



MINNESOTA
PUBLIC EMPLOYEES
RETIREMENT ASSOCIATION

POPULAR ANNUAL FINANCIAL REPORT

Pension Trust Funds of the State of Minnesota

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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DEAR MEMBERS AND STAKEHOLDERS

On behalf of the Minnesota Public Employees Retirement Association (PERA), it is our pleasure to present the *Popular Annual Financial Report (PAFR)* for the year ending June 30, 2025. The *PAFR* summarizes the performance and financial health of our plans. The financial condition of PERA improved during fiscal year 2025. PERA's fiduciary net position increased over \$3.7 billion, or 8.5%, from \$43.6 billion as of June 30, 2024 to \$47.3 billion as of June 30, 2025. The increase was due to a strong investment rate of return of 10.9% in fiscal year 2025.

During fiscal year 2025, the PERA Board of Trustees supported a legislative opportunity to increase post-retirement annual increase amounts for members of the General Employees and Police & Fire Plans, effective in 2026. The General Employees Plan includes Coordinated and MERF members.

The new legislation provides a 1.75% benefit increase to most General Employees Plan recipients in January 2026. The legislative change improves the General Employees Plan annual increase formula from 50% of the Social Security Administration (SSA) increase, capped at 1.5%, to 100% of the SSA increase, capped at 1.75%. The formula will continue to apply in future years. The new legislation provides Police & Fire Plan recipients who started benefits on or before January 1, 2025 a 3% increase in 2026 and a 1% increase in 2027 and each year after. The waiting period to receive the first annual increase in the Police & Fire Plan was reduced by 12 months, from two years to one year.

In the General Employees Plan, benefit increases will be funded by a sufficiency from past member and employer contributions and savings from lower annual increases since 2010. In the Police & Fire Plan, benefit increases are funded by annual state aid appropriated by the legislature.

Table 1. Actuarial Valuation for Funding Purposes: PERA Defined Benefit Retirement Plans

Contribution Sufficiency or Deficiency by Year	General Employees Fund	Police & Fire Fund	Correctional Fund
Contribution Sufficiency (Deficiency), as of July 1, 2025	3.4%	1.4%	4.8%
Contribution Sufficiency (Deficiency), as of July 1, 2024	2.8%	1.5%	(1.9%)

Actual contributions in excess of recommended contributions.

The contribution sufficiency or deficiency is a comparison of actual contribution rates to actuarially determined contribution rates. The actuarially determined contribution rate is the rate determined by the actuary that is needed to achieve a 100% funding ratio for each plan by the legislature's target amortization date. A contribution sufficiency generally means the plan is projected to be fully funded on or before that date. A deficiency generally means the plan is not projected to be fully funded by that date.

Table 1 above lists the contribution sufficiency or deficiency for July 1, 2025 and July 1, 2024 based on the use of the market value of assets. The changes in contribution sufficiency or deficiency between 2025 and 2024 reflect the positive investment return for each plan, the effect of new assumptions for the Police & Fire and Correctional Plans, and inclusion of the July 1, 2025 contribution rate increase in the Correctional Plan.

Sincerely,



Doug Anderson
Executive Director

ABOUT THE POPULAR ANNUAL FINANCIAL REPORT

The *Popular Annual Financial Report (PAFR)* is a summary of key measurements contained in PERA's *Annual Comprehensive Financial Report (ACFR)*. Like the *ACFR*, the *PAFR* is consistent with generally-accepted accounting principles and guidelines established by the Governmental Accounting Standards Boards. Unlike the *ACFR*, the *PAFR* does not include information about PERA's Public Employees Defined Contribution Plan or Statewide Volunteer Firefighter Plans. To find PERA's *ACFR*, refer to [Annual Reports](#) on mnpera.org.

ABOUT THE FINANCIAL STATEMENTS

Table 2. PERA Membership: Defined Benefit Plans

As of June 30, 2025

Membership Groups	General Employees Plan	Police & Fire Plan	Correctional Plan	Total
Retirees and beneficiaries receiving benefits	124,529	13,120	2,074	139,723
Vested and non-vested terminated employees not yet receiving benefits	160,694	2,822	7,386	170,902
Current, active vested and non-vested employees	169,427	12,326	4,059	185,812
Total	454,650	28,268	13,519	496,437

The Statement of Fiduciary Net Position (table 3 below) measures the assets PERA has invested and available to pay pension benefits, minus the liabilities PERA owes. However, the statement does not include the actuarially-estimated pension liability owed to plan members.

Table 3. Fiduciary Net Position: Defined Benefit Plans

In millions

Assets & Liabilities	General Employees Fund	Police & Fire Fund	Correctional Fund	Total
Assets				
Total Assets, as of 06/30/2025	\$33,869	\$13,581	\$1,397	\$48,847
Total Assets, as of 06/30/2024	31,484	12,599	1,262	45,345
Change in Total Assets	\$2,385	\$982	\$135	\$3,502
Percentage Change	7.58%	7.79%	10.70%	7.72%
Liabilities				
Total Liabilities as of 06/30/2025	\$1,231	\$502	\$52	\$1,785
Total Liabilities as of 06/30/2024	1,322	534	54	1,910
Change in Total Liabilities	(\$91)	(\$32)	(\$2)	(\$125)
Percentage Change	(6.88%)	(5.99%)	(3.70%)	(6.54%)
Net Position				
Total Net Position Restricted for Pensions, as of 06/30/2025	\$32,639	\$13,078	\$1,344	\$47,061
Total Net Position Restricted for Pensions, as of 06/30/2024	30,162	12,065	1,208	43,435
Change in Net Position Restricted for Pensions	\$2,477	\$1,013	\$136	\$3,626
Percentage Change	8.21%	8.40%	11.26%	8.35%

The Statement of Changes in Fiduciary Net Position (table 4 below) reports the changes in PERA’s net position between the current and previous year. PERA’s net position increased by almost \$4 billion, or 8.3%, to \$47 billion as of June 30, 2025. This increase is due to a 10.9% investment rate of return for the fiscal year.

Table 4. Changes in Fiduciary Net Position: Defined Benefit Plans

In millions

Additions and Deductions	General Employees Fund	Police & Fire Fund	Correctional Fund	Total	FY 24	Change
Additions						
Employer Contribution	\$664	\$260	\$24	\$948	\$878	\$70
Member Contribution	559	169	16	744	689	55
State Contribution	16	18	0	34	228	(194)
Investment Income (loss)	3,262	1,300	133	4,695	4,778	(83)
Total Additions	\$4,501	\$1,747	\$173	\$6,421	\$6,573	(\$152)
Deductions						
Benefits	\$1,934	\$727	\$34	\$2,695	\$2,639	\$56
Refunds of Contribution	73	5	2	80	82	(2)
Administrative Expense	18	2	1	21	23	(2)
Total Deductions	\$2,025	\$734	\$37	\$2,796	\$2,744	\$52

Figure 1. Investment Rate of Return

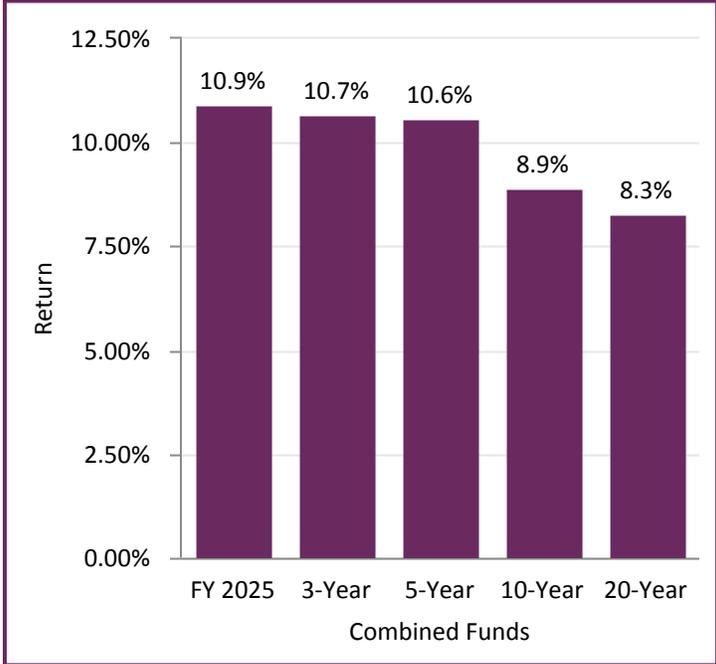


Figure 2. Asset Mix

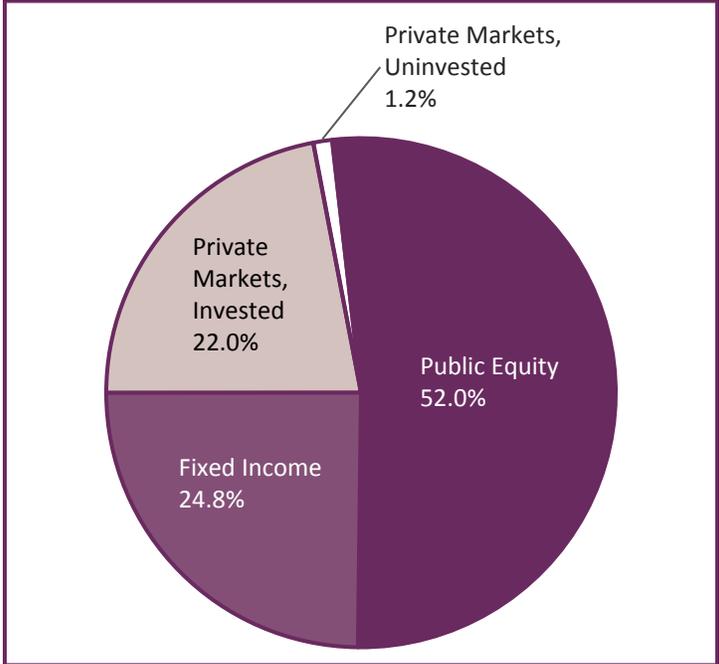


Table 5. Fiscal Year 2025 Contribution Rates

Effective Date	Contributor	General Employees Plan		Police & Fire Plan	Correctional Plan
		Coordinated	MERF		
1/1/2020	Member	6.50%	9.75%	11.80%	5.83%
	Employer	7.50%	9.75%	17.70%	8.75%

The Minnesota legislature establishes plan contribution rates. In the General Employees and Police & Fire Plans, rates have not changed since 2020. In the Correctional Plan, rates increased to 6.83% for members and 10.25% for employers on July 1, 2025, the start of fiscal year 2026.

Figure 3. Funding Ratio: Market Value of Assets

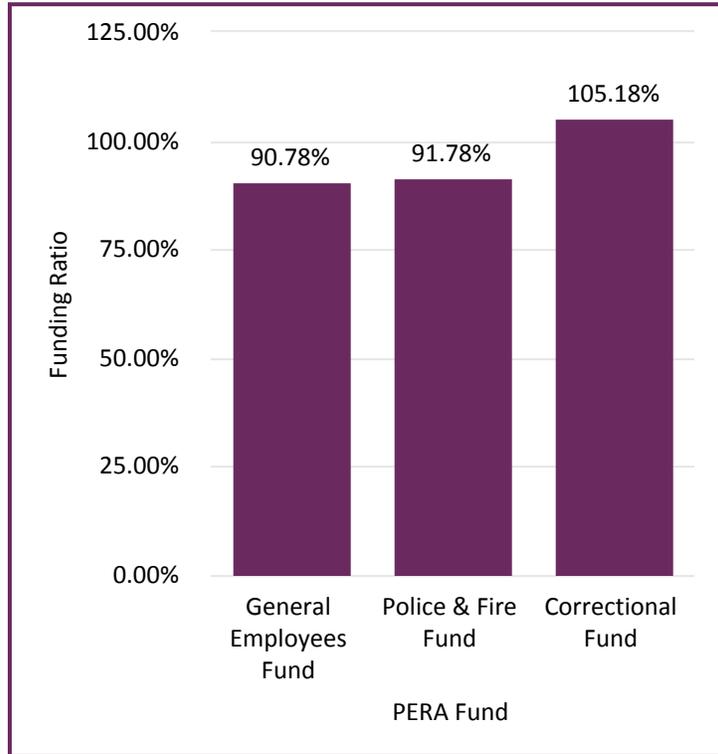
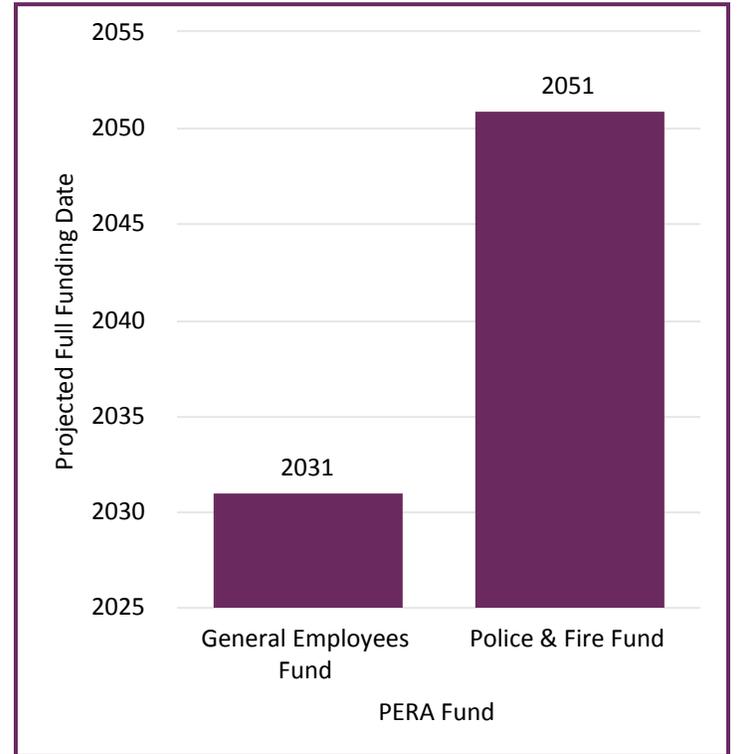


Figure 4. Projected Full Funding Date



The Correctional Fund is currently fully funded.

ABOUT PERA’S GOVERNANCE STRUCTURE

PERA is governed by the PERA Board of Trustees. The board has 11 members. The state auditor is a member by statute. The governor appoints five trustees to represent cities, counties, school boards, retirees, and pension knowledge, respectively. The remaining five members are elected by PERA members; of those, three trustees represent active membership, one represents Police & Fire Plan members, and one represents benefit recipients. All elected and appointed board members serve four-year terms.