



Date: December 11, 2025
To: PERA Board of Trustees
From: Doug Anderson, Executive Director
Amy Streng, Policy Coordinator
Subject: 2026 PERA Stakeholder Agenda

The 2026 legislative session begins on February 17, 2026. In preparation for the 2026 session, staff have developed recommendations for PERA stakeholder legislative initiatives. Staff anticipates bringing additional stakeholder items before the Board as needed.

Initiative: New Plan for Public Safety Telecommunicators and Probation Officers

Stakeholders: In 2025 the legislature created a work group (the Work Group) consisting of the following groups:

Employee Groups: Minnesota Corrections Association (MCA), Minnesota Association of County Probation Officers (MACPO), Teamsters Local 320, AFSCME Council 5, Minnesota Association of Professional Employees (MAPE), Minnesota Association of Public Safety Communications Officials and National Emergency Number Association of Minnesota (APCO-NENA), Law Enforcement Labor Services (LELS), Minnesota Association of Community Corrections Act Counties (MACCACC), Minnesota Professional Fire Fighters Association (MPFF), Minnesota Police and Peace Officers Association (MPPOA)

Employer Groups: Association of Minnesota Counties (AMC), League of Minnesota Cities (LMC), Minnesota Inter-County Association (MICA), Department of Corrections, and the Department of Public Safety.

Pension Plans: Minnesota State Retirement System (MSRS) and PERA were also part of the Work Group. MSRS and PERA's roles were primarily to provide information and education to employee and employer groups.

Background:

Legislation in 2025 established the Work Group to determine eligibility, plan structure, benefits, and other items for a potential new plan for public safety telecommunicators and probation officers. For more information relating to the legislative requirements and considerations see Appendix A.

The Work Group met nine times from June 2025 to November 2025 to meet the requirements laid out in the legislation. In November, the Work Group agreed to the plan features and initial contributions.

New Plan Features:

The Work Group agreed to recommendations for a proposed New Plan for public safety telecommunicators and probation officers providing an unreduced retirement benefit at age 60 applicable to future service and with a multiplier of 1.9 percent applicable to future service. The postretirement benefit adjustment of 100% CPI, with a one percent minimum and a 1.75 percent maximum applies to both past and future service. Mixed service applies to benefits earned under the General Plan and New Plan service. Employees will contribute 8.82 percent and employers will contribute 7.5 percent, shifting a greater share of the cost

to employees for the enhanced benefits. Current members will have a one-time option at retirement to purchase past service at full actuarial equivalent value. Approximately 2,248 current active members are expected to move into the New Plan, and the assets and liabilities associated with these members will transfer proportionately from the General Plan to the New Plan.

See Appendix B for detailed information on the New Plan features.

Stakeholder Positions:

Employee:

Public Safety Telecommunicators: Darlene Pankonie, MN APCO-NENA President & Stakeholder Representative and Mike LeDoux, Director of Legislative Affairs, Law Enforcement Labor Services (LELS) provided a statement of support for the New Plan. The statement addresses the purpose of a new plan, stakeholder position, rationale for support, impact on current and future employees, and why other groups were not included. In that statement, Ms. Pankonie and Mr. LeDoux note:

Public Safety Telecommunicators support the creation of this new PERA plan. After more than 30 years of advocacy, Minnesota's 911 professionals—recognized nationally as first responders—finally have the opportunity for a pension structure that reflects the critical, high-stress, and public-safety nature of their work. The Work Group's proposed plan appropriately balances fiscal responsibility with equitable recognition of this essential workforce.

This proposal represents the culmination of a generation of advocacy for Minnesota's 911 professionals. It provides fairness, stability, and a retirement structure aligned with the demands and expectations of those who dedicate their careers to protecting others from behind the headset. As the stakeholder representative for Public Safety Telecommunicators, we strongly urge the PERA Board to support the Work Group's consensus recommendation and advance this plan to the Legislature.

Probation Officers: MACPO, MCA, MAPE, Teamster Local 320, and AFSCME provided a handout) highlighting their support for the proposal. They emphasize the employment conditions for probation officers and stress the importance of an earlier retirement age for purposes of recruitment and retention. They also note:

Probation, parole, and supervised release officers across the state of Minnesota, and across the three probation delivery systems, support paying more money to allow them the option for unreduced reasonable retirement at 60 years of age.

Employer:

AMC reviewed the Work Group recommendations and provided a statement:

The Association of Minnesota Counties met this past Sunday for their Annual Conference. There, the Board of Directors discussed the Telecommunicator/Probation Pension Work Group's proposals addressing unreduced retirement pension proposal for probation and telecommunicator positions. AMC staff and county work group participants presented members with a legislative

history and overview of legislative and stakeholder efforts and outlined that the current proposal (which represented the work of employer and employee groups) includes:

- Retirement age of 60 unreduced
- Benefit multiplier of 1.9%
- COLA: 100% of CPI up to 1.75%
- Employer contribution of 7.5%
- Employee contribution of 8.82% *recognizing this is a immediate deficiency but having stakeholder agreement to include some reference language on employee pay during early pension funding years.*
- 3 years vesting
- No plan subsidy of past service
- Age of 55 for early retirement (with actuarially equivalent reductions)
- PERA General Duty Disability features
- Employer and employee agreed upon definitions of telecommunicator and probation employees
- Eventual statutory enabling language that points to the public safety nature of these jobs and is similar to intent language used in correctional plans.

Counties still have conflicting beliefs on whether there should be early retirement enhancements/benefits for these positions but do agree that these positions are critical for the continuum of public safety. **If the Legislature does decide to move forward with early retirement options, the AMC Board of Directors support the Work Group Recommendations that have been developed over the course of the past several months and include plan feature outlines and policies mentioned above.**

AMC reserves the right, as all stakeholder groups do, to reconsider this position should plan feature proposals change in the coming months.

MICA reviewed the Work Group recommendations and provided the following statement:

The Minnesota Inter-County Association met on December 10 at their monthly board meeting to discuss the organization's position on the draft plan from the Work Group on Pension Plans for Probation Officers and 911 Telecommunicators. MICA staff presented the work group draft plan, compared to initial proposals from the different groups as well as how the draft plan compares to other existing pension plans. The draft plan as presented to the MICA board included:

- Retirement age of 60 unreduced
- Benefit multiplier of 1.9%
- COLA: 100% of CPI up to 1.75%

- Employer contribution of 7.5%
- Employee contribution of 8.82%
- 3 years vesting
- No plan subsidy of past service
- Age of 55 for early retirement (with actuarially equivalent reductions)
- PERA General Duty Disability features
- Employer and employee agreed upon definitions of telecommunicator and probation employees
- Intent language in statute that points to the public safety nature of these jobs and why the legislature decided to provide this benefit to these employee groups specifically
- An understanding that in the initial deficiency period that if a higher contribution rate is needed that it would be funded by increased employee contributions

MICA sees this proposal specifically as the best version of this plan if and when the legislature considers early retirement for these employees. It was developed in the manner that proposals of this scale should be, with thoughtful policy discussions and significant time and input spent on developing the plan. Given this context and the features outlined above, MICA supports the Work Group recommendations. MICA reserves the right to reconsider this position if plan features change in the coming months.

LMC provided a statement expressing their current position of neutrality:

The final product of the Work Group accomplishes the assignment from the legislature by designing a plan that has an earlier unreduced retirement benefit for these public safety employees and does so in a way that accounts for the withdrawal liability and has a minimal impact on the employer contribution rate, which is a significant issue for cities as property tax levies have increased and other significant budgetary concerns. While LMC has not advocated for the creation of a new pension plan for these specific city employees, we as an organization also have not opposed the concept of its creation as long as other plans are held harmless, which is the plan the Work Group has produced. Concerns remain on the new plan (i.e., the issue of starting a fund in deficit due to the initial employee contribution not being projected to fully sustain the new plan in the immediate future), however LMC as an organization is currently neutral on the recommendations compiled by the Work Group

Appendix C contains the full statements provided by stakeholders.

Staff Review:

As noted above, PERA staff participated in the Work Group, primarily to provide information and analysis to employee and employer groups. The information provided ranged from PERA's priorities to plan design and cost estimates capturing various scenarios. The staff review will address the Work Group recommendations

and whether those recommendations are consistent with PERA's priorities, appropriate pension policy, and PERA's Long-Term Board Positions. In addition, the staff review will apply PERA's Scorecard to the New Plan.

PERA's Priorities: During an early work group meeting, PERA identified 4 issues as priorities from PERA's perspective for the Work Group to consider:

- 1) Pension plans are a form of deferred compensation to be agreed upon by the employers and employees.
- 2) Each generation of taxpayers pay for the benefits of the employees who provided services to the public.
- 3) Postretirement benefits should be prefunded by members and employers over the course of a member's work lifetime
- 4) Pension plans must adhere to Internal Revenue Service (IRS) rules and regulations to ensure favorable tax status.

In this meeting, PERA staff also noted that the Work Group needed to determine eligibility for the New Plan and whether the plan provisions were consistent with PERA's Long-Term Positions.

The first issue is the agreement between the employee and employer stakeholders. Because pension plans serve as a form of deferred compensation, agreement amongst the employers and employees is vital. Throughout the Work Group, employers and employee groups actively engaged in robust conversation. As noted in the stakeholder positions, the employee groups (probation officers and public safety telecommunicators) support the New Plan. LMC has expressed current neutrality on the proposal. AMC and MICA support the Work Group recommendations as laid out in their statements. The Work Group recommendations with stakeholder consensus should be the basis of the New Plan. Staff notes that continued employee and employer agreement or neutrality is essential to satisfy this priority for PERA.

The second issue addressed by the Work Group is the issue of intergenerational equity. The previous proposal shifted cost significantly from one generation to another generation. Throughout that conversation and the Work Group, PERA emphasized that members should help fund their retirement benefits over their working lifetime and that each generation of taxpayers pay for the cost of public sector employee benefits concurrent to the period the employee provides services to the public.

Intergenerational equity bears consideration not only in how cost is determined for the future service benefit, but also in the issues of (1) whether to create a new plan versus a subplan of the General Plan, (2) the assessment of withdrawal liability, (3) how past service purchases are paid, and (4) how the contribution rate is set. Those four issues are addressed below:

1. Subplan vs. plan: PERA staff considered whether this arrangement could be a subplan of the General Plan or a new plan. While MSRS has subplans, PERA does not. Because the benefits and cost structure of the New Plan differ materially from the General Plan, PERA staff suggested that creating a new plan is more appropriate. The New Plan provides a lower retirement age of 60, a higher multiplier, and mixed service. These benefits are unique to the defined group and are inaccessible to the remainder of the General Plan's members. In addition, the agreed upon cost structure where the employee is contributing more than the employer is a significantly different

cost structure than the General Plan's cost structure. A new plan addresses PERA's concern relating to different treatment of membership within a plan.

A new plan helps ensure a high level of transparency of eligibility, benefits, and costs (e.g., unique experience studies for this specific group as needed to facilitate potentially frequent contribution adjustments). A new plan ensures that the costs related to providing these unique benefits are solely born by the New Plan and its members. A subplan would insulate the group within the General Plan and spread any risk to other General Plan members. Staff believes that because the proposal presents unique benefits and potential risks that are unique to this group, the creation of a new plan allows for better administration.

2. Withdrawal Liability: The legislative direction was clear to evaluate the potential withdrawal liability appropriate if a new plan is created. The approach to spin off liabilities and assets to a new plan appropriately addresses this issue by transferring the New Plan member's share of unfunded liability to the New Plan, thus absolving remaining General Plan members from that responsibility. The Work Group recommendation is consistent with the Board's position that groups entering or leaving a plan must fund their actuarially accrued liability.
3. Past service purchase cost: The methodology proposed during the 2025 legislative session to both grant and to pay for past service benefits was objectionable to PERA. This new plan proposal does not include provisions that would transfer past service cost to future members. Thus, the Work Group has addressed PERA's concern.
4. Determination of the contribution rate: As noted above, the determination of the contribution rate could be an intergenerational equity issue if the contribution significantly differs from the cost. PERA staff believes the Work Group responsibly selected a contribution rate that does not significantly transfer costs to the next generation.

The Work Group recommendations adequately addressed PERA concerns about the creation of intergenerational inequities.

The third issue relates to postretirement adjustments. The Work Group considered various postretirement adjustments ranging from the General Plan's formula to the Correctional Plan formula and various fixed rates. The Work Group selected the General Plan's formula. The formula will apply to both past service and future service.

The fourth item underscores that PERA must comply with IRS requirements to avoid the loss of favorable tax treatment for members. PERA's plans are considered tax-qualified plans under Chapter 401(a) of the Internal Revenue Code and employee contributions are treated on a pre-tax basis under Code Section 414(h)(2). As a tax-qualified plan, federal and state income taxes on PERA contributions have been deferred. This qualification and tax-deferred treatment is a significant benefit to PERA's members. PERA has worked and will continue to work with Ice Miller to ensure that the New Plan meets IRS requirements and does not prevent PERA from processing tax-deferred contributions for our members.

As noted above, legislation required the working group to determine eligibility for the New Plan. Given that it is the responsibility of the Legislature to ultimately determine the New Plan's creation and eligibility, PERA staff did not opine on the eligibility for the New Plan. PERA staff did collaborate on the definitions to ensure that PERA can administer the eligibility requirements. Due to the vast membership of PERA's plans, the Board should be cautious about opining on which groups may or may not deserve enhanced pension benefits. The Board should consider a position of neutrality when reviewing member group request for enhanced benefits. The determination of enhanced benefits should be left to employers and employees, and ultimately the legislature.

PERA staff conclude that the proposed plan is consistent with key pension policy principles, satisfies IRS requirements, and reflects PERA's Long-Term Board Positions. The New Plan structure prevents the transfer of unfunded liability to the General Plan, in keeping with the Board's position that groups entering or leaving a plan must fully fund their share of actuarial liability. The plan design addresses concerns relating to intergenerational inequity by adequately assuring that the costs are not transferred to the next generation. The contribution structure assigns the appropriate costs to members and employers, and if all assumptions are met, creates a sufficiency within five years. The postretirement adjustment aligns with the Board's position that increases should be connected to inflation within sustainable limits. The New Plan meets IRS requirements. The Work Group recommendations reflect that pensions are a form of deferred compensation agreed to by the employers and employees. Throughout the process, PERA's responsibility included providing plan design parameters, information, analysis, and administrative review – that responsibility continues at the legislature. If the New Plan is created, it will be PERA's responsibility to administer the New Plan. It is not PERA's responsibility or role to advocate for the creation of the New Plan. PERA's position should emphasize that the Working Groups' recommendation reflects the agreement between employers and employees, the proposal is consistent with pension policy and the Board's Long-Term Positions, and PERA is able to administer the recommendation.

PERA's Scorecard: Over the course of the Work Group, PERA staff provided the Work Group information containing five metrics that PERA uses to determine our plans statuses and priorities. Those five metrics are: assumptions, financial health, benefit amount and retirement age, contributions, and postretirement inflation protection. PERA staff applied those metrics to the New Plan. Please see Appendix D to see the staff analysis.

Metric	Score	Rationale
Assumption	Caution	The assumptions used to generate the cost will need to be carefully monitored.
Financial Health	Caution	The New Plan begins with an unfunded liability and an initial deficiency. If all assumptions are met, the funding deficiency will become a funding sufficiency in about 5 years.
Benefit Amount and Retirement Age	Success	When combined with Social Security, a member with a full career achieves 80% replacement.
Contributions	Caution	Contributions made by members and employers are initially lower than the cost

		annual benefit accruals (the normal cost). However, this is assumed to change over time.
Postretirement Adjustment	Caution	The formula used provides less than 100% of inflation coverage

Staff Recommendation

PERA staff recommend that the PERA Board of Trustees abstains from taking a position on whether the legislature should create the proposed New Plan for public safety telecommunicators and probation officers. Staff further recommend that the Board determines that the Work Group recommendations are consistent with pension policy, IRS requirements, and PERA Board's Long-Term Positions. Staff requests that the Board directs staff to collaborate with the stakeholders and legislature to maintain the Work Group recommendations with stakeholder consensus as the basis for the New Plan if the legislature elects to create a new plan. The Board should note that stakeholders carry the responsibility for advocating for the New Plan, the legislature holds the decision to create the New Plan, and if created, PERA will administer the New Plan.

Appendix A

Work Group Requirements

The legislation in 2025 provided specific requirements and considerations for the Work Group.

The legislation required the Work Group to determine:

- Plan eligibility/ definitions of “probation officers” and 911 telecommunicators (public safety telecommunicators)
- Whether to create a new plan or subplan within the General Plan
- Vesting requirements
- Benefit formula
- Normal retirement age/early retirement age
- Postretirement adjustments (COLA)
- Purchase of past service
- Disability benefits
- The extent to which past service will be credited and paid for
- Employer contribution rate
- Employee contribution rate

The legislation required the Work Group to consider:

- The study prepared by PERA
- Withdrawal liability/unfunded liability
- Option for members to purchase past service credit; including a method for purchasing past service credit.
- Any other public safety adjacent positions
- The balance of employer and employee contributions, including the interest in funding pension benefit improvements with increased employee contributions
- HF 1779/SF 1986

The Work Group considered these additional issues:

- Income replacement ratios
- Survivor benefits
- Refund of contributions/buying back a refund
- Mandatory exclusion/opt out
- Combined service/mixed service
- Social Security participation

Appendix B

New Plan Features:

The following are the features determined by the Work Group for the new plan (the New Plan).

Plan Eligibility: The Work Group determined that the positions eligible for the New Plan would be public safety telecommunicators and probation officers. While forensic scientists were considered, they were not included in the eligibility for the New Plan.

The Work Group determined the following eligibility and definitions:

Public safety telecommunicator. A “public safety telecommunicator” means a person whom the employer certifies is a public employee as defined in Minnesota Statutes, section 353.01, employed by a primary or secondary public safety answering point, and

(1) serves as a first responder by receiving, assessing, or processing requests for assistance from public and other public safety partners, and coordinates the appropriate public safety response; or

(2) as part of the person’s employment position, is assigned less than 50 percent of the time to perform employment duties that are other than duties described in clause (1); or

(3) directly supervises one or more persons described in clauses (1) or (2).

Probation officer. A “probation officer” means a person whom the employer certifies is a public employee as defined in Minnesota Statutes, section 353.01, and

(1) is employed as a probation officer by a county, community corrections agency, or state probation agency, who provides community supervision services with direct offender contact; or

(2) directly supervises one or more persons described in clause (1).

Of note, the employer is required to certify these employees meet the eligibility requirements.

New Plan Population: As of July 1, 2024, comprising 1.3 percent of the PERA General (the General Plan), 1,434 probation officers and 814 public safety telecommunicators participated in the General Plan. The General Plans total active membership included 169,427 members as of July 1, 2024.¹

The total New Plan membership is anticipated to be about 2,248 active members:

Group	Active Members – as of July 1, 2024			
	Number	Projected Annual Earnings^	Average in Years	
			Age	Service
911	814	\$ 64,801,000	40.9	9.6
Parole	126	9,804,000	43.5	11.6
Probation	1,308	116,911,000	44.7	14.6
Total	2,248	\$191,516,000	43.2	12.6

[^] Based on GERP salary assumptions.

¹ Combined Parole and Probation numbers.

Mandatory Exclusions: The Work Group considered if certain populations within the probation officers or public safety telecommunicators could have an option to opt out of the New Plan given their circumstances. On advice from Ice Miller, an opt out election was impermissible. The Work Group settled on a mandatory exclusion for members eligible for pre-89 benefits. The exclusion exists because those members are eligible for an unreduced retirement benefit based on age and service. 68 members are excluded. The final cost estimates provided in the study performed by PERA's actuary, GRS Consulting, reflects this exclusion.

Normal Retirement Age: New Plan members will be able to collect an unreduced monthly benefit at age 60. The unreduced benefit applies to future service only. Future service is service earned after the effective date of the New Plan. Service earned prior to the effective date is referred to as past service.

Early Retirement Age: New Plan members are eligible for a reduced benefit at age 55. The benefit for future service is reduced to an actuarially equivalent amount of a benefit paid at age 60. The reduction is necessary to because the benefit is payable for a longer period. The actuarial reduction from age 60 applies to future service only. The actuarial equivalent reduction for past service continues to be determined using a normal retirement age of 66.

Retirement Benefit: The benefit multiplier for future service will be 1.9 percent. A member's total benefit will be 1.9 percent times years of future service times high-five average salary plus 1.7 percent times years of past service times high-five average salary.

Postretirement Formula: The annual benefit increase will be 100 percent of the Consumer Price Index (CPI) with a 1 percent minimum and a 1.75 percent maximum. The formula applies to the member's entire benefit including both the past service and future service component. The formula is the same formula currently used by the General Plan.

Employee Contribution Rate: The employee contribution rate for the New Plan will be 8.82 percent. This compares to the General Plan rate of 6.5 percent.

Employer Contribution Rate: The employer contribution rate for the New Plan will be 7.5 percent with no automatic provision for future change. Currently in the General Plan, the employer contribution rate is 6.5 percent plus an additional one percent contribution that is eliminated once the General Plan reaches 98 percent funded. The additional one percent employer contribution in the General Plan is currently projected to be eliminated around the year 2030.

Purchase of Past Service: Members of the New Plan will have a one-time option to purchase past service at retirement. A past service purchase means the higher multiplier and earlier unreduced benefit of the New Plan would apply to past service. The member must pay the actuarial present value of the increase to their benefit. The employer must certify that the years being purchased were served either as a probation officer or public safety telecommunicator. The payment must be made in a lump sum. Members can use tax qualified deferred compensation dollars to make the purchase.

- Members of the Work Group may be seeking legislative funding to assist with the purchase of the past service.

Vesting: Vesting occurs when a member's service is sufficient to create a permanent right to future pension benefits. Once vested, a member is entitled to a benefit which is usually paid as an annuity upon retirement. Prior to being vested, a member is eligible for a refund of their contributions plus interest.

- Vesting Period: 3-year cliff vesting

- A member in the New Plan will become vested after 3 years of service. This is consistent with the General Plan.
- Note: Service from the General Plan will count towards vesting in the New Plan.

Refund: Both vested and non-vested members may take a refund of their contributions plus interest upon termination. Members also may have an opportunity if they return to public service after having left and taken a refund to repay the refund to restore lost service credit. Refunds and repayment of refunds in the New Plan will be treated the same as the other PERA Plans and are payable as a lump sum.

Disability Benefit: New Plan members will be eligible for a disability benefit if the member is vested and unable to perform *any* occupation, known as a total and permanent disability. To be eligible the member must be vested, and the injury/illness must have occurred while the member was an active public employee. The member must apply while employed or within 18 months from termination. The disability benefit is 1.7 percent times years of past service times high-five average salary plus 1.9% times years of future service times high-five average salary without reduction for early commencement.

- The disability standard and disability benefit will be the same as the General Plan.

Survivor Benefits: Survivor benefits are payable upon death of a member, retiree, or disability recipient.

- Pre-Retirement: Vested members of the New Plan will be entitled to the applicable benefit payable upon succession first to surviving spouse, dependent children, beneficiaries, estate. The pre-retirement survivor benefits align with the General Plan survivor benefit recodification.
- Post-Retirement/ Disability: Upon retirement or commencement of a disability benefit, New Plan members may elect a survivor option payable upon the member's death. The monthly benefit to the former member is actuarially reduced to provide the continuing payment. The member may select between a 25, 50, 75, or 100 percent of the amount paid to the member.

Mixed Service: Members with service from the General Plan and the New Plan may defer the General Plan portion of their retirement benefit when they elect to receive the New Plan benefit. For example, a member with 20 years of service in the General Plan and 10 years of service in the New Plan will be able to collect the New Plan benefit at age 60 and defer the General Plan benefit until age 66.

Social Security Participation: There are two ways that Social Security coverage extends to public employees. The first way Social Security coverage extends to public employees is if the retirement plan the employee participates in does not meet certain requirements. This extension of coverage was mandated in 1991 to ensure adequate protection for public employees. The New Plan meets or exceeds all of the requirements so Social Security coverage is not mandated.

The second way Social Security coverage is extended to public employees is if the public employee's position is covered by a Section 218 agreement, even if the employee's retirement plan exceeds the protection requirements. New hires in the New Plan would not be covered by a Section 218 Agreement so Social Security coverage is not mandated.

Social Security Elections: When the New Plan becomes effective, current employees who are members of the General Plan that are moved to the New Plan will retain their participation in Social Security. Because

a state may not unilaterally extend Social Security coverage to positions that are covered by a retirement plan, PERA likely will need to conduct a Social Security election to extend Social Security coverage to employees in the New Plan that are hired after its creation. If needed those eligible to vote in that election will be those hired after the New Plan's effective date and hired prior to the election notice. PERA may conduct this election any time after the effective date of the New Plan as long as it provides members with 90 days' notice of the election. PERA intends to conduct a divided vote process, which means only employees who vote no are exempt from Social Security participation. Members who vote yes, members who were hired after notice of the election was given, and *all* future hires after the vote will participate in Social Security. Members who vote no may have the opportunity to elect participation at a later date, subject to federal timing requirements. Staff notes that if this were a subplan, a Social Security election would not be required.

Withdrawal Liability/Unfunded liability: The New Plan will be created by transferring liabilities and assets from the General Plan. The obligation to pay both past service and future service benefits will transfer to the New Plan. There will also be a transfer of assets from the General Plan. The amount of assets transferred will be proportionate to the funded portion of active member liabilities. In other words, the proportionate share of assets for the New Plan members will be transferred. This approach ensures that the New Plan members remain responsible for their share of the unfunded liability and do not leave that cost behind for members remaining in the General Plan.

The transfer of unfunded liability attributable to New Plan members is comparable to the assessment of a Withdrawal Liability that would have been charged if the past service liability had remained in the General Plan

Cost of New Plan: The cost of a plan differs from the contribution rate. The cost of PERA's plans is determined annually by PERA's actuary and vary from year to year. In addition, the cost may have a known reason to increase or decrease. The cost estimates for the future service component of the New Plan consists of a normal cost that is expected to decline over time. The reason for the decline is that initial costs are based on a relatively short future service period for a mature group of members. Over time, younger new hires will enter this group which will lengthen the future service period.

Traditionally, PERA's plans and other statewide plans have set contribution rates at fixed amounts with occasional legislatively approved changes. Using a fixed contribution rate approach for this plan requires a decision on how to set that rate appropriately to meet funding goals. A fixed contribution rate set equal to the initial high-cost determination may contribute to over funding of the current benefit. Whereas a fixed contribution too low may contribute to under funding the current benefit.

The Work Group agreed to contributions at a rate below the initial actuarially determined cost. However, the contributions are sufficient to reach the same level of funding after ten years as is expected to occur if the annual contributions were set equal to expected future cost determinations. In other words, the initial contributions will be lower than required, but if held constant are expected to exceed required contributions within ten years.

Appendix C

Public Safety Telecommunicator Stakeholder Statement

Minnesota Public Employees Retirement Association (PERA) Board – 2025 Proposal

Submitted by:

Darlene Pankonie, MN APCO-NENA President & Stakeholder Representative, Public Safety Telecommunicators

and

Mike LeDoux, Director of Legislative Affairs, Law Enforcement Labor Services (LELS)

Purpose

This statement reflects the collective position of Minnesota’s Public Safety Telecommunicator (PST) stakeholder group regarding the consensus recommendation of the 2025 Legislative Work Group on the creation of a new PERA pension plan for Probation Officers and Public Safety Telecommunicators.

Stakeholder Position

Public Safety Telecommunicators support the creation of this new PERA plan. After more than 30 years of advocacy, Minnesota’s 911 professionals—recognized nationally as first responders—finally have the opportunity for a pension structure that reflects the critical, high-stress, and public-safety nature of their work. The Work Group’s proposed plan appropriately balances fiscal responsibility with equitable recognition of this essential workforce.

Rationale for Support

Appropriate Retirement Age: The new plan establishes a Normal Retirement Age of 60, lowering it by six years from the General Plan. This aligns with workforce data showing that PSTs experience cognitive, emotional, and physical decline beginning near age 50, with very few remaining in the workforce past 60. This adjustment is humane, data-driven, and overdue.

Fair Employee Contribution: The proposed 2.32% employee contribution increase (to 8.82%) represents a modest, reasonable investment for a significantly improved benefit formula—1.9% of high-five salary per year of service—and earlier retirement eligibility. The 2.32% contribution increase equals approximately \$58 per paycheck for the average PST earning \$65,000 annually. This modest adjustment supports a more sustainable retirement age and benefit formula.

Employer Support and Stability: Employers will continue contributing 7.5%, maintaining the current rate and preserving the 1% supplemental contribution that would otherwise sunset once the General Plan reached 98% funding. This approach supports long-term fund stability without additional near-term county burden.

Equity Across Public Safety: PSTs perform critical, first-responder functions that directly impact the safety of the public and field responders. Aligning their retirement benefits with other public-safety classifications corrects a decades-long disparity and enhances workforce recruitment and retention across Minnesota’s emergency communications centers.

Impact on Current and Future Employees

New Workforce Generation: The greatest long-term benefit will be realized by the younger workforce and future recruits, providing incentive to join and remain in the 911 profession.

Mixed Pension Structure: Current employees will keep all benefits already earned under the General Plan and begin earning new benefits under the new plan going forward. At retirement, they will be able to draw from both plans—starting the new plan at age 60 and the General Plan at its normal age of 66—without losing any previously earned service credit or pension value.

Data-Driven Refinement: Implementation will, for the first time, allow PERA to accurately determine the true number, demographics, and tenure of PSTs statewide—information essential for future actuarial stability.

Why Other Groups Were Not Included

The Work Group considered—but did not include—additional “public safety-adjacent” positions. The group’s statutory charge and time limitations focused analysis specifically on Probation Officers and Public Safety Telecommunicators. Expanding eligibility to other classes without full validation would have delayed or jeopardized this urgently needed pension reform. The consensus was clear: move forward now for these two groups, then use the established framework to assess other classifications in the future.

Alignment With LCPR Principles of Pension Policy

This proposal aligns directly with the LCPR Principles of Pension Policy, which state that public pension plans should support the recruitment and retention of qualified employees and enable the orderly transition of workers at the end of their careers. The Principles also establish that pension design must reflect the demands and stress levels of public-safety occupations, including the use of lower normal retirement ages when justified. Public Safety Telecommunicators clearly meet these standards due to the extraordinary cognitive, emotional, and operational demands of 911 work. Creating this new plan is therefore both necessary and fully consistent with the LCPR’s established framework for evaluating pension modifications.

Conclusion

This proposal represents the culmination of a generation of advocacy for Minnesota’s 911 professionals. It provides fairness, stability, and a retirement structure aligned with the demands and expectations of those who dedicate their careers to protecting others from behind the headset. As the stakeholder representative for Public Safety Telecommunicators, we strongly urge the PERA Board to support the Work Group’s consensus recommendation and advance this plan to the Legislature.

REASONABLE RETIREMENT FOR PROBATION, PAROLE, AND SUPERVISED RELEASE OFFICERS

A high degree of physical and acute mental competency is required of probation, parole, and supervised release agents/officers in the daily performance of their duties. They supervise a diverse group of clients and meet with them in a variety of settings, at any hour of the day, without any form of personal protection. Their work is high-stress and includes maintaining personal and public safety, managing large caseloads, and the complex nature of the clientele.

At the direction of the 2025 legislature probation officers, probation employers, PERA, MSRS, and other stakeholders worked together to create this early retirement proposal that recognizes the difficult work of probation officers.

The option to retire at sixty years of age should be ratified to maintain a vital, productive, and safe probation, parole, and supervised release workforce in Minnesota.

STATISTICS

- There are approximately 1,800 probation, parole, and supervised release agents in Minnesota.
- Agents hired before 1989 benefit from the Rule of 90 allowing them to retire, without a penalty, when their age plus years of service equals 90.
- Agents hired after 1989, retiring before age 66, receive a six percent reduction each year prior to full retirement.
- The average agent in Minnesota is 44 years old and has served in Minnesota as a probation officer for 14 years.
- According to Washington D.C.: Bureau of Justice Statistics, Minnesota has the 11th highest rate of population under correctional control in the nation, primarily driven by having the 5th highest rate of people under supervision.

Employee Buy-In

Probation, parole, and supervised release officers across the state of Minnesota, and across the three probation delivery systems, support paying more money to allow them the option for unreduced reasonable retirement at 60 years of age.

Healthy Workforce and Employee Retention

Reasonable retirement benefits will incentivize agents to stay in the job longer. With the proposed reasonable retirement option, probation officers will know their work is valued and will stay in their role longer knowing that early unreduced retirement is something they paid into over their years of service.



AGENT RETIREMENT IN NEIGHBORING STATES:

- South Dakota and Wisconsin
 - Rule of 75
- Iowa
 - Rule of 88
- Kansas
 - 55 years of age/30 years of service
- Illinois and Nebraska
 - Age of 55
- Federal
 - Age 57
- Indiana
 - Rule of 85
- Wyoming
 - 20 years of service

Cost of Benefit Change:

- Estimated impact on agents enrolled in MSRS:
 - Supplemental contribution increase:
 - 3.5% - Agent position, still pending agreement with employers.
- Estimated impact on agents enrolled in PERA:
 - Total supplemental contribution:
 - 2.32%

SUPPORT REASONABLE RETIREMENT FOR PROBATION OFFICERS, PAROLE OFFICERS, AND SUPERVISED RELEASE AGENTS

The Role Of Probation Officers, Parole Officers, and Supervised Release Agents

Probation, parole, and supervised release agents are a vital part of our public safety ecosystem. These officers directly supervise adult and juvenile probationers who have committed offenses that can range from a DWI to murder. Probation, parole, and supervised release clients are assigned a level of supervision based on their risk to re-offend or their risk to public safety. This includes contact with correctional clients ranging from several times per week to quarterly based on evidence-based practices and validated risk assessment tools. These contacts are community-bound in the office, offender's homes, residential treatment facilities, or in custodial facilities.

Probation, parole, and supervised release officers are subject to consistent primary and secondary trauma. These officers and their families have become the target of violence including sexual assault, physical assault, stalking, and other threats all because of their job. Over their career, trauma can impair their ability to perform the functions of their job. These types of trauma may include person to person crimes committed by offenders, responding to victim's needs, protecting their families in the community when crossing paths with correctional clients, and having a sense of hypervigilance to community members who have been on probation or supervised release in the past or present.

The history of trauma and critical incidents leads to an early burnout of officers as it impairs their ability to continue to be effective agents of change and promote public safety. This proposal will allow probation officers that have been tested mentally and physically, to retire at a reasonable time after having served their community and reaching 60 years of age.

Support Organizations



Minnesota Association of
County Probation Officers



INTERNATIONAL BROTHERHOOD OF
TEAMSTERS
LOCAL 320



Learn more about the effort to offer probation officers unreduced reasonable retirement by contacting:

AFSCME Council 5: Ethan.Vogel@AFSCMEMN.org

MACPO, Nancy Haas: Nancy.Haas@PoulHaas.com

MCA, Courtney Jasper: Courtney.Jasper@PoulHaas.com

MAPE, Devin Bruce: DBruce@MAPE.org

Teamsters Local 320, Ed Reynoso: EReynoso@TeamstersLocal320.org



LMC Position on PERA Probation Officer & Telecommunicator Pension Plan

Background

The League of Minnesota Cities was appointed as a member of the Work Group tasked with creating a new pension plan for 911 telecommunicators/dispatchers and probation officers who are currently part of the PERA General Plan. As members of the work group, LMC represented the perspective of cities as public employers, specifically as it relates to city-employed 911 telecommunicators/dispatchers. No cities in Minnesota employ their own probation officers, as they are employed by the counties and the state. There are currently six cities in Minnesota that directly employ 911 telecommunicators/dispatchers at their own Public Safety Answering Points:

- Bloomington
- Eden Prairie
- Edina
- Hutchinson
- Minneapolis
- St. Louis Park

LMC Position

As an organization that represents the collective interests of 841 of Minnesota's 856 cities, LMC has modest exposure to the creation of this new pension plan. LMC does have a compelling interest to ensure the financial health of the pension plans administered by PERA, including the General, Police & Fire, and Correctional plans, as well as any potential new plan that would cover potential those employed by a city.

The final product of the Work Group accomplishes the assignment from the legislature by designing a plan that has an earlier unreduced retirement benefit for these public safety employees and does so in a way that accounts for the withdrawal liability and has a minimal impact on the employer contribution rate, which is a significant issue for cities as property tax levies have increased and other significant budgetary concerns. While LMC has not advocated for the creation of a new pension plan for these specific city employees, we as an organization also have not opposed the concept of its creation as long as other plans are held harmless, which is the plan the Work Group has produced. Concerns remain on the new plan (i.e. the issue of starting a fund in deficit due to the initial employee contribution not being projected to fully sustain the new plan in the immediate future), however **LMC as an organization is currently neutral** on the recommendations compiled by the Work Group.

LMC will remain an engaged partner on the 911 Telecommunicator/Probation Officer pension plan as administered by PERA as it is drafted as legislation to be introduced in 2026. This position has the potential to shift as the proposal is introduced as legislation and could be impacted by legislative initiatives that could increase the impact on public employers or other PERA-administered plans.

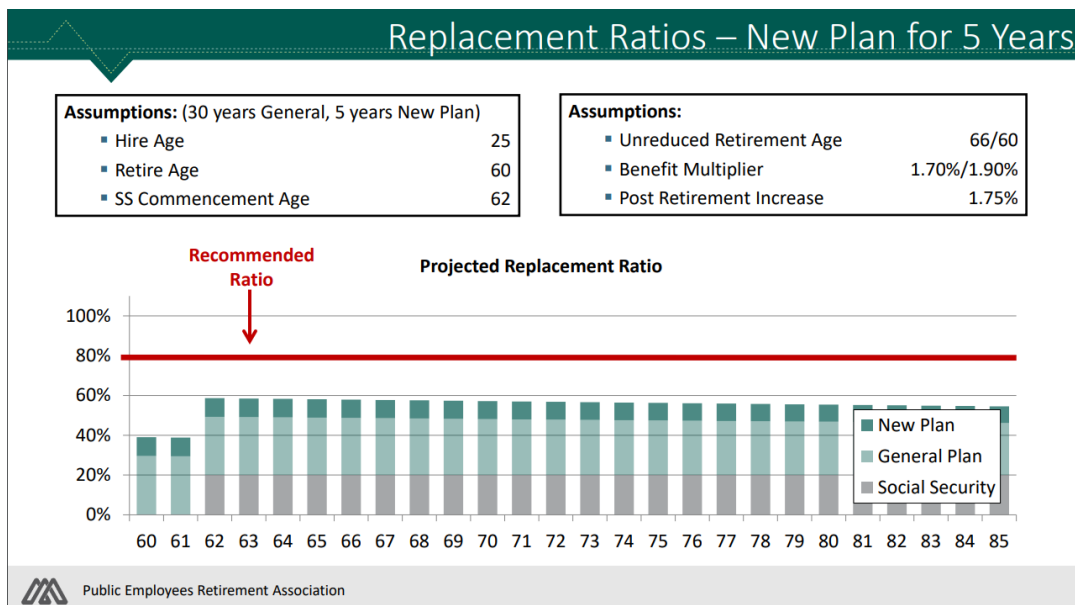
Appendix D PERA Scorecard

The first metric on PERA's scorecard relates to the assumptions used for the Plan. These assumptions include the investment return assumption and demographic assumptions including termination, disability, retirement, and mortality rates. These assumptions are essential to determine the appropriate cost of the plan. PERA staff notes caution on the assumptions used to determine the costs because initial assumptions that were used were not based on the actual experience for this specific group. It will be vital that PERA monitors these assumptions, and some consideration should be given to the first experience study being performed before the typical four-year cycle.

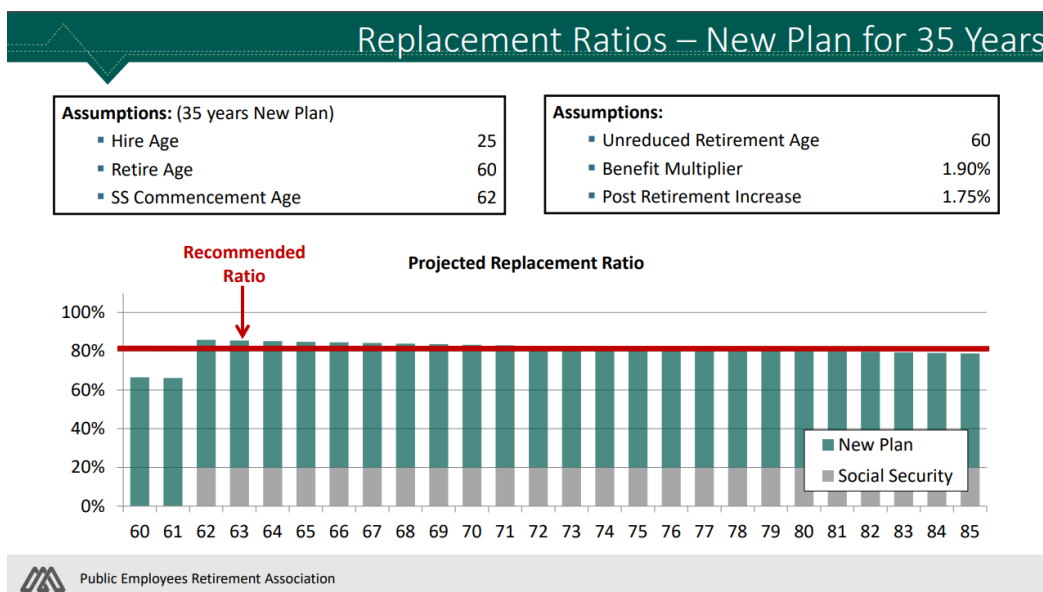
The second metric addresses the financial health of the plan. Since the liability and assets from the member's General Plan service will be incorporated into the New Plan, the New Plan does begin with an unfunded liability. The initial contribution rate established by the Work Group should be sufficient to ensure the plan is fully funded within 20 years if all assumptions are met. Because of the unique cost pattern (i.e., expected declining costs) and contributions rates (i.e., starting with a funding deficiency), the New Plan may have a unique and delayed path to full funding. However, as noted above, the assumptions are likely to change when more is known about this particular group. As a result, PERA staff would note this as a caution.

The third metric that PERA considers is whether the benefit amount and retirement age provide a reasonable benefit at a reasonable age. PERA noted to the Work Group that many financial planners recommend 80 percent income replacement for retirement. PERA staff provided the Work Group information relating to income replacement ratios. PERA staff showed various income replacement ratios using different multipliers, cost of living adjustments, and retirement ages. It is important to note that the use of deferred compensation plays a role in achieving sufficient income replacement and creating flexibility for different retirement ages.

The income replacement ratio below shows a replacement ratio for a member who has 30 years in the General Plan and 5 years in the New Plan.



The income replacement ratio below shows a replacement ratio for a member who has a full career in the New Plan.



Using 80 percent as a replacement ratio, the proposed 1.9 percent multiplier, when combined with Social Security, achieves an income replacement ratio of roughly 80 percent for a full career. PERA staff would label this as a success.

	Contribution
Future Benefit Accruals (Normal Cost)	15.52%
Amortization of Unfunded Past Service Liability	1.13%
Plan Expenses	0.21%
Total Cost	16.86%
Employer Contribution	(7.50%)
Initial Recommended Employee Contribution Rate	9.36%
Initial Employee Contribution	8.85%
Initial Funding Sufficiency/(Deficiency)	(0.51%)
Funding Sufficiency/(Deficiency) Trend	Initial deficiency trends to sufficiency for 10 years
Current Employee Contribution Rate	6.50%

The fourth metric is contributions and whether employers and employees are contributing a fair amount for the cost of benefits accrued that year (i.e., the normal cost) and to cover administrative costs. PERA staff often look at the normal cost, which is the cost to provide one year of benefits for a member. The total normal cost of the New Plan is 15.52 percent. It is important to note that the normal cost for the New Plan does trend down to 11.81 percent for reasons noted earlier in this memo. PERA staff would note this as a caution. The unfunded liability adds 1.13 percent and administrative expenses add 0.21 percent for a total cost of 16.86 percent. The employers have agreed to a contribution of 7.5 percent. This differs from the employers' contribution to PERA General as the employers' contribution is 6.5 percent plus one percent until the PERA General Plan reaches 98 percent funded. The employee groups have agreed to a contribution of 8.82 percent. This results an initial deficiency of .54 percent which trends to a sufficiency over 10 years. PERA staff notes this as a caution and important to monitor.

The fifth metric is whether retirees are adequately protected from inflation. From PERA's perspective, the postretirement adjustment should be connected to inflation. Staff notes that tying certain pension plan features to inflation is a staple of pension plan design. Contributions are tied to inflation not because the contribution rate changes over time, but because it is tied to salaries, which are connected to wage inflation. Similarly, benefit amounts are tied to inflation because it is directly related to final average salaries which are tied to inflation. These are the reasons that contribution rates generally can stay stable and why there is no inflation-based reason to change a multiplier. In other words, a pension plan with an inflation-based postretirement increase is continuing the precedent of inflation-based contributions and inflation-based benefits applicable to members.

The New Plan would have a postretirement adjustment of 100 percent CPI with a one percent minimum and a 1.75 percent maximum, which is the same as the General Plan. The assessment of this status would mirror that of the General Plan which is to note it as a caution and to continue to keep it as a priority until it more closely tied to inflation in higher inflation environments.