



Date: February 12, 2026
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. Stakeholders and staff have engaged on several potential stakeholder initiatives. There are no specific stakeholder initiatives before the PERA Board for a decision in February. Staff are aware of the following initiatives and anticipate that the PERA Board may consider these for decision items in March.

Initiative: Police & Fire Working After Retirement

Stakeholder(s): Minnesota Chief of Police Association (MCPA)

MCPA is considering changes to the Police & Fire Plan's working-after-retirement provisions. Currently, retired members who return to PERA-covered service must have a portion of their benefits withheld once their earnings reach a specified threshold. The withheld amounts are held by PERA in a deferral account and distributed to the member at a later time.

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 increase costs to the P&F Plan; as a result, the Board opposed those initiatives. Under the current expected proposal, stakeholders are exploring legislation that would eliminate 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. A 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.

Initiative: Correctional Board Member

Stakeholder(s): Minnesota Correctional Officer Retirement Association (MNCORA)



MNCORA is seeking legislation that modifies the current makeup of the PERA Board to allocate one of the existing elected seats to an active Correctional Plan member.

Initiative: COLA Increases

Stakeholder(s): PEPC, MPFF

PERA staff have engaged in conversations with various stakeholders regarding costs associated with increases to post-retirement adjustments. PERA staff has provided the attached cost estimates to the stakeholder groups.

PERA Plans – Costs to Increase Postretirement Increases

Plan	Current Annual Increase	Cost to Improve the Postretirement Annual Increase Formula (% of payroll / Annual Initial \$ Amount / Change in Present Value of Benefits (PVB))						2026 PEPC Request	
		Formula:	50% CPI 1% Min 1.5% Max	<i>(General Plan)</i> 100% CPI 1% Min 1.75% Max	100% CPI 1% Min 2.25% Max	<i>(Correctional)</i> 100% CPI 1% Min 2.5% Max	100% CPI 0% Min No Max	Fixed 2.5% (P&F Fixed + 1.5%)	Fixed 3.25% (General Cap + 1.5% -> Fixed)
		Fixed Rate = Assumed Increase:	1.25%	1.50%	1.75%	2.0%	2.25%	2.50%	3.25%
Police & Fire	1%		2.9% \$42M/Year \$0.4B PVB	5.9% \$85M/Year \$0.9B PVB	9.1% \$130M/Year \$1.4B PVB	12.4% \$178M/Year \$1.9B PVB	15.9% \$228M/Year \$2.4B PVB	19.5% \$280M/Year \$2.9B PVB	31.5% \$453M/Year \$4.8B PVB
General Employees	100% CPI 1% Min 1.75% Max				0.8% \$76M/Year \$1.0B PVB	1.7% \$152M/Year \$2.0B PVB	2.5% \$228M/Year \$3.0B PVB	3.4% \$304M/Year \$4.0B PVB	5.9% \$532M/Year \$7.0B PVB
Correctional Officers	100% CPI 1% Min 2.5% Max						1.3% \$4M/Year \$45M PVB	2.6% \$8M/Year \$90M PVB	6.4% \$20M/Year \$225M PVB

Cost increases are amortized over 20 years. Dollar amounts are first year amounts based on expected FY26 payroll. The amounts would increase annually at the rate of total payroll growth (assumed 3%/year). Police & Fire costs do not include the cost to remove the one year delay in postretirement increases.

