Exhibit G

Topic:

Whether the current ten-year amortization period for defined benefit lump sum plans should be increased.

Current Law:

69.772 RELIEF ASSOCIATIONS PAYING LUMP SUM SERVICE PENSIONS.

Subd. 3.**Financial requirements of relief association; minimum obligation of municipality.**

(c) The financial requirements of the special fund for the following calendar year must be determined in the following manner:

…

(5) If the special fund has a deficit from full funding, the financial requirements of the special fund for the following calendar year are the financial requirements of the special fund calculated as though the special fund were fully funded under clause (4) plus an amount equal to one-tenth of the original amount of the deficit from full funding of the special fund as determined under clause (2) resulting either from an increase in the amount of the service pension occurring in the last ten years or from a net annual investment loss occurring during the last ten years until each increase in the deficit from full funding is fully retired. The annual amortization contribution under this clause may not exceed the amount of the deficit from full funding.

…

Options:

1. Make no changes.
2. Increase the amortization period to 20 years, which is the period used by monthly and monthly/lump sum combination plans.
3. Increase the amortization period to a different time period.

Note: a change to the amortization period would require formula and design changes to the Schedule Form, the data pre-population and upload processes, and to the Office of the State Auditor’s database application. The earliest possible effective date that can accommodate these changes would be for Schedule Forms completed in July of 2010, determining required contribution amounts for 2011.