



Date: March 12, 2026  
To: PERA Board of Trustees  
From: Doug Anderson, Executive Director  
Amy Streng, Policy Coordinator  
Subject: 2026 PERA Stakeholder Agenda

### **Initiative: Police & Fire Working After Retirement**

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**Stakeholder(s):** Minnesota Chiefs of Police Association (MCPA)

MCPA is pursuing changes to the Police & Fire Plan's working-after-retirement provisions. Currently, retired members who return to PERA-covered service must defer a portion of their benefits once their earnings reach a specified threshold. Currently there are about 174 Police & Fire Plan retirees that are having some of their benefits retained by the Plan in a deferral account.

The current proposal focuses on a temporary suspension of the deferral program for approximately three years. A retired Police & Fire member could return to PERA-covered employment after a 30-day break in public service, with no prearranged agreement to return, and would not defer benefits based on reemployment earnings. At the end of the three-year period, a report would be required to determine whether the suspension had an impact on the Police & Fire Plan.

Please see the attached letters from stakeholders in support of modifying the current working after retirement provisions.

#### **Staff Review:**

In recent years, the PERA Board of Trustees considered changes to working-after-retirement provisions, primarily involving DROPs or in-service distributions, both of which significantly increase costs to the Police & Fire Plan; as a result, the Board opposed those initiatives. The Board has also considered policy considerations related to working after retirement.

In reviewing the MCPA proposal, both staff and stakeholders are mindful regarding changes that could result in a cost for the Police & Fire Plan. Under the current proposal, stakeholders are exploring legislation that would suspend the deferral requirement following a bona fide separation. Because members would still need to complete a bona fide separation, this proposal would not create an in-service distribution.

The previous proposal had a clearer impact on behavior changes that would have impacted the Police & Fire Plan. The current proposal has a known impact, which is lost earnings kept by the fund, and an unknown impact, which is whatever is the result of behavioral changes regarding retirement dates (i.e. earlier or later retirements exclusively resulting from this bill).

If the only impact of this bill is to attract current retirees to re-employment, the only cost impact is the lost deferral account earnings. Based on the recent balance of deferred amounts, the expected annual lost earnings to the fund would be about \$325,000 assuming the fund's 7 percent rate of

return. For context, the expected member, employer, and state contributions to the fund in FY26 is 32.51% of payroll or \$467M. The expected annual earnings in the deferral account is about 0.02% of payroll.

If active members change their retirement date based on this proposal, there could be an additional cost. Stakeholders have generally indicated that the number of actives changing their retirement date is likely not significant. However, some stakeholders still remain concerned about additional cost to the Police & Fire Plan due to this proposal.

It is important to note that the proposal before the PERA Board suspends the program for a period of time rather than eliminating the program all together. This allows for PERA to monitor any impact to the Police & Fire Plan before making a final decision relating to the deferral account. The potential impact to the Plan should be monitored and understood before elimination of the deferral account.

The Board should consider reasons behind the existence of the current working after retirement provisions. Previous concerns have noted public perception of a retiree receiving their benefit and a salary from a public employer. This is often referred to as double-dipping. PERA often refers to pensions as a form of deferred compensation agreed to by the employer and the employee. With that in mind, when a member retires and elects their benefit, they are receiving compensation for previous service rendered. Since there are no further contributions or benefit accruals after retirement, the distinction of pre-retirement and post-retirement compensation should be clear and separate. In other words, the retiree may have two sources of income, but one is deferred compensation from pre-retirement work and the other is current compensation for current work.

If a retiree returns to PERA covered employment, this arrangement has the agreement of both the employer and employee. In addition, the policy does not exist to dissuade retirees from simply returning to work. If the policy existed for that reason, any reemployment earnings would impact the member.

Some stakeholders have noted concern about a retiree taking a position that an active hire could hold. Staff notes that the reason for this proposal is to retain experienced members. The PERA General Plan has the phased retirement option (the PRO) which allows for employers to retain retirees for the purposes of transferring knowledge and skills. Retirees under the PRO return to their same position and collect both their benefit and salary. Retirees are limited in the number of hours and are not subjected to the deferral program. Both employers and employees do not pay contributions. This mechanism does not exist for the PERA Police & Fire Plan.

In reviewing the proposal, staff considers it reasonable to consider a temporary suspension of the current working after retirement provisions for the Police & Fire Plan. This arrangement provides PERA the opportunity to monitor any impact that this change could have on the Police & Fire Plan before making final changes to the provisions.

**Staff Recommendation:**

*Staff recommends that the PERA Board of Trustees continues to work with stakeholders to support a temporary suspension of the current working after retirement provisions and monitor its impacts on the Police & Fire Plan.*



## **Expanding Investigative Capacity Through Pension Exceptions**

**Professional specialist positions augment law enforcement by investigating property crimes and cold cases and doing intelligence gathering and administrative duties. Solving property crimes deters criminal activity by catching offenders, brings justice for victims, and enhances police legitimacy.**

### **Pension exceptions to hire retired law enforcement for professional staff investigations**

- Statewide property crime clearance rate is 17%<sup>1</sup>
- Cities can hire qualified retired police officers without having to pay retirement contributions<sup>2</sup>
- Officers can continue to receive their retirement benefits without penalty
- Units made up of professional staff can investigate property crimes and cold cases and improve overall crime clearance rates

### **CHAPTER 353. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION**

Employment of retired peace officers.

(1) As used in this section:

(a) "City" means any incorporated city, consolidated local government, unified local government, urban-county government, or charter county government, operating under the law of Minnesota, and the offices and agencies thereof; and

(b) "Peace officer" is defined in 626.84 an employee or an elected or appointed official of a political subdivision or law enforcement agency who is licensed by the

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<sup>1</sup> <https://cde.state.mn.us/CrimesAgainstProperty/CrimesAgainstProperty>

<sup>2</sup> For an example, see <https://www.klc.org/News/12675/reemployment-of-retired-peace-officers>

board, charged with the prevention and detection of crime and the enforcement of the general criminal laws of the state and who has the full power of arrest

(2) Subject to the limitations of subsection (7) of this section, a city may employ individuals as peace officers under this section who have retired from the Minnesota Public Employees Retirement Association.

(3) To be eligible for employment under this section, an individual shall have:

- (a) Participated in the Public Employees Retirement Association;
- (b) Retired with at least twenty (20) years of service credit;
- (c) Been separated from service for the period required and that the member's retirement is not voided;
- (d) Retired with no administrative charges pending; and
- (e) Retired with no preexisting agreement between the individual and the city prior to the individual's retirement for the individual to return to work for the City.

(4) Individuals employed under this section shall:

- (a) Serve for a term not to exceed one (1) year. The one (1) year employment term may be renewed annually at the discretion of the employing city;
- (b) Receive compensation according to the standard procedures applicable to the employing city; and
- (c) Be employed based upon need as determined by the employing city.

(5)

(a) Individuals employed under this section shall continue to receive all retirement and health insurance benefits to which they were entitled upon retiring in the applicable system administered by the Public Employees Retirement Association.

(b) The city shall not pay any employer contributions or retiree health expense reimbursements to the Public Employees Retirement Association; and

(c) The city shall not pay any insurance contributions to the state health insurance Plan for individuals employed under this section.

(d) The member shall not pay any member contributions or accrue an additional pension benefit

(6) Individuals employed under this section shall be subject to any merit system, civil service, or other legislative due process provisions applicable to the employing city.

A decision not to renew a one (1) year appointment term under this section shall not be considered a disciplinary action or deprivation subject to due process.

(7) A city government shall be limited in the number of retired peace officers that it may hire under this section as follows:

(a) A city government that employed an average of five (5) or fewer peace officers over the course of the immediately preceding calendar year shall not be limited in the number of officers that they may hire under this section;

(b) A city government that employed an average of more than five (5) but fewer than one hundred (100) peace officers over the course of the immediately preceding calendar year shall not hire more than five (5) peace officers or a number equal to twenty-five percent (25%) of the peace officers employed by the city in the immediately preceding calendar year, whichever is greater; and

(c) A city government that employed an average of one hundred (100) or more peace officers over the course of calendar year 2015 shall not hire more than twenty-five (25) peace officers or a number equal to ten percent (10%) of the peace officers employed by the city in the immediately preceding calendar year, whichever is greater.



## MINNESOTA CHIEFS OF POLICE ASSOCIATION

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DEDICATED TO THE IDEALS OF PROFESSIONAL POLICING

January 20, 2026

Minnesota Public Employees Retirement Association  
60 Empire Drive Suite 200  
St. Paul, MN 55103

Re: Support for the Proposal to Discontinue the Re-Employment Penalty

Dear Minnesota Public Employees Retirement Association Board of Trustees,

I write on behalf of the Minnesota Chiefs of Police Association (MCPA), which represents more than 300 police chiefs and commanding officers across the state of Minnesota, to express our strong support for the legislative proposal to discontinue the re-employment penalty applied to Minnesota Public Employees Retirement Association (PERA) retirees who return to work in PERA-covered positions.

Under the current structure, PERA pension benefits are unfairly withheld from retired public safety professionals who choose to re-enter the workforce in a PERA-covered role after retirement. This occurs regardless of the position held, whether as a school bus driver, teacher, paraprofessional, city employee, or even in another law enforcement or public safety role. Pension funds are placed in a non-interest-bearing account and remain inaccessible for a significant period of time, creating an unnecessary and inequitable financial burden.

Eliminating this penalty would provide meaningful benefits to both retirees and the municipalities that urgently need their experience. Communities across Minnesota continue to face serious recruitment and retention challenges in public safety and other essential services. This restriction discourages highly trained former law enforcement professionals from continuing to serve their communities and from building and maintaining strong relationships with residents and local agencies in PERA-covered roles.

Thank you for the opportunity to submit MCPA's support for this PERA stakeholder initiative. We believe this proposal represents a fair and practical reform that will benefit retirees, employers, and communities throughout Minnesota.

Respectfully,

Jeff Potts  
Executive Director, Minnesota Chiefs of Police Association