

# Descriptive Transcript for *From Hire to Retire*

Descriptive transcript for *From Hire to Retire* is below.

Audio	Visual
<p>Welcome to <i>From Hire to Retire</i>. This program was created with content for new PERA members, those who are close to retirement, and everyone in between. The PERA pension is discussed in detail, including how it fits into an overall retirement plan. <i>From Hire to Retire</i> is the perfect place for members to begin and to continue their education on PERA benefits.</p>	<p>Welcome slide with a header that says “From Hire to Retire”, and a note saying “PERA prohibits recording and distribution of this presentation”.</p>
<p>In today's program, we will talk about what is PERA? What is a pension and how are benefits calculated? What are some life events that can affect your pension? We will introduce the self-service resources on our website, including your myPERA account.</p>	
<p>There are three main public pensions in Minnesota. MSRS, the Minnesota State Retirement System, covers state agency employees, which includes the DNR, DHS, et cetera. TRA, the Teachers Retirement Association, covers licensed teachers.</p> <p>And then PERA, the Public Employees Retirement Association, covers local government employees. Local government includes counties, cities, and townships. We also provide a pension for the non-teaching staff in schools. PERA serves almost 500,000 members, including active, deferred, and benefit recipients.</p>	
<p>PERA is a pension, a retirement plan paid into while working that provides a future monthly lifetime income. Yes, it is a lifetime benefit. The pension is a defined benefit plan. It is not a 401(k) or a 457, which are defined contribution plans. With these plans, the</p>	

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<p>retirement benefit is determined by the amount of contributions and market performance.</p> <p>In PERA, the retirement benefit is not based on the amount of contributions you have made or market performance. The monthly benefit is calculated on a formula, not on your account balance.</p> <p>Participation is required by law when working in local government. The funds are professionally managed by the State Board of Investment. The PERA pension is a hands off retirement plan that is designed to replace a portion of your income.</p>	
<p>Participation is mandatory, and your employer is responsible for enrolling you in PERA once you have met eligibility requirements. An employee must meet the minimum salary threshold of \$425 per month before contributions begin.</p> <p>The law allows certain types of positions to be excluded from membership. This includes full-time students under the age of 23, seasonal or temporary workers, and PERA-retirees. If you are already drawing a PERA retirement benefit, you will no longer pay into the pension.</p> <p>When membership is established, contributions are withheld from paychecks in the form of payroll deductions.</p>	
<p>Deductions from member paychecks can be considered PERA membership contributions.</p> <p>When eligible, your employer enrolls you in PERA and begins the automatic deductions from your paycheck. The contributions are percentage of gross before tax income. These</p>	<p>A chart lists the three PERA pension plans alongside their contribution rates; 6.5% for Coordinated, 11.8% for Police and Fire, and 6.83% for Correctional.</p>

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<p>percentages are set by statute and are subject to legislative change.</p> <p>Your contributions are tax deferred, which means there is no tax on contributions now, but both federal and state income tax are owed when the benefits begin.</p>	
<p>One of the great things about a pension is that all of this is taken care of for you. What is in your control is your length of public service.</p> <p>How does PERA possibly pay me for the rest of my life?</p> <p>When investing pooled money contributed by all PERA members and employers, many efficiencies and investment principles are utilized that make lifetime pensions possible.</p> <p>You contribute, your employer also contributes as part of your employee benefits.</p> <p>Contributions are invested and professionally managed by the State Board of Investment.</p> <p>The end result is a hands-off retirement plan designed to replace a portion of your income that will be paid to you for your lifetime. You cannot outlive your pension.</p>	<p>On the screen is text that reads “Contributions plus professionally managed equals monthly lifetime pension”.</p>
<p>Contributions are important, but we do not consider your contribution balance when calculating a retirement benefit. PERA pensions are calculated using three factors.</p> <p>The first factor is service credit. You get one service credit for each month that you have salary and contributions. The maximum you can earn in a year is 12.</p>	<p>New slide lists the three factors used to calculate pensions: years of service, age, and highest average salary.</p>

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<p>Then we take your total years and months of service times your plan's specific multiplier to create a formula percentage.</p>	
<p>This formula is either reduced for age if you are considering early retirement or not if you are at or above your full retirement age. This formula percentage is multiplied by your highest average monthly salary to create the single life benefit, which is the starting point for all calculations. The highest average salary, also known as the high-five, is calculated by averaging your highest 60 consecutive months of gross salary. For most of this, this will be the last five years of working, but this is not always true. Your high-fives could be frozen in the past if you go part-time or take a lower paying job later in your career. High-fives do not go down. They may just stop going up.</p> <p>PERA pensions may begin early, but the formula percentage is reduced because there will be more payments over time. The minimum age to collect for Coordinated is 55. Minimum age for Police and Fire and Correctional is age 50.</p> <p>Beginning a pension at full retirement age or later pays the full percentage based on service. Full retirement age for Coordinated is age 66. 65 if you were hired prior to July 1st of 1989. Police and Fire and Correctional full retirement age is 55.</p>	<p>The multipliers for each plan are listed: 1.7% for Coordinated, 2.2%/1.9% for Correctional, and 3% for Police and Fire.</p>
<p>Replacing your working take-home pay is a primary retirement goal.</p> <p>The longer a person works in public service, the more of their income a PERA benefit replaces. Extremely long-term public employees often replace all of their working income with just two sources of retirement income, PERA and Social Security.</p>	

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<p>The universal recommendation is to replace 80 to 100 percent of the take-home pay after retiring to maintain a similar lifestyle. The percentage will be different depending on your income needs and retirement.</p> <p>Remember that your benefit is calculated on a formula, so the best way to increase your benefit amount is to increase the components of the formula. Work longer to increase your service credit, collect at your plan's full retirement age to avoid the age reduction for early retirement, and or increase your highest average salary.</p> <p>Bottom line for all the plans, the longer you work, the greater your benefit will be.</p>	
<p>The PERA pension probably will not replace all of your working income. As you are planning for retirement, you need to find other sources to fill the gap. Remember that you want to replace 80 to 100% of what you were taking home when you were working. Social security may replace a portion of your income.</p> <p>Due to the time value of money, the earlier you start saving, the better. It is never too early to start thinking about retirement. Invest in other tax-qualified plans that may be offered by your employer. Fund a traditional IRA or Roth IRA on your own.</p> <p>The longer you work in public service, the higher your monthly benefit will be.</p> <p>Something we should all consider is paying off debt to increase our disposable income in retirement.</p>	
<p>Let's talk a bit about vesting.</p> <p>What does it mean to be vested? It means you have acquired enough service credit and</p>	

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<p>are eligible to draw a future lifetime benefit at the time of retirement.</p> <p>Vesting schedules differ for the three PERA plans and are based on the year you first entered public service in Minnesota. If you have been continuously working in public service since before 2010, you may be vested in any of our three plans.</p>	
<p>Vesting has changed over the years. Prior to 2010, the Coordinated Plan had three-year vesting. Members hired between July 1st of 2010 and June 30th of 2023 are under five-year vesting. As of July 1st, 2023, Coordinated Plan vesting is back to three years.</p>	
<p>Prior to 2010, Police and Fire and Correctional Plan members had three-year vesting. For new hires since July 1st of 2010, members in both plans have five to 10 year graded vesting.</p> <p>10% is earned for every full year after a five year minimum. Members are vested at 50% after five years and 100% vested at 10 years.</p> <p>Note the vesting examples. Graded vesting is not prorated by the month. You need to work the full year to get the additional 10%.</p>	<p>New slide lists vesting examples for Police and Fire and Correctional members: five years of service is 50% vested, five years and eight months is 50% vested, seven years is 70% vested, and ten years is 100% vested.</p>
<p>Now let's discuss the benefit options you will have at retirement.</p> <p>Are you going to draw the entire benefit just for your single life, or are you looking to stretch this monthly benefit over a second lifetime with the survivor option?</p> <p>The single-life option pays out the largest monthly pension amount only to you for the rest of your life. When you die, the account is closed. Any remaining contributions are paid in a lump sum to beneficiaries.</p>	

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<p>Beneficiaries are different than survivors. One or many beneficiaries can be named and they will receive lump sums of contributions.</p> <p>The survivor option pays a monthly lifetime benefit to only one person after your death. You can choose any one person, does not have to be a spouse. The reduction to your payment is based on the age of the survivor. The bigger the age difference, the greater the reduction to your monthly amount. We are considering your life expectancy and that of your survivor.</p> <p>Another feature of the survivor option is the bounce back. If your survivor dies before you, then your payment reverts to your single life benefit for the rest of your life. A second survivor may not be named. We will further expand on this feature in the next slide.</p> <p>Whether you choose the single life benefit or you name a survivor, the decision is final and cannot be changed once we process your first payment.</p>	
<p>A sample estimate will show how these options work. This sample is comparing early retirement at 62 versus full retirement at 66 for a Coordinated Plan member.</p>	<p>An example of a retirement estimate is displayed. The estimate shows monthly benefit amounts for the single-life option near the top, and shows survivor options in the middle. At the bottom are the estimate details, which are the factors used to calculate the benefit amounts.</p>
<p>The highlighted line shows the benefit amount at the single-life option.</p>	<p>The single-life benefit amounts are highlighted: \$1,075 if the member begins drawing at age 62, and \$1,800 if the member begins drawing at age 66.</p>
<p>This will be the largest benefit amount available.</p> <p>If you choose one of the four survivor options, the amount is reduced based on the survivor's age and life expectancy.</p>	<p>The four survivor options are highlighted: 25%, 50%, 75%, and 100%.</p>

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<p>The survivor can be any one person, not just a spouse. The four options are a percentage of your payment that is received upon your death. The survivor will receive a monthly payment for their lifetime.</p> <p>The amounts in bold reflect your benefit at the reduced amount based on the survivor's age.</p>	<p>The member's benefit amount is highlighted: \$1,040 for the 25% survivor option, \$1,010 for the 50% survivor option, \$980 for the 75% survivor option, and \$950 for the 100% survivor option.</p>
<p>The amounts right below reflect the percentage of payment made to the survivor designee.</p>	<p>The survivor's benefit amount is highlighted: \$260 for the 25% survivor option, \$505 for the 50% survivor option, \$735 for the 75% survivor option, and \$950 for the 100% survivor option.</p>
<p>If the survivor dies before you, then your payment reverts back up to the single life benefit for the rest of your life. A second survivor may not be named, but if annual increases have been calculated at the reduced amount, you would have the single life benefit adjusted so that you are receiving the largest pension amount from that point onward.</p> <p>While all four options are available to a surviving spouse, there are limitations when choosing a non-spouse survivor. 25 and 50% may be chosen for anyone of any age. Yes, even a baby. 75% and 100% may or may not be options depending on age. We use the IRS adjusted age calculation for determination. Refer to the survivor options fact sheet on our website for more information.</p>	
<p>Note the estimate details at the bottom of the columns. We always project out age and service credit for the formula percentage. We do not project out high fives. So benefit estimates for far in the future are probably low estimates since we are using today's high five.</p>	<p>At the bottom, the estimate details are highlighted, listing the member's average monthly high five salary [\$4072], formula and rate used [Level/26.4%], and service credit [22 years, 0 months].</p>

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<p>One final note, PERA benefits are taxable. The amounts shown on estimates are before tax amounts.</p>	
<p>What life changes can affect your pension?</p> <p>In the next series of slides, we are going to cover a number of topics that can affect your pension. If you have more questions on any of these topics, you may want to reach out to PERA or explore the website.</p>	
<p>Job changes during public employment are common. If your new position is still PERA covered, the contributions continue into the same account.</p> <p>If you leave PERA covered employment and take a job that pays into another public pension, you may draw two lifetime benefits at retirement. Your PERA contributions stay here and you start paying into another pension. At retirement, you may qualify for a combined service annuity. The highest high five between the funds will be used to calculate both benefits.</p> <p>If you leave public employment completely and are vested, you automatically go into a deferred status. Your service credit and high five will freeze, but you will continue to get credit for age up to your full retirement age. Once early retirement reductions have stopped, the benefit will no longer go up. You may want to consider starting your benefit payments.</p> <p>If not vested, you have up to five years to either return to public employment to earn more service credit or take a refund. The refundable account balance is the total of your contributions plus interest. The employer's contributions are not</p>	

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<p>refundable. They will always remain with the PERA fund.</p> <p>If you take the refund as a check to yourself it will be taxable for both federal and state income tax. Rolling it over to another tax-qualified account defers taxes to a later date and avoids a possible early withdrawal tax.</p>	
<p>When you take a refund, your account closes and you lose all service credit. If you return to public service, you have the option to repay a past refund. You are eligible to repay the refund six months after you return to public employment. Repaying the refund will restore lost service credit and may increase your benefit at retirement.</p> <p>The payment consists contributions taken out plus accrued interest. The sooner you pay back the refund, the less expensive it will be.</p>	
<p>Other life events that could affect your pension include disability, divorce, and leaves. These are the times when you will want to contact PERA to see how these life events may affect your monthly benefit. Everyone's situation is different, so it is best to call us.</p> <p>There are different qualifications and variables for disability depending on your plan. Please refer to your plan handbook on the website or call us. We will provide all the paperwork needed to start this process and answer any questions.</p> <p>The pension is considered a marital asset and is up for division in the event of a divorce. We have a divorce handbook on our website that contains many details, including sample language for writing orders. You cannot create divorce estimates in my PERA, so please call us to request estimates.</p>	

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<p>Leaves, which includes personal, medical, military, FMLA, special leaves without pay. If you are on an unpaid leave and there is no salary and contributions for a month, there could be no service credit earned and it could impact your high five salary. Your employer will report your leave to us and we will send you cost estimates for restoring lost contributions and the impact it could have on your retirement benefit.</p>	
<p>All of the plans have surviving spouse and family benefits in the event you die before collecting your pension. Each plan has unique provisions depending on a variety of factors including were you an active or inactive employee at the time of death, did the death occur on the job or not? Were you vested or not when you died? Please look at your plan's handbook on our website for more details and call us with any questions.</p> <p>We encourage you to make sure your beneficiaries are up to date in your account. You may make updates in your myPERA account or by mailing us a change form that can be found on our website. Let us know if you need assistance.</p>	
<p>There are decisions you will need to make when you are ready to collect your benefit. These decisions include when will you end your public employment and start collecting your benefit? Will you start your benefits right away after terminating or defer to later? Which benefit option will you choose? What is your tax withholding selection and what bank account do you want to use for deposits?</p> <p>We have another program called <i>Ready to Retire</i> where we cover each of these questions in depth. The program is recommended for people who are six to 12 months from starting to collect their benefit.</p>	

<b>Audio</b>	<b>Visual</b>
<p>There are several things you need to be aware of as you get closer to retirement.</p> <p>You will need to term from all public service to be eligible to collect your benefit. You must have a minimum of a 30-day separation from all public employment, including jobs that pay into other public pensions, such as MSRS and TRA.</p> <p>We would like to have your paperwork 60 to 90 days in advance of when you would like payments to begin. You may print the paperwork from our website or call us to have it mailed to us. Plan to submit your retirement application and identification two to three months in advance. The Verification of Termination form can be submitted upon employer notification.</p> <p>In the meantime, we encourage you to stay informed by exploring your myPERA account, reading the newsletters for important plan information, and checking out our website, <a href="http://mnpera.org">mnpera.org</a>.</p>	
<p>We have numerous resources on our website to help you.</p>	<p>The homepage of PERA’s website appears.</p>
<p>Our website, again, is <a href="http://mnpera.org">mnpera.org</a>. It is a great resource for all things PERA. All the information provided in this presentation can be found on our website.</p> <p>We have recently refreshed our site. All the content is still there and hopefully it is easier to find. Note the icons to quickly get to the most common topics that members are looking for. Apply for retirement, request a refund, find a former publication, and discover member education.</p>	<p>Text reading “<a href="http://mnpera.org">mnpera.org</a>” appears on screen.</p>

<b>Audio</b>	<b>Visual</b>
<p>Scroll down from the welcome banner to find several tiles that link you directly to those topics.</p> <p>For example, <i>Learn About Your Plan</i> is where you will find more details about the information highlighted in this presentation. Clicking on <i>Learn About Your Plan</i> takes you to a benefit basics page with more information about contributions, vesting, links to the various plan handbooks, and other helpful resources.</p>	<p>The page scrolls down, revealing three tiles.</p>
<p>Scroll back to the top menu bar to find Resources.</p>	<p>The page scrolls back up the PERA’s homepage</p>
<p>Clicking on the Resources tab in the top menu provides a direct path to member education, videos, and other helpful information.</p>	<p>A cursor selects the resources dashboard, revealing a drop-down menu of various resources.</p>
<p>A myPERA button can be found at the top of every webpage.</p>	<p>An arrow points to the myPERA login button at the top right corner of the page.</p>
<p>This takes you to the log on page.</p> <p>This is the page members use to register as a new user and log on once the account is activated. You will use your email address and password each time to log on. If you ever need to change your password, click on forgot password and go through the prompts to change it.</p>	<p>The myPERA logon page appears.</p>
<p>For members registering for the first time, the next slide covers necessary information.</p>	<p>An arrow points to the “Register as New User” link near the top left corner.</p>
<p>The registration page looks like this. It will ask for several pieces of personal information. You will also need your PERA ID. Your PERA ID appears on all letters and estimates sent to you from PERA. If you do not have your PERA ID, we can mail it to you. Be advised that we cannot give it to you over the phone. Your PERA ID is considered private data.</p>	<p>The myPERA registration page appears, asking for the member’s Social Security number, last name, date of birth, and zip code.</p>
<p>Once you are logged into myPERA, you will see the menu options on the left. You will be</p>	<p>The myPERA menu appears, listing various options including “Personal Information”, “Beneficiary”, and “Defined Benefit Plan”.</p>

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<p>able to register for education programs, update beneficiaries and mailing preferences.</p>	
<p>Click on “Defined Benefit Plan” to find account information and view benefit estimates.</p>	<p>The “Defined Benefit Plan” option is selected and its menu appears, listing options for estimates and calculators.</p>
<p>“Retirement Estimate” generates numbers based on standard ages. Use the retirement calculator to generate deferred estimates or estimates with an alternate survivor.</p>	<p>An arrow points to “Retirement Calculator”.</p>
<p>To use the retirement calculator, first choose a start date or an age for your estimate. The calculator will default to your spouse as a survivor if you have one listed on your account. We will assume continuous service up to the date or age selected.</p> <p>This tool is very useful if you are considering a deferred estimate. You can put in a termination date at the bottom of the screen and see what your benefit could be if you wait to collect. For example, I want to end my employment when I am 60 but wait until 64 and three months to start my benefit.</p>	<p>The retirement calculator appears. It lists various criteria to complete, including retirement date, high-five salary, and termination date.</p>
<p>You can also run estimates using someone other than your spouse for your survivor.</p> <p>Click on the blue <i>Change Designated Survivor</i> button to enter another person's name and birth date.</p> <p>Complicated estimates such as divorce cannot be calculated in myPERA. Please call us for help with those estimates.</p> <p>We also have several videos on our website that walk you through the many features of myPERA and how to best utilize them.</p>	<p>An example estimate pops up. In the top right corner of the estimate is a button labeled <i>Change Designated Survivor</i>.</p>
<p>Here is a quick recap of what we covered in this presentation.</p> <p>The pension is a lifetime benefit. Once you start collecting, you will receive a payment</p>	

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<p>every month for the rest of your life. You cannot outlive your PERA pension.</p> <p>Benefits are calculated on a formula. The longer you work, the higher the benefit will be.</p> <p>Be aware of events that affect your pension and contact us. There are time limits to apply for disability and restore service credit from leaves.</p> <p>We encourage you to stay informed. Use your myPERA account to run estimates, update personal information, et cetera. Check out our website and newsletters. Stay informed about legislation that can affect your benefit.</p>	
<p>A reminder that everything we do at PERA is governed by Minnesota state statutes. Chapters 353 and 356 are where you will find bulk of the information pertaining to PERA.</p>	<p>New slide appears, listing Minnesota Statutes 11A, 353, and 356.</p>
<p>Our programs are intended to provide general information. If there is a discrepancy between the law and the information contained in this presentation, the statutes and regulations will govern.</p>	
<p>Do you have questions? We are here to help.</p> <p>Check out our website at <a href="http://mnpera.org">mnpera.org</a>.</p> <p>Call us. We are happy to answer your questions. Our benefit specialists are available Monday through Friday, 8 a.m. to 430 p.m. Our two phone numbers are 651-296-7460 or 1-800-652-9026.</p> <p>You may email us with questions at <a href="mailto:benefits@mnpera.org">benefits@mnpera.org</a>.</p> <p>Thank you for viewing this program today. We hope you found the content to be informative and helpful.</p>	

