



PERA

Guardian

June 2014

Newsletter of the Police & Fire and Correctional Plans of the Public Employees Retirement Association of Minnesota

Assets over \$6 billion

Offices in St. Paul, Duluth & Mankato

Active membership over 14,000

A 30-day break in service is minimally recognized as meeting the separation requirements the IRS has for a "bona fide" retirement.

If you are considering a return to public service in Minnesota in any capacity after retirement, please consult with a PERA representative before taking any action.



Your one-stop shop for all the tools you need to apply for retirement benefits at www.mnpera.org.

Are you really retiring under PERA's rules?

The right to receive a retirement benefit from PERA requires that you remain out of PERA-covered employment, even as an independent contractor or employee of such a contractor, for a minimum of 30 days. In addition you can have no written or verbal agreement prior to termination to provide future services to a PERA-covered employer.

Why is PERA so adamant about this requirement? It's because the Association has to remain in compliance with Internal Revenue Service requirements for pension plans in order to maintain our tax-qualified status. One of those requirements is that a benefit recipient must have a "bona fide" separation from employment in order to receive the benefit. A 30-day break in service has been PERA's long-standing separation requirement and has not been challenged by the IRS.

If you do not abide by this requirement, it will result in the cancellation of your retirement benefits. You will also be required to repay any benefits you may have received and could be subject to additional contributions to the Association. Finally, you must reapply for benefits, terminate your employment, and ensure a break in service of at least 30 days.

If you are considering a return to public service in Minnesota in any capacity after retirement, please consult with a PERA representative before taking any action. It could be to your advantage to delay receiving a PERA benefit because you would be adding additional service to your record if it is a PERA-covered employer, or you could use one "high-five" salary for all your pension benefits if the employer is covered by another Minnesota public pension plan under our combined service laws.

Independent Contractors and Consultants

If, after retirement, you return to work for your former employer or another PERA-covered agency as an independent contractor, consultant, or as an employee of such a firm, you will not be subject to the Association's earnings limits. However, the 30 day break in service requirement still applies. As noted earlier, you may not execute a contract or have a verbal agreement with any PERA employer prior to your termination. Be aware: the IRS, Department of Labor, and PERA all have requirements that must be met for you to be considered an independent contractor.

Volunteer fire plan continues to grow

Sixteen volunteer fire departments joined the Statewide Volunteer Firefighter Retirement Plan this year, bringing the total number of departments in the PERA-administered plan to 79.

First opened to participating departments in 2010, the program now covers 1,867 firefighters and manages \$17.5 million in assets. While most of the departments taking advantage of the program are smaller rural organizations, the Twin Cities departments in Oakdale and Oak Grove joined the plan this year.

PERA's program offers departments an alternative to administering their own independent relief associations, allowing PERA to take on the administrative duties while utilizing the investment expertise of the State Board of Investment. Each department maintains its own plan account and sets its own benefit levels.

Additional information on the plan can be found on PERA's website, including an informational video on the program.

Reflection and Transition

How does a person define organizational success? In the private sector, is it measured by the annual profit generated or by the organization's stock value? Are there intangibles such as customer service, brand loyalty, or social conscience which define the organization's success? How does a person define success in the public sector? Is success measured by how low taxes are maintained, or ensuring that the "majority" achieve their goals?

It really is impossible to formulate any one answer because "success" is measured differently by every individual. It is within this parameter that public service becomes an overriding mission for those who have chosen a public sector career over a private sector career.

Each one of us at some point in our career path has made a conscious decision, for a variety of reasons, to choose public service. I believe that the choice was eventually made to help improve the overall living standard for the people of Minnesota, no matter what our level of governmental service.

Your Board of Trustees was informed on May 8th that our Executive Director will begin a transitional period, whereby in January 2015, the Director's public service career will come to a close and a new "career," retirement, will begin. This transition is notable because in our 83-year history, PERA has only had six executive directors. Mary Vanek, our current director, has held the post for 17 years. Mary's tenure is second only to PERA's original director, O.M. "Mike" Ousdigian, who actually hired Mary in 1975.

In an era when governmental agency chief operating official tenures seem to be measured in ever shorter time periods, PERA has been blessed with continuity of leadership. The result has been an efficient and effective organization that has always shared an emphasis on providing you, the members, with benefits and services balanced by the need to be financially responsible to all members and taxpayers. It is no small achievement that PERA functions with a staff that, on a per member basis, is half the national average in size.

Mary's intangible and personal qualities have helped evolve and define what PERA represents today. It has been Mary's caring and compassion for all members, as well as an understanding and appreciation of the financial challenges facing our members' employers and the public at large that has defined the organization's success. Mary has mastered the ability to balance the expectations of the Association members (active, deferred, retirees, survivors, future) with the necessary fiscal prudence and responsibility sought by taxpayers. It is within that concept that numerous major pension reforms were enacted. Mary's ability to merge various diverse positions into comprehensive pension legislation which garnered bi-partisan legislative support year after year became her legacy.

The executive director becomes the voice and image of the Association. That requires equal parts educator, advocate and defender. In a time when public pensions are portrayed in some quarters as unsustainable relics of a bygone era, and even going so far as to blame them for contributing to the bankruptcies of some mismanaged local governments, a firm but calm voice of reason is needed.

It requires the ability to advocate and implement change when change is necessary, but the resolve to resist change for mere political expediency.

Over the next seven months, the Board will be searching for such an individual. Of all the duties we Trustees assumed when we accepted our appointment or election to the Board, this is undoubtedly the most critical to the future of the Association. It won't be easy, but it will be gratifying when the new director is appointed.

After 39 years at PERA, Mary has more than earned her retirement. We wish her the best. Until January 2015, we will seek her guidance as we try to find a suitable replacement. Notice, I said, "suitable." It will be difficult to find a comparable director.

President's Message



Don Rambow

Board Directory

PERA's trustees invite you to notify them personally of any concerns you have regarding the policies or operations of the Association.

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* Appointed to complete elected term

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The Guardian is published as a service to public safety members of the Public Employees Retirement Association.

Toll Free—1-800-652-9026, or 651-296-7460, Between 8:00 a.m. and 4:30 p.m.

Fax Number—651-297-2547

Internet—www.mnpera.org

Mary Most Vanek—Executive Director

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.

We take your privacy seriously . . . very seriously

At PERA there are some things we just won't do—things like asking you for personal information in an email.

In a world where one has to be ever vigilant in protecting one's identity, PERA takes your privacy very seriously. Over the years, we have implemented a series of security measures and procedures to try and stay ahead of those who would seek to impersonate you or us.

Back to those emails

PERA will not include your personal information in an email, nor will we request it . . . things like your Social Security number, phone number, address or password. In fact, if you receive an email requesting such information from anyone, be very suspicious. And if you are not confident of the source, don't respond to the email or click on any attachments or links. It could be an effort to trick you into divulging sensitive information like passwords and Social Security numbers. Typically, the only time PERA will send an email containing a link, unless it is in response to a request from you, is for our member newsletters.

What about our website?

No personal data is available or accessible anywhere in our website, www.mnpera.org, except through MY PERA, our secure member portal. Actually, MY PERA is a separate system with no physical or electronic connection to the remainder of the website other than the link that brings you to the sign-on page. There is no back door.

The servers PERA uses for MY PERA are protected by industry standard technologies, including password protection and firewalls. Personal information submitted by users and information provided by us through MY PERA are both secured with encryption. We are constantly evaluating and improving our security, including using outside firms to periodically test our security measures.

It's also up to you

To make it all work, you have to do your part as well. You are entirely responsible for maintaining the confidentiality of your password and any access to your MY PERA account that you give to others. Make your password as secure as possible. As for the questions and answers you provide to retrieve a forgotten password, make sure only you know the answers to the questions you post.

Yes, we do collect some information on line

We do not collect **personal information** about you on line unless you choose to provide it. Nor do we use cookies to collect user information. However, we do collect and store some data like the Internet protocol (IP) address of the computer you are using, the browser software you use, and your operating system. This is necessary to transfer data and information, to serve you better, and to evaluate and improve our website and services. This information is not shared.

Hello, this is PERA

How does PERA know it's really you when you call? If you phone PERA with a question about your benefits, our counselors will ask a series of identity questions. Those questions allow us to verify it truly is you at the other end of the line and give us the opportunity to update any information that may have changed. We cannot share personal information with anyone over the phone until we have positively identified the caller.

Equally, if we call you we will identify ourselves and provide you with sufficient information to positively identify ourselves.

Do we share any of your information?

As for providing information on you to others, there is very little information PERA will share with anyone other than an authorized government agent without a court order, power of attorney, or your express permission. This even includes your spouse. All we can divulge is your name, gross pension, and type of benefit.

If you wish to allow others to receive additional information, there is a *Consent for Release of Information* form available on the Forms and Publications page of our website. On that form you specify who is to receive the information, as well as the nature of that information.

Otherwise, PERA has a very strict policy addressing the release of personal and private information. That policy is reviewed regularly, and applies to PERA employees as well as the general public. Releasing your private or personal information to an unauthorized individual is an offense punishable by sanctions that can include dismissal of the employee. Staff members are also limited on their access to your account information unless it relates to processing the account, as part of PERA's regular business operations, or in responding to a request from you.



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✓OTE 2015

Five board seats up for election in 2015

PERA members will have the opportunity to vote for all five representative members of our Board of Trustees next January—three representing active General Fund members, one representing all retirees and other benefit recipients, and one a Police and Fire representative.

Candidates can file for the election during the first week of October. Materials will be available on line at www.mnpera.org in August. Contact PERA for more information.



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Mary Vanek announces retirement plans

Mary Most Vanek, PERA's executive director for the past 17 years, announced her intention to retire from public service next January. The announcement was made at the Thursday, May 8, meeting of the Board of Trustees. The Board will be discussing the search for a new director at its August meeting.

Appointed to head PERA in 1997, Vanek has spent her entire career serving Association members, having joined the agency in 1975. Her selection followed a nationwide search.

Prior to assuming her current position, Vanek was the manager of the Association's Member and Legislative Services Division. During her career she has worked in nearly every department of the Association. She is only the sixth director in PERA's 83-year history.

Rebecca Otto, State Auditor and a statutory member of the Board, acknowledged the advancements in efficiency and member service made by PERA over the past few years under Vanek's leadership. She said the director was leaving the Association in a "great position" to meet the challenges of the future.

Don Rambow, Board president, praised Vanek for her work and said she had earned her retirement. "That's what we are here for, to see people enjoy themselves in retirement and enjoy the fruits of their work," he said.

Vanek's retirement was not the only such announcement at the meeting. Board Police and Fire Representative Bruce Jensen announced his retirement at the end of May. His seat, along with the other four elected Board positions, will be up for election next January.

A video exploring the changes ahead for the Police & Fire Plan is available in the Viewing Room at www.mnpera.org

