



# Increases in Your PERA Pension

A valuable feature of your PERA pension is that it is not a fixed amount. Your benefit will see annual adjustments during your years of retirement. These increases, which also apply to benefits received by our disabled members and survivors, will help maintain your standard of living.

The purpose of this brochure is to explain how annual benefit increases are awarded. If you have questions about the adjustments or other benefit issues, please contact a PERA representative at 1-800-652-9026 or (651) 296-7460.

## Your annual adjustment

Under legislation passed in 2010 and 2013, annual adjustments have been reduced as part of a multi-tier effort to ensure the sustainability of PERA's retirement funds in the decades ahead. Benefit increases are now tied to the funding levels of our General, Correctional, and Police and Fire funds.

While currently 1 percent per year for all three funds, the annual adjustment will increase to 2.5 percent per year for retirees and other benefit recipients of each individual fund

when that plan achieves 90 percent funding (based on market value) for two consecutive years. Should a fund again fall to 85 percent funded for two consecutive years, or plunge to 80 percent funded in one year, annual increases will again be reduced to 1 percent.

*The table below shows the waiting period and the percent of your initial benefit increase, based upon the effective date of your retirement. (For Police & Fire members beginning benefits after June 2014, add 24 months to the waiting period below.)*

### Prorated Amount of Retirement Increase

<u>Retirement Effective Date</u>	<u>Waiting Period</u>	<u>Percent of Full Increase</u>
January 1	12 months	50.0%
February 1	11 months	41.7%
March 1	10 months	33.3%
April 1	9 months	25.0%
May 1	8 months	16.7%
June 1	7 months	8.3%
July 1	18 months	100.0%
Aug. 1	17 months	91.7%
September 1	16 months	83.3%
October 1	15 months	75.0%
November 1	14 months	66.6%
December 1	13 months	58.3%

## Eligibility

Depending upon when your retirement becomes effective, the period of time you must wait before becoming eligible for any adjustment in your pension varies from seven to 18 months. (31 to 42 months in the case of Police and Fire members first drawing benefits after June 2014). Your retirement becomes effective the first day of the month following your termination from public employment. Your date of termination is the last day for which you are paid or the day your authorized leave of absence ends. Thus, if you terminate PERA-covered employment March 15, your retirement becomes effective April 1. If you are an elected official, your effective date is the day after your elected term ends.

If your retirement is effective July 1, you become eligible for a full increase 18 months later. If your retirement becomes effective on a date other than July 1, a prorated increase will become payable to you in seven to 17 months. The waiting period and size of your first increase depend upon the number of months remaining in the fiscal year after the effective date of your retirement.

*(Continued on reverse side)*



(See table on the reverse side.) You then automatically become eligible for 100 percent of any subsequent increases.

### Initial Benefit Adjustment

PERA will pay you an estimated benefit approximately two weeks after the effective date of your retirement (normally the first of the month following your termination of public service).

Upon receipt of final salary information from your employer, PERA will recalculate your final monthly pension based on this additional information. This is the actual amount to which all future increases will apply. If this finalized benefit amount is different from your initial estimated benefit payment, adjustments for any over- or under-payments will be made retroactively to the effective date of your benefit.

### Asset Mix of PERA's Funds

The majority of PERA's assets are composed of various stocks. Although stocks display more price and earnings variability than many other types of investments, they have historically shown a higher rate of return over

the long term. The State Board of Investment maintains about 45 percent of PERA's assets in domestic stocks, 15 percent in international stocks, 18 percent in bonds and another 20 percent in a variety of other investments.

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 1-800-652-9026 or through the Minnesota Relay Service at 1-800-627-3529.

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A brief look at PERA benefit adjustments

Public Employees Retirement Association of Minnesota