The Board of Trustees has spent the last few months discussing the financial health of the General Employees Retirement Plan to determine if PERA staff should propose solutions in the 2016 legislative session to address a funding deficiency in that plan. At its January 20 meeting, the Board decided that it would be premature to propose specific plan modifications at this time.

The Board’s decision comes after the trustees spent several meetings discussing the impact of results from a six-year experience study on the General Plan that had been conducted by PERA’s actuary. Among the study recommendations was to adopt a mortality table that reflects longer life expectancies of retirees. Adopting the new mortality table increased the cost of benefits and extended the date on which the General Plan is expected to be fully funded.

At the request of the Board, Executive Director, Doug Anderson, prepared a number of options for addressing the General Plan’s funding deficiency. These included changes to the cost-of-living-adjustments for retirees, increasing contribution rates, and modifying the amortization period to fully fund the plan. Additionally, the Board heard views from employer groups and retiree representatives about the impact of the potential solutions.

On a brighter side, Director Anderson noted that the General Plan is moving in the right direction.
A new *Higher than Normal Salary report* will soon be launched in ERIS. With the processing of each SDR, PERA’s system flags transactions that significantly exceed a member’s average earnings to help identify salary that may not be PERA eligible. We then ask employers to clarify the reason for the higher salary to determine if a full or partial refund of contributions is required. Until now, PERA has collected this information by contacting employers via phone or email.

Beginning in April, PERA will send an email to each ERIS user with access to the report if one or more employees are listed. To complete the report, open the online *Higher than Normal Salary report* under *Pending Reports* in ERIS and provide the requested information. Instructions for processing the report will be available in the *ERIS Help section*.

This online report is the latest in a series of automation initiatives designed to make reporting more efficient, accurate, and cost effective for employers and PERA. Employers who lack the internet and email capabilities to access ERIS will continue to be contacted by email and/or phone.

Questions? Contact our Employer Line and select option 5.

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**Ask PERA!**

*Have a question for PERA? Call our Employer Line or email us at employer.reps@mnpera.org.*

Q Is bonus pay considered eligible salary when calculating PERA contributions?

A A merit or performance bonus is PERA-eligible salary if it meets all three of the following criteria:

1. Paid under a written compensation plan, policy or bargaining agreement
2. Paid to the employee for attaining performance goals, duties, or measures
3. Earned for a specified earnings period

Performance or merit pay may be in addition to regular salary or may replace regular salary increases. Report retroactive merit or performance bonus pay separate from any regular salary the employee has earned and indicate a specific earnings period for the performance pay.

Situations where bonus payment is not performance or merit pay, includes but is not limited to:

- Service awards made on a one-time basis such as an amount paid to an employee who completed 10 or 20 years of service,
- Compensation given to employees as an incentive or recognition for the preservation of sick leave
- Referral pay given to employees that help to recruit new workers, and
- Signing bonuses awarded to employees.

For more information about determining which earnings an employee receives are eligible to use when calculating pension contributions, review Chapter 5 of the Employer Manual online. If you need further assistance, contact our Employer Line and select option 3.
ERIS Security is a Shared Responsibility

The Employer Reporting and Information System (ERIS) allows employers to create and update members’ accounts and to maintain information on the PERA contacts in your agency. Each employer is allowed up to two Administrators and an unlimited number of Representatives. ERIS Administrators maintain ERIS security for their agency, create Representative accounts and assign their security rights.

Each ERIS user is required to have a unique login ID and it is critical that users do not share ERIS User IDs and passwords with others. PERA tracks actions taken by each User ID which means that users are responsible for any changes made under their ID. This requirement helps to protect the integrity of PERA’s data.

We sometimes find that a new employee will continue to use the User ID assigned to the previous staff person. These situations are often detected when the new user needs assistance but is unable to provide the correct answer to the account’s security question. Ideally, when a staffing change is anticipated, register the new contact immediately so that their account will be accessible as the transition between the former and new contact takes place.

However, we understand that staff and personnel changes can occur suddenly. If your agency has a new PERA contact that needs immediate access to ERIS, reach out to us. Our staff can assist you in expediting the registration process. In some cases, access may be granted the same business day.

More information about ERIS Access and Reporting is available in Chapter 6 of the Employer Manual, the Employer section of our website and ERIS Help Manual. If you have additional questions, contact our Employer Line and select option 4.

PERA Strong for 85 Years; Share Your Story

This year marks the 85th anniversary of PERA. The state’s Legislature formed PERA in 1931. Today, PERA is Minnesota's largest public pension plan.

To help celebrate PERA’s anniversary, we are looking for stories. Tell us about your job or share photos of your workplace. How has your job or work changed? We will publish photos and articles on our website to celebrate you and PERA.

Have a story to share? Drop us an email at 85years@mnpera.org.
Board Continues General Plan Funding Status Evaluation

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Despite recent adverse assumption changes and expected market losses, the plan funded status is still projected to improve. If all assumptions are met the General Plan’s funding status is expected to improve.

After considering all of the factors, the Board agreed that we are in a position to take some time to consider what to do. More detailed information regarding the General Plan’s assets and funding is expected in the next three months. This information will help set an accurate and up-to-date baseline which is important before setting a future direction. Additionally the Board anticipates receiving the results of a four-year experience study for the Police and Fire plan before June 30.

The Board recognizes the importance of ensuring that the retirement plans are sustainable for many years to come. The trustees and staff will continue to devote time and resources to carefully consider the actuarial results and to evaluate long-term plan benefit and funding goals. Ultimately, the Board hopes to develop a funding policy that will serve as a tool for determining when corrective actions are necessary to ensure the financial sustainability of PERA’s retirement plans and, if necessary, to prepare a funding package for the 2017 legislative session.