



Date: June 12, 2025  
To: PERA Board of Trustees  
From: Doug Anderson, Executive Director  
Amy Strenge, Policy Coordinator  
Subject: Legislative Update

The regular legislative session ended May 19, 2025. A special session will be required to complete the remainder of the state budget.

***The Omnibus Pension and Retirement Bill***

SF 2884 served as the 2025 Omnibus Pension and Retirement Bill. The Legislative Commission on Pensions and Retirement (LCPR) approved the bill on May 17, 2025. The bill then passed off the Senate Floor with a vote of 55 to 12 and the House passed the bill on a vote of 133 to 1. The Governor signed SF 2884 on May 23, 2025.

The bill includes numerous PERA Board Legislative initiatives.

Privatization Withdrawal Liability: Assesses a withdrawal liability to any entity that privatizes.

PERA General COLA: Increases the PERA General COLA formula to 100 percent CPI with a 1.0 percent minimum and a 1.75 percent maximum. If the Plan drops below an 80 percent funding ratio for one year or an 85 percent funding ratio for two years, the maximum increase is reduced to 1.5 percent until the Plan improves. An existing additional one percent employer contribution which previously was set to sunset at a 100 percent funding ration will now sunset at a 98 percent funding ratio.

Administrative Provisions: Clarifies the membership salary threshold, Correctional Plan duty disability calculation after July 1, 2025, member's eligibility for a refund, defined contribution election timing requirements, and other technical changes

Amortization Working Group Recommendations: Aligns amortization policies with best practices. The goal is for Legislators, Boards, and stakeholders to have better information when making decisions and to avoid excessive transfer of costs from one generation to another.

The bill includes several stakeholder initiatives.

PERA P&F COLA: Reduces the additional COLA delay for the P&F Plan to 1 year. The COLA for 2026 will be 3% for members who have received a monthly benefit for a full twelve months prior to December 31, 2025. The P&F Plan will receive direct state aid of \$17.7 million annually until July 1, 2048.

911 Telecommunicators, Probation Officers, and Public Safety Adjacent Professionals New Plan Working Group: Establishes a working group to consider a new plan for public safety adjacent positions such as probation officers and 911 telecommunicators. The working group must complete their recommendation to the Legislature by January 2026.

P&F Psychological Treatment Requirement: Allows for P&F members who can maintain part-time or full-time employment with a psychological condition that occurred from performing the occupational duties of the position to be eligible for the treatment. Clarifies requirements for both employers and members.

The bill includes changes to other PERA related statutes.

Correction of Errors: Clarifies that Plans may use Minn. Stat. § 356.636 to correct errors made by the Plan.

State Aids: Modifies the sunset provisions for direct state aids. The respective plan must be 110 percent funded for three consecutive years. This change impacts two P&F direct aids.

The bill includes several changes to MSRS General and MSRS State Patrol.

MSRS General: Increases the MSRS General's COLA to 1.75 percent. In addition, the multiplier for service after July 1, 2025 increased to 1.9 percent.

MSRS State Patrol: Increases the COLA to 1.25 percent. MSRS State Patrol will receive \$2.3 million in state aid annually until July 2048.

The bill includes modifications to TRA.

Modified Career Rule: Lowers the age for the enhanced early retirement reduction from 62 to 60 (with 30 years of service) and lowers the reduction percentage from 6% to 5% (which are further lowered due to augmentation).

COLA Delay: Eliminates all exceptions to the COLA delay, so upon retirement before age 65, teachers will wait until normal retirement age 65 to receive their first COLA.

TRA will receive \$20 million annually to cover a portion of the costs.