

# PERA: Just the Basics

**Welcome!** Whether you are a new or returning member, we are pleased to have you participate in the Public Employees Retirement Association (PERA).

As a **Police and Fire Plan** member of PERA, you are part of Minnesota's largest public retirement system. Today the Association serves over 160,000 public employees from approximately 2,100 cities, counties and school districts across the state. We pay benefits to nearly 90,000 retirees, disabled members and survivors of deceased members.



## PERA is a traditional pension plan

Recognizing the need for a retirement program for employees of county and local governments, the Minnesota Legislature created PERA in 1931, four years prior to the creation of Social Security. The Police and Fire (P&F) Plan was founded in 1959.

Unlike most retirement plans today, traditional pension plans like PERA—also known as defined benefit plans—provide you with the security of a lifetime benefit.

PERA is a tax qualified plan under Section 401(a) of the Internal Revenue Code. As a result, your

federal and state taxes on PERA contributions are deferred to the time of withdrawal. Because PERA is a tax-qualified plan, there may be limits on the amount you can contribute tax deferred to an IRA. You should contact the IRS or a qualified tax advisor to find out what the limits are for you.



## Eligibility

Your employer enrolled you in the Association because you qualify for membership as required by state law. Membership is mandatory for most local governmental firefighters and law enforcement officers who meet certification and job-related duties specified by statute.

As a Police and Fire member, you contribute a percentage of your gross salary to the Association. In turn, your employer an even greater percentage of your salary toward your future benefit. PERA then invests these contributions to fund benefits for our members. Go to **MY PERA** to check details of your contributions and membership data reported to the Association.

While contributions and investment earnings are critically important to the long-term funding of the Association, they do not determine the value of your individual benefit. Instead, your benefit is based on a formula that takes into consideration three factors:

**Age**— The closer you are to full retirement age, the larger the monthly benefit you will receive. While there are exceptions, full retirement age is typically age 55 for P&F members. The earliest age at which most members can receive a benefit is age

50, but this will result in a lower monthly benefit because you will be receiving a pension from PERA over a longer period of time.

**Service**—The longer you are employed in public service, the greater the benefit. After you are enrolled in PERA, you earn one service credit for each month in which you worked and were compensated. Once you have earned enough service credits to be vested (this is dependant upon when you were first enrolled in PERA) you qualify for future lifetime benefits.

**High-five average salary**—This is the 60 consecutive months during which your earnings are the greatest. Typically, this is the five years just prior to retirement.



## Retirement benefits

The Police & Fire Plan uses a multiplier of 3 percent, so the benefit formula looks like this:

$$(3\% \times \text{Years of Service}) \times \text{High-5 Salary} = \text{Annual Retirement Benefit}$$

As an example, 25 years of service would result in a benefit of 75 percent of your high-five salary at full retirement age. **MY PERA** can provide you with estimates of your future benefits at any retirement age.

If you are not fully vested in the retirement plan, you will receive a prorated amount of the full benefit. For more details, visit the Police and Fire Plan under MEMBERS [www.mnpera.org](http://www.mnpera.org).

## Disability benefits

You may be eligible for benefits from PERA if you are unable to perform your duties as a police officer or firefighter because of a physical or mental disability. Vesting is immediate if disability occurs while you are engaged in hazardous activities specific to your occupation with a minimum benefit of 60 percent of your high-five average salary. Disability resulting under any other circumstances requires one year of public service and the minimum benefit is 45 percent of your average salary.



## Alternatives for survivors

PERA also provides survivor (death) benefits for families of members who unfortunately die before receiving a retirement benefit.

Survivor benefits are available to your surviving spouse and any dependent children (under age 18, or 23 if a full-time student.) If there are no survivor benefits due, the balance in your account, plus interest, would be distributed to your beneficiaries. If we have no listed beneficiaries, the funds would be paid to your estate. [\(A form for changing your beneficiary\(ies\) can be found on our website in \*Forms & Publications\*.\)](#)

## If you leave before retirement

If you terminate public employment after becoming vested, you can leave your contribu-

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To learn more about PERA, visit us at [www.mnpera.org](http://www.mnpera.org). Your individual information is always available by registering for **MY PERA**.



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tions with PERA and qualify for a pension any time after reaching retirement age.

Regardless of your length of service, you are entitled to a refund of your employee contributions, plus interest, after your termination of public employment. Keep in mind, however, that employer contributions are not refundable and you will forfeit all future PERA benefits.

## Repayment of a refund

If you were previously a PERA member who left public service and received a refund, you have the option to repay the refund to restore lost service credit with PERA after you have earned an additional six months of service credit as a member.

## Combined service benefits

You may combine your service in PERA with service in other covered Minnesota public pension plans. This entitles you to a combined service pension from each of the plans in which you have service. Combined service pensions often provide a higher overall level of retirement income.

## How to learn more

As this pamphlet's name implies, this is a very brief summary of your retirement plan provisions. For a more comprehensive overview, take a few minutes to visit our website at [www.mnpera.org](http://www.mnpera.org). If you visit our website, you'll find much more information about your retirement plan and PERA itself.

## Register as an on-line member

By clicking on the **MY PERA** button at [www.mnpera.org](http://www.mnpera.org) and registering as an on-line member, you have instant access to your individual data on file with PERA. This includes the individuals we have listed as your beneficiaries, your payroll deductions and date of membership. We encourage you to check your account periodically for accuracy and to inform us if corrections need to be made. An improper delay in your PERA enrollment or an incorrect salary amount may only be corrected within a three-year period.

You can also create your own retirement, disability and survivor estimates, or register for one of our educational programs or conferences any time, day or night, at **MY PERA**.

**MY PERA**—your 24/7 connection to PERA.



This publication is intended to provide general information; the rights and obligations of PERA members are governed by state and federal laws, rules and regulations. The Minnesota Legislature or the federal government may change the statutes, rules and regulations governing PERA at any time. If there is a discrepancy between the law governing PERA and the information contained in this publication, the statutes and regulations shall govern.

**This document is available in alternative formats to individuals with disabilities by calling (651) 296-7460 or 1 800 652-9026, or through the Minnesota Relay Service at 1 800 627-3529.**

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For Police & Fire  
Plan Members

**PERA**  
Just the Basics

Who we are;  
what we do

Public Employees Retirement  
Association of Minnesota

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