recent prior ~~five~~ two fiscal years has exceeded the actual
122.10 average percentage increase in the current monthly salary of a
122.11 first grade patrol officer in the most recent prior ~~five~~ two
122.12 fiscal years plus two percent, and must be expressed as a dollar
122.13 amount. The amount may not exceed one percent of the total
122.14 assets of the fund, except when the actuarial value of assets of
122.15 the fund according to the most recent annual actuarial valuation

122.16 prepared in accordance with sections 356.215 and 356.216 is
122.17 greater than 102 percent of its actuarial accrued liabilities,
122.18 in which case the amount must not exceed 1-1/2 percent of the
122.19 total assets of the fund, and does not exist unless the yearly
122.20 average percentage increase of the time weighted total rate of
122.21 return of the fund for the previous ~~five~~ two years exceeds by
122.22 two percent the yearly average percentage increase in monthly
122.23 salary of a first grade patrol officer during the previous ~~five~~
122.24 two calendar years.

122.25 Sec. 4. Minnesota Statutes 2002, section 423B.09,
122.26 subdivision 1, is amended to read:

122.27 Subdivision 1. [MINNEAPOLIS POLICE; PERSONS ENTITLED TO
122.28 RECEIVE PENSIONS.] The association shall grant pensions payable
122.29 from the police pension fund in monthly installments to persons
122.30 entitled to pensions in the manner and for the following
122.31 purposes.

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

123.13	5 years	8.0 units
123.14	6 years	9.6 units
123.15	7 years	11.2 units
123.16	8 years	12.8 units
123.17	9 years	14.4 units
123.18	10 years	16.0 units
123.19	11 years	17.6 units
123.20	12 years	19.2 units
123.21	13 years	20.8 units
123.22	14 years	22.4 units
123.23	15 years	24.0 units
123.24	16 years	25.6 units
123.25	17 years	27.2 units
123.26	18 years	28.8 units
123.27	19 years	30.4 units
123.28	20 years	34.0 <u>35.0</u> units
123.29	21 years	35.6 <u>36.6</u> units
123.30	22 years	37.2 <u>38.2</u> units
123.31	23 years	38.8 <u>39.8</u> units
123.32	24 years	40.4 <u>41.4</u> units
123.33	25 years	42.0 <u>43.0</u> units

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

123.36 (b) An active member who after five years' service but less

124.1 than 20 years' service with the police department of the city,
124.2 becomes superannuated so as to be permanently unable to perform
124.3 the person's assigned duties, is entitled to be paid monthly for
124.4 life a superannuation pension equal to four units for five years
124.5 of service and an additional two units for each full year of
124.6 service over five years and less than 20 years.

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

124.13 Sec. 5. Minnesota Statutes 2002, section 423B.09, is
124.14 amended by adding a subdivision to read:

124.15 Subd. 7. [ADDITIONAL UNIT.] The additional unit provided
124.16 to members by subdivision 1 must also be provided to members who
124.17 selected a joint annuity option under subdivision 6 and must be
124.18 in an amount that is actuarially equivalent to the service
124.19 pension and the automatic survivor coverage for that additional
124.20 unit.

124.21 Sec. 6. Minnesota Statutes 2002, section 423B.10,
124.22 subdivision 1, is amended to read:

124.23 Subdivision 1. [ENTITLEMENT; BENEFIT AMOUNT.] (a) The
124.24 surviving spouse of a deceased service pensioner, disability
124.25 pensioner, deferred pensioner, superannuation pensioner, or
124.26 active member, who was the legally married spouse of the
124.27 decedent, residing with the decedent, and who was married while
124.28 or before the time the decedent was on the payroll of the police
124.29 department, and who, if the deceased member was a service or
124.30 deferred pensioner, was legally married to the member for a
124.31 period of at least one year before retirement from the police
124.32 department, is entitled to a surviving spouse benefit. The
124.33 surviving spouse benefit is equal to ~~22~~ 23 units per month if
124.34 the person is the surviving spouse of a deceased active member
124.35 or disabilitant. The surviving spouse benefit is equal to six
124.36 units per month, plus an additional one unit for each year of
125.1 service to the credit of the decedent in excess of five years,
125.2 to a maximum of ~~22~~ 23 units per month, if the person is the
125.3 surviving spouse of a deceased service pensioner, deferred
125.4 pensioner, or superannuation pensioner. The surviving spouse
125.5 benefit is payable for the life of the surviving spouse.

125.6 (b) A surviving child of a deceased service pensioner,
125.7 disability pensioner, deferred pensioner, superannuation
125.8 pensioner, or active member, who was living while the decedent
125.9 was an active member of the police department or was born within
125.10 nine months after the decedent terminated active service in the
125.11 police department, is entitled to a surviving child benefit.
125.12 The surviving child benefit is equal to eight units per month if
125.13 the person is the surviving child of a deceased active member or
125.14 disabilitant. The surviving child benefit is equal to two units
125.15 per month, plus an additional four-tenths of one unit per month
125.16 for each year of service to the credit of the decedent in excess
125.17 of five years, to a maximum of eight units, if the person is the
125.18 surviving child of a deceased service pensioner, deferred
125.19 pensioner, or superannuation pensioner. The surviving child
125.20 benefit is payable until the person attains age 18, or, if in
125.21 full-time attendance during the normal school year, in a school

125.22 approved by the board of directors, until the person receives a
125.23 bachelor's degree or attains the age of 22 years, whichever
125.24 occurs first. In the event of the death of both parents leaving
125.25 a surviving child or children entitled to a surviving child
125.26 benefit as determined in this paragraph, the surviving child is,
125.27 or the surviving children are, entitled to a surviving child
125.28 benefit in such sums as determined by the board of directors to
125.29 be necessary for the care and education of such surviving child
125.30 or children, but not to exceed the family maximum benefit per
125.31 month, to the children of any one family.

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

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

126.9 Sec. 7. Minnesota Statutes 2002, section 423B.15,
126.10 subdivision 3, is amended to read:

126.11 Subd. 3. [AMOUNT OF ANNUAL POSTRETIREMENT PAYMENT.] The
126.12 amount determined under subdivision 2 must be applied in
126.13 accordance with this subdivision. When the actuarial value of
126.14 assets of the fund according to the most recent annual actuarial
126.15 valuation prepared in accordance with sections 356.215 and
126.16 356.216 is less than 102 percent of its total actuarial
126.17 liabilities, the relief association shall apply the first
126.18 one-half of excess investment income to the payment of an annual
126.19 postretirement payment as specified in this subdivision and the
126.20 second one-half of excess investment income up to one-half of
126.21 one percent of the assets of the fund must be applied to reduce
126.22 the state amortization state aid or supplementary amortization
126.23 state aid payments otherwise due to the relief association under
126.24 section 423A.02 for the current calendar year. When the
126.25 actuarial value of assets of the fund according to the most
126.26 recent annual actuarial valuation prepared in accordance with
126.27 sections 356.215 and 356.216 is less than 102 percent funded and
126.28 other conditions are met, the relief association shall pay an
126.29 annual postretirement payment to all eligible members in an
126.30 amount not to exceed one-half of one percent of the assets of
126.31 the fund. When the actuarial value of assets of the fund
126.32 according to the most recent annual actuarial valuation prepared
126.33 in accordance with sections 356.215 and 356.216 is greater than
126.34 102 percent of its actuarial accrued liabilities, the relief
126.35 association shall pay an annual postretirement payment to all
126.36 eligible members in an amount not to exceed 1-1/2 percent of the
127.1 assets of the fund. Payment of the annual postretirement
127.2 payment must be in a lump sum amount on June 1 following the
127.3 determination date in any year. Payment of the annual
127.4 postretirement payment may be made only if the average time
127.5 weighted total rate of return for the most recent prior five two
127.6 years exceeds by two percent the actual average percentage

127.7 increase in the current monthly salary of a top grade patrol
127.8 officer in the most recent prior ~~five~~ two fiscal years. The
127.9 total amount of all payments to members may not exceed the
127.10 amount determined under this subdivision. Payment to each
127.11 eligible member must be calculated by dividing the total number
127.12 of pension units to which eligible members are entitled into the
127.13 excess investment income available for distribution to members,
127.14 and then multiplying that result by the number of units to which
127.15 each eligible member is entitled to determine each eligible
127.16 member's annual postretirement payment. When the actuarial
127.17 value of assets of the fund according to the most recent annual
127.18 actuarial valuation prepared in accordance with sections 356.215
127.19 and 356.216 is less than 102 percent of its actuarial accrued
127.20 liabilities, payment to each eligible member may not exceed an
127.21 amount equal to the total monthly benefit that the eligible
127.22 member was entitled to in the prior year under the terms of the
127.23 benefit plan of the relief association or each eligible member's
127.24 proportionate share of the excess investment income, whichever
127.25 is less. When the actuarial value of assets of the fund
127.26 according to the most recent annual actuarial valuation prepared
127.27 in accordance with sections 356.215 and 356.216 is greater than
127.28 102 percent of its actuarial accrued liabilities, payment to
127.29 each eligible member must not exceed the member's proportionate
127.30 share of 1-1/2 percent of the assets of the fund.

127.31 A person who received a pension or benefit for the entire
127.32 12 months before the determination date is eligible for a full
127.33 annual postretirement payment. A person who received a pension
127.34 or benefit for less than 12 months before the determination date
127.35 is eligible for a prorated annual postretirement payment.

127.36 Sec. 8. [423B.22] [GUARANTEED PENSION PROVISION.]

128.1 Once a pension benefit is properly paid in accordance with
128.2 this law to any member, the dollar amount of that pension
128.3 benefit shall not be reduced.

128.4 Sec. 9. [LOCAL APPROVAL; NONSEVERABILITY.]

128.5 Sections 1 to 8 are not severable and are effective on the
128.6 day after the date of the approval by the city council of the
128.7 city of Minneapolis and the timely completion by the chief
128.8 clerical officer of the city of Minneapolis of compliance with
128.9 Minnesota Statutes, section 645.021, subdivisions 2 and 3.