



PERA

NEWS

Assets Over \$35 Billion

Serving over 450,000 public employees in Minnesota

SUMMER 2023

GENERAL

POLICE & FIRE

CORRECTIONAL

# Legislative Update

The 2023 legislative session ended on May 22. The Legislative Commission on Pensions and Retirement heard testimony and reviewed proposed legislation on several topics and initiatives related to pension benefits. Several bills were signed at the end of the session that impact PERA: the Pension and Retirement Omnibus Policy Bill (SF3016/HF2950), the Pension Omnibus Budget Bill (SF3162/HF3100), and the Public Safety PTSD/Duty Disability Bill (SF1959/HF1234). These legislative changes are effective July 1, 2023, unless noted below.

## MEMBERSHIP ELIGIBILITY

The current annual earnings requirement for defined benefit membership for local government and school employees of \$5,100 and \$3,800, respectively, is now replaced with a monthly threshold requirement of \$425. Current members who qualified for membership under the previous rules are not affected and will retain their membership until termination.

## VESTING

For Coordinated members, three-year vesting now applies to active public employees. Five-year vesting still applies to members first hired on or after July 1, 2010, and who terminated before June 30, 2023. For Police & Fire members, five to 10-year graded vesting now applies to those who became a member on or after July 1, 2010, and have not taken a refund or started a benefit. The previous 10 to 20-year graded vesting was removed from statutes. There are no vesting changes for Correctional members.

## ONE-TIME PAYMENT

Coordinated, Basic, and Police & Fire benefit recipients who have received retirement, survivor, or disability benefits for at least 12 full months as of June 30, 2023, are eligible for a one-time payment. The amounts will be based off the 2024 annual increase and your gross benefit. **We are unable to determine your one-time payment until March 2024.** For Coordinated members, the amount will be the difference between the actual 2024 increase and 2.5%. For Basic and Police & Fire members, it is the difference between the actual 2024 increase and 4.0% as these members are not eligible for Social Security (exception: if a Police & Fire recipient has not received an annual increase on their benefit as of Jan. 2024, the one-time amount will be based on 3.0%). You will receive this extra payment by March 31, 2024. This one-time payment is non-compounding toward the overall benefit. More information will be shared in our Winter 2023 Newsletter.

## ANNUAL INCREASE

For Coordinated, Basic, and MERF members who start early retirement benefits January 1, 2024 or later, the delayed annual increase provision was removed from statute. These members will now follow the standard increase schedule based on their benefit effective date. For Correctional members, the trigger provision was corrected to move back to the 2.5% increase cap after meeting certain criteria if it ever dropped to 1.5%.

*Administer and promote sustainable retirement plans and provide services that our members value.*

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**Legislative Update—continued from page 1****DEATH BENEFITS**

Dependent child benefits for all defined benefit plans now have a benefit duration to age 23. This provision generally applies when a member's death occurs before starting a PERA benefit. The Police & Fire full-time student requirement between ages 18 to 23 was removed from statute.

**MEMBER PURCHASES**

Members who terminate employment or start a disability benefit before paying a leave of absence will now have the same period of time to make the purchase as active members, which is one year after the end of each reporting period. Members who are applying for a disability benefit are now eligible to purchase all leave types. Accrued interest on member purchases (repaying a refund, leave of absence, etc.) will be 7.0%, July 1, 2023, forward.

**MN STATE TAXES**

The tax withholding form will change beginning January 1, 2024, and allow withholding elections based on a percentage of your gross benefit.

**PLAN ASSUMPTIONS**

Beginning June 30, 2023, PERA's assumed investment return changes from 7.5% to 7.0%.

**POLICE & FIRE DUTY DISABILITY**

The duty total and permanent disability benefit formula is now 99% of average salary. Members with a psychological condition must complete a treatment requirement before applying for a duty disability benefit. Earnings offsets were modified for disability recipients who have reemployment earnings. As of January 1, 2024, workers' compensation will no longer offset disability benefits.

**DISABILITY REAPPLICATION PROCESS**

While this is not a new process, the current administrative procedures for the disability reapplication process were clarified in law. The legislation clarified that disability recipients reapply and provide evidence of continued disability once a year for the first five years and every three years thereafter. The legislation also clarified that if our medical consultant states in writing that no improvement can be expected with the disabling condition that the benefit was based on, then the reapplication process may be waived.

# PERA's Board of Trustees

**BOARD ELECTION RESULTS**

In February of 2023, PERA completed the Board election process. YesElections, the election vendor, certified the Board election results. The Board voted to accept the certified results during their meeting on February 16.

The PERA Board welcomes one new trustee along with four returning trustees:

- » Dennis Flaherty, retired, disabled and survivor representative
- » Paul Bourgeois, active general and correctional representative
- » Thomas Stanley, active general and correctional representative

» Thomas Rupp, active general and correctional representative

» Paul Ford, police and fire representative

We would like to thank our candidates and voters for their participation in the voting process.

**GOVERNOR APPOINTMENT**

The PERA Board welcomes Mary Falk, who was re-appointed to a four-year term on PERA's Board by the governor in April 2023. Trustee Falk is serving as PERA's general public representative.

To learn more, visit our Board of Trustees page.

**MEET PERA'S NEW TRUSTEE**

Dennis Flaherty, elected to represent retired, disabled and survivor members, grew up in Saint Paul and began his career as a police officer in the City of Brooklyn Center in 1974. He became the executive director of the Minnesota Police and Peace Officers Association (MPPOA) in 1986 and later left the executive director position to become deputy mayor of the City of Saint Paul in 2002. Dennis returned to his role as executive director of the Minnesota Police and Peace Officers Association in 2008. Dennis has been an advocate for law enforcement officers in Minnesota and an ambassador for Minnesota's law enforcement community to all Minnesotans.

EDUCATION SPOTLIGHT

# What is email phishing?

Email phishing is a type of scam where fraudsters are trying to get something from you, often passwords, account information, or other personal information. Phishing may come to you in a variety of ways. Some fraudsters send malicious links and attachments, while others try to gain your trust before scamming you.

Here are some signs to look for a phishing attack. Fraudsters may:

- » Create a strong sense of urgency or call to action
- » Request private data or personal information
- » Claim to be from an official organization but have grammar or spelling mistakes
- » Be from someone you know, but the tone or message doesn't sound like them

**Tips:**

- » Protect your device by using security software
- » Only open email attachments you trust or were expecting
- » Scrutinize any hyperlinks in emails. If in doubt, don't click the link
- » If the email is from someone you know, contact that person a different way (don't reply back) and verify if they sent it

Our main email communication to members is our newsletter, which is sent through an email service, Active Campaign. PERA will NOT send you emails asking for your personal information or banking information. If you are unsure if the email is from us, go directly to our website at mnpera.org instead of clicking on a link. Report any suspicious PERA-related emails to us immediately.

## 8.9% Unaudited FY 2023 Returns

The State Board of Investment (SBI) provided unaudited, annualized returns of 8.9% for the fiscal year ending June 30, 2023. The Combined Funds are returns for all contributions and investment earnings from the statewide retirement systems, including PERA, Minnesota State Retirement System (MSRS), and Teacher's Retirement Association (TRA).

	1 YR	3 YR	5 YR	10 YR	20 YR	30 YR
<b>COMBINED FUNDS</b>	8.9%	9.9%	8.2%	8.8%	8.5%	8.2%

## Member Survey

We want to hear from you! Please share your feedback on PERA's communication, content, and your overall member experience to help shape future communication initiatives. This survey will take about 10 minutes to complete and is completely anonymous.



[https://www.research.net/r/PERA\\_Member\\_Survey](https://www.research.net/r/PERA_Member_Survey)

PERA has several short videos on our website to help you plan for retirement. Most videos are less than five minutes in length and provide helpful information about the retirement process.

- » Learn About your Pension
- » Understanding your Benefit Estimate
- » Completing a Retirement Application
- » Lifetime Monthly Benefit Options
- » How are PERA Benefits Calculated?
- » Completing a Refund Application





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## PERA PROGRAMS NEAR YOU .....

PERA is hosting member education programs and individual counseling sessions across the state this summer and fall. We will be presenting two different programs:

- » **Ready to Retire** is intended for members who plan to retire within one year and focuses on the application process step-by-step
- » **From Hire to Retire** is designed for all members to learn about PERA benefits

There will also be limited space available for individual meetings, which are intended for members who are within six months of retirement.

..... **SCHEDULE** .....

Detroit Lakes: August 9	Mankato: September 8
Alexandria: August 10	Duluth: September 21
Fairmont: September 7	

### REGISTRATION IS SIMPLE

Register for a counseling session or presentation in your myPERA account or by calling our Member Service Center.

### LOOKING FOR OTHER DATES?

We continue to offer these programs as live webinars weekly. You can view our calendar of events under Resources -> Member Programs on our website. Later this fall, we will be offering more on-demand webinars that can be viewed at your convenience.

**Want to receive PERA News faster?**

It takes 4 to 6 weeks to print and mail newsletters after they are published on our website. Don't want to wait that long? We can email you our newsletter as soon as it is published! Signing up for email is easy! You can change your newsletter delivery method in myPERA under "Mailing Selection" or call our Member Service Center. Help us go green! About 100,000 members have already signed up!

