

1.1 A bill for an act

1.2 relating to retirement; providing for a cost-of-living adjustment; requiring  
1.3 a bylaws revision; amending Minnesota Statutes 2008, section 354A.29,  
1.4 subdivision 3; repealing Minnesota Statutes 2008, section 354A.29, subdivisions  
1.5 2, 4, 5.

1.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.7 Section 1. Minnesota Statutes 2008, section 354A.29, subdivision 3, is amended to  
1.8 read:

1.9 Subd. 3. **Postretirement adjustment.** (a) The postretirement adjustment described  
1.10 in the articles and bylaws of the St. Paul Teachers Retirement Fund Association must be  
1.11 determined by the executive director and approved by the board annually ~~after June 30~~  
1.12 using the procedures under this section.

1.13 (b) Commencing in January 2010, and each January thereafter, each eligible person  
1.14 who has been receiving an annuity or benefit under the articles of incorporation, the  
1.15 bylaws, or this chapter for at least ~~12~~ three calendar months as of the end of the ~~fiscal~~  
1.16 last day of the previous calendar year is eligible to receive a postretirement ~~adjustment of~~  
1.17 ~~2.0 percent that is payable each January 1~~ increase equal to the Consumer Price Index for  
1.18 urban wage earners and clerical workers (CPI-W) for the third calendar quarter of the most  
1.19 recent calendar year divided by the value of the same index in the third calendar quarter of  
1.20 the previous year, as further specified under paragraph (c).

1.21 (c) The postretirement increase under this section is to be calculated as follows:

1.22 (1) for each value, the average quarter-to-quarter index change shall be the sum of  
1.23 the monthly CPI-W index values as determined by the Bureau of Labor Statistics within  
1.24 the United States Department of Labor, for the months of July, August, and September for  
1.25 each applicable year, divided by three to derive the quarterly value in each case;

2.1           (2) the quotient of the average for the second year divided by the resulting average  
2.2 for the first year as determined under clause (1), minus one, rounded to the nearest  
2.3 one-tenth of one percent is the full, unadjusted increase to be added to payments to eligible  
2.4 recipients in the subsequent January payment; and

2.5           (3) the adjustment may not be less than zero, nor greater than five percent, and is  
2.6 to be applied as a permanent increase to the regular payment of each eligible benefit  
2.7 recipient. In the case of any eligible member whose effective date of retirement occurs  
2.8 during the calendar year before the postretirement increase is applied, the increase for that  
2.9 member must be prorated on the basis of whole calendar quarters as a fraction of the  
2.10 previous calendar year, rounded to the third decimal place.

2.11           Sec. 2. **BYLAW REVISION AUTHORIZATION.**

2.12           Consistent with Minnesota Statutes, section 354A.12, subdivision 4, the board of  
2.13 the St. Paul Teachers Retirement Fund Association shall revise the bylaws or articles of  
2.14 incorporation of the teachers retirement fund association to conform with this section.

2.15           Sec. 3. **REPEALER.**

2.16           Minnesota Statutes 2008, section 354A.29, subdivisions 2, 4, and 5, are repealed.

2.17           Sec. 4. **EFFECTIVE DATE.**

2.18           Sections 1 to 3 are effective July 1, 2009.

**354A.29 ST. PAUL TEACHERS RETIREMENT FUND ASSOCIATION  
POSTRETIREMENT ADJUSTMENT.**

Subd. 2. **Elimination of prior lump-sum postretirement adjustment mechanism.** As a condition precedent to the implementation of subdivisions 3 to 6, the lump-sum postretirement adjustment mechanism in effect on July 1, 1997, must be eliminated and the articles of incorporation and bylaws of the association must be amended accordingly.

Subd. 4. **Additional investment percentage adjustment.** (a) An excess investment earnings percentage adjustment must be computed and paid under this subdivision to those annuitants and eligible benefit recipients who have been receiving an annuity or benefit for at least 12 months as determined each June 30 by the board of trustees.

(b) The board shall also determine the five-year annualized rate of return attributable to the assets of the St. Paul Teachers Retirement Fund Association under the formula specified in section 11A.04, clause (11), and the amount of the excess five-year annualized rate of return over the preretirement interest assumption specified in section 356.215.

(c) The excess investment percentage adjustment must be determined by multiplying the quantity one minus the rate of contribution deficiency, as specified in the most recent actuarial report of the actuary retained under sections 356.214 and 356.215, by the rate of return excess as determined in paragraph (b).

(d) The excess investment percentage adjustment is payable to all annuitants and benefit recipients on the following January 1.

Subd. 5. **Effect on annuity.** The adjustments calculated under subdivisions 3 and 4 must be included in all annuities or benefits paid to the recipient after the adjustments take effect.