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### **Executive Summary of Commission Staff Materials**

Affected Pension Plan(s): Minneapolis Police Relief Association  
Relevant Provisions of Law: Minnesota Statutes, Section 423B.09 Subdivision 1  
General Nature of Proposal: Remove From Law Service Pension Schedules Applicable if Funding Ratio is Less Than 90 Percent  
Date of Summary: April 18, 2005

### **Specific Proposed Changes**

- Removes from law a lower service pension schedule applicable if the funding ratio is less than 90 percent.
- Adds a provision stating that once a "pension benefit" is properly paid to any member, the benefit cannot be reduced.

### **Policy Issues Raised by the Proposed Legislation**

1. Regarding the first proposed change, an issue is whether this is a correction of poor drafting or a substantive change. The existing language was adopted at a time when various post-retirement adjustments were adopted for this fund which depend upon the funding ratio, allowing larger benefits to be paid if ratios are high. It may have been part of the agreement with the city that, in exchange for these high benefits when the plan is well funded, the city should receive a break if funding ratios are low, in an effort to reduce the city's liabilities under those circumstances.
2. Regarding the second proposed change, the change may not be needed if the first change is enacted and, in any event, "pension benefit" is not defined. It could be interpreted by the fund administration as including the various post-retirement adjustments which are dependent upon funding ratios, and which under existing law are either not payable at all at lower funding ratios or are payable but in lesser amounts. It may be appropriate to clarify what is meant by "pension benefit."

### **Potential Amendments**

The following amendment has been requested by the Commission Chair:

Amendment LCPR05-255. This amendment, drawn to amendment A05-0388, removes the proposed section which prohibits pension benefit reductions and adds a local approval clause.