



# The PERAphrase

The employer newsletter of the Minnesota Public Employees Retirement Association

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## PERA Board of Trustees Sets Legislative Priorities



assumption rate would result in a need for sustainability measures. To address these concerns, the Board supported a proposed package that was developed in collaboration with various Police and Fire plan stakeholder groups.

### Police and Fire Plan Contribution Rates

If the investment assumption is approved, the funding level of the Police and Fire plan drops to 78 percent, and the deficiency would increase to 6.1 percent of salary. To respond to this deficiency, the stakeholders and the PERA Board agree that it is necessary to seek a contribution increase of 1 percent in employee contributions and a 1.5 percent increase in employer contributions phased in over a two-year period beginning January 1, 2018. The Board also recommended extending the amortization period to 30 years, as well as removing the future possibility of a 2.5 percent cost-of-living adjustment to Police and Fire retirees.

The Board did not recommend increasing the contribution rates to the General plan and the Correctional plan. These plans are on track to become fully funded.

### Administrative Bill

PERA will propose a 2017 administrative bill containing technical changes that will not have a financial impact on the state, the Association, or member benefits. The administrative bill rearranges sections, removes obsolete provisions, and adds clarification to areas of ambiguity.

For the last several months, the PERA Board of Trustees has been reviewing actuarial information and discussing the funding levels of the PERA retirement plans with stakeholders. On Thursday, December 8, 2016, the PERA Board passed a motion to recommend legislative changes aimed at improved plan sustainability. Below are the key changes that would affect employers.

### Assumed Investment Return

The PERA Board of Trustees will recommend to the Legislature lowering the assumed investment return assumption from 8 to 7.5 percent for all PERA retirement plans. The investment return assumption is the single most impactful assumption in a plan; however, it warrants a review when market volatility raises concerns about the long-term ability to meet the legally established percent. Lowering the assumed rate will immediately increase estimated liabilities of the PERA plans.

The General and Correctional plans continue to project progress towards 100 percent funding, even if the legislature approves lowering the assumed interest rate. The Police and Fire plan, however, is more sensitive to a change of this nature and a lower interest

### In this issue:

- 1 PERA Board of Trustees Sets Legislative Priorities
- 2 The ERIS Higher than Normal Salary Report is Improving!
- 2 Upcoming Governor appointments to PERA Board
- 3 ERIS Down? You Can Still Make a Payment!
- 3 Ask PERA!
- 4 Employer Webinar Survey Recap — The Results are IN!

### Public Employees Retirement Association

60 Empire Drive, Ste. 200  
St. Paul, MN 55103-2088

### Employer Line

651-296-3636 (metro area)  
1-888-892-7372 (toll-free)

### Member Line

651-296-7460 (metro area)  
1-800-652-9026 (toll-free)

### Website

[www.mnpera.org](http://www.mnpera.org)

## The ERIS Higher than Normal Salary Report is Improving!

When the Higher than Normal Salary Report was launched in ERIS in April 2016, it replaced the manual phone and email follow up that PERA staff had been conducting with employer representatives. PERA needs this information to clarify the reason for salary that is significantly higher than average to determine if a full or partial refund of contributions is warranted.

While this new ERIS report has streamlined the collection of information, we have found that the choices we offered to explain the increased salary did not provide enough detail for ERIS users. In a review of all Higher than Normal Salary responses received in October 2016, almost half (48%) were submitted as "Other". Further review of those answers determined that only 3% were actually situations not described by the four explanation options.

The high use of "Other" is a concern, because unlike the prompts given by the preceding explanations, the "Other" option provides only a free form text field. As a result, respondents often do not provide sufficient detail requiring PERA staff follow up to clarify the information provided.

Beginning in January 2017, the descriptions of the earnings explanations will be expanded to:

- Overtime/Increased Hours (One time occurrence)
- Overtime/Increased Hours, New Position or Pay Raise (On going occurrence)
- Includes Wages/Coaching Lump Sum, Retroactive Pay, Compensatory Pay or Contract/Summer Pay Out from a different period
- Includes Unused Sick or Vacation Pay
- None of the above. Explanation Required.

With these more detailed options, we hope to better inform your selection so that the response can be processed efficiently by PERA staff. If you have any questions about the Higher than Normal Salary Report, contact our Employer Line and select option 5.



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## Upcoming Governor appointments to PERA Board of Trustees

December 8, 2016 marked the final meeting for long-time board member, and previous PERA Board of Trustees president, Don Rambow. A resolution was passed during this meeting, which gave him the distinction of longest serving Trustee representing cities for almost twelve years, acknowledging his hard work, dedication, and commitment on behalf of the Association.

Leigh Lenzmeier, the appointed county representative, and a Trustee since November 2010, is nearing the end of his term this year. Lenzmeier has expressed his interest in continuing to work with PERA as the county representative. Both Rambow and Lenzmeier's seats, representing cities and counties, respectively, are to be appointed by the Governor in the upcoming year.



Don Rambow (left)  
Leigh Lenzmeier (right)

## ERIS Down? You Can Still Make a Payment!

At times PERA experiences technical difficulties with our websites, including MYPERA and ERIS. During these service interruptions, a common concern expressed by employers is the inability to make an EFT payment. While most of you submit the EFT payment immediately after uploading an SDR, that is not the only option.

You may make an EFT contribution payment without logging into ERIS or transmitting an SDR file by following these steps:

1. Go to [www.mnpera.org](http://www.mnpera.org)
2. Click on the online access "GO" button
3. Do not click on ERIS as normal - Click on "MAKE PAYMENT"
4. Follow the prompts to complete the EFT transaction

Although outages are not common, PERA strives to provide quality service and resolve issues quickly when they do occur. This additional payment option helps you avoid late payment fees and minimizes disruptions to your work.

For questions or assistance on this topic, please call our Employer Response Line and select option 2.



## Ask PERA!

Have a question for PERA? Call our Employer Line or email us at [employer.reps@mnpera.org](mailto:employer.reps@mnpera.org)

**Q** What options are available for submitting enrollment data to PERA online?

**A** Employers with computer access must use ERIS to enroll new members, unless the membership coverage is optional as described in question #2.

Two ERIS options are available:

1. Direct entry of enrollment data into PERA's system, or
2. A demographic file that meets PERA's file format specifications.

Both options are described in the *Submitting Enrollment Data* section in Chapter 6 of the [Employer Manual](#) (pages 6-6 to 6-7). Most small to medium sized employers use the direct entry option which can be accessed by Administrators and Representatives who have Modify rights to the Enroll Member menu option. The ERIS Help Menu has detailed instructions on the [Enroll Member](#) module.

Demographic files are especially useful to large employers. A demographic file may be used to enroll new employees into a PERA plan, update a member's employment changes, such as leaves of absence or termination, or to report a member's personal data changes, such as changes in name or address. File format specifications are available in Chapter 9 of the Employer Manual.



**Q** When should a paper enrollment form be used?

**A** There are two situations where a paper enrollment form is acceptable.

### 1. Optional Member Enrollments

If a public employee, has the right to choose whether or not to join a PERA retirement plan, you as the employer must obtain written authorization before withholding any pension deductions and send the document to PERA.

Positions with a PERA option include:

- Elected Official
- City Manager/Administrator
- Physician

The specific form depends upon the position held. Full details are available in Chapter 3, 4 and 6 of the Employer Manual and forms are located on the [Forms and Brochures](#) page of PERA's website.

### 2. Employers Without Computer Access

Once used by all employers to enroll members into PERA's Coordinated, Correctional and Police & Fire plans, the paper *Notice of Member Enrollment* form is still available **but is intended for use only by employers who do not have internet or email capabilities.**



Public Employees Retirement Association  
60 Empire Drive, Suite 200  
St. Paul, MN 55103-2088

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## The PERAphrase

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# Employer Webinar Survey Recap — The Results are IN!

In our last issue of the PERAphrase, we introduced our new training initiative, live training webinars, and included a survey asking employers to rank hot topics based on interest or need. The results are ranked as follow:

1. Annual Threshold Overview
2. PERA 101 for New Employers
3. Exclusion Reports
4. ERIS Pending Reports

We have started preparing for an Annual Threshold Overview webinar, and will be sending out an email with a link to register for this webinar in early 2017! You are encouraged to register for the webinar to receive a recorded version of the session, even if you are unable to attend.

As we continue to have training sessions, we hope to build a library of videos that can be used as training material for new employers, or a great reference source for revisiting forgotten topics. We hope to keep this resource updated as changes in legislation or reporting requirements occur.

