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## Chapter 8– Member Benefits



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PERA was established in 1931 by the Minnesota Legislature to provide public employees with a reliable retirement plan. PERA has stood the test of time, becoming the state’s largest public defined benefit plan.

Participating employers are critical to the successful administration of the retirement system. Every day, PERA Service Representatives work in partnership with you and other employers to support our members/your employees from the first day of enrollment through the date they leave public service and apply for benefits. Our organizations have a shared goal - to help members understand their benefits so they can plan for and achieve a secure financial future.

This chapter of the manual will help you to learn about the role you play in helping your covered employees to secure PERA benefits upon their termination of public service, disability, or death. It provides benefit information relating to PERA’s Defined Benefit Plan, which includes the Coordinated Plan, the Police & Fire Plan, and the Correctional Plan. The chapter also provides benefit information for the Defined Contribution Plan, which is exclusively for elected local governmental officials, certain appointed public officers, city managers, physicians, certain appointed members of a local board, volunteer ambulance service personnel, and volunteer or emergency on-call firefighters.

The information in this section is intended as a general guide to benefit provisions and procedures based on current law. Actual benefits are based upon the laws in effect at the time a member terminates public service. If there is any discrepancy between this information and the actual law, the provisions of the law will govern.

## Benefit Information Resources

PERA provides numerous reference materials and education services at no cost to members or employers. As the employer, you can help members obtain information about their PERA benefits throughout their years of membership by doing the following:

- From the start of membership, recommend that your PERA members visit the PERA website ([mnpera.org](http://mnpera.org)) to obtain information about PERA membership, benefits, and services.
- Regularly promote the myPERA online account to your employees. Registered myPERA users can view their account balances, update beneficiaries, and change their personal data. Members of the Coordinated Plan, Police & Fire Plan, and the Correctional Plan can also generate retirement and disability benefit estimates
- Consider sponsoring a group information meeting for your members. PERA's education specialists offer virtual or in-person options. If you want to sponsor a meeting with your covered employees, call the Member Service Center to make the arrangements.
- Inform employees about PERA education program opportunities. PERA provides member education programs and individual counseling sessions. We offer two different programs:
  - » Ready to Retire is intended for members who plan to retire within one year and focuses on the application process step-by-step.
  - » From Hire to Retire is designed for all members to learn about PERA benefits.
  - » PERA also offers individual meetings by phone and at our St. Paul office, which are designed for members who are within six months of retirement.
- Refer employees who have specific questions about benefits to call Member Services at 1.800.652.9026, or 651.296.7460 or email at [benefits@mnpera.org](mailto:benefits@mnpera.org).
- Respond to any requests from PERA Service Representatives to verify periods of employment and salary for past or current members. The information you provide will be used to determine benefit eligibility and to calculate benefit payments.
- Learn about PERA's Phased Retirement Option (PRO) so that you can determine how it could be advantageous for both your entity and certain Coordinated Plan members.
- Help retiring members of the Coordinated Plan, Police & Fire Plan, and the Correctional Plan to immediately qualify to draw benefits (if age and service requirements have been met) by making sure that a "bona fide" separation has occurred with your entity. A right to a monthly benefit requires a complete and continuous separation from all public employment for 30 days. Prior to terminating service, your employees





cannot have a written or verbal agreement to provide services after retirement to the same public employer. Independent contractors and employees of independent contractors may not work for their same employer for 30 days. Refer to the [Frequently Asked Questions](#) on PERA's website for details.

- Know the PERA reporting duties you will have if you employ a person who is receiving a retirement or disability benefit under the Coordinated Plan, Police & Fire Plan, or Correctional Plan. In many cases, you must report the wages (without contributions) to PERA.



## Refunds

### Eligibility

Members of a PERA Defined Benefit Plan (DBP) who terminate covered employment and have a 30-day break in public service may request a refund of their accumulated employee contributions plus interest. Information about the requirements that must be met to receive a refund is in the [Frequently Asked Questions](#) portion of PERA's website.

Members of a PERA Defined Contribution Plan (DCP) may request a refund of their account value upon termination of public service. Generally, to qualify for a refund payment, the individual must be an inactive member of DCP.

### What is Included in a Refund Payment

A refund from PERA represents a lump-sum payment of the member's account balance as described in the next table.

Currently, members of the Defined Contribution Plan who are age 65 or older do not need to terminate public service in order to receive a full or partial distribution of their account balance. While still working, or after having terminated service, the individuals may request a full refund or, on an annual basis, they may take a distribution of at least \$5,000.

### What is the Member's Account Balance?

Under a DBP, a member's account balance is:

- the accumulated member deductions that had been withheld from wages
- plus interest at the rate(s) specified in law, compounded annually. (The rate is 3 percent effective July 1, 2018.)

The account balance does not include employer contributions. These amounts are not credited to individual accounts; they are dedicated to the payment of future pensions and remain with the system.

Under a DCP, a member's account balance is:

- the value of shares purchased with both member and employer contributions\*
- minus administrative fees.

\*These combined contributions are used to purchase shares in the investment accounts that the member has chosen. The final value of shares is determined by market and economic conditions. PERA cannot guarantee that the value of an account will not decrease to a level below the original purchase price of the shares.

### Refund Application Procedures

Payment of a refund is not automatic. A member must complete the [Application for Refund](#), which can be obtained from the PERA website or mailed upon request. The member must mail the completed form to PERA on or after the date of termination. Only applications with original signatures will be processed.

You can support employees who want a PERA refund by doing the following:

- Refer the employees to the PERA website to download the application and related brochures (such as the [Applying for a Refund](#) brochure).
- Note: Do not accumulate copies of the blank refund application in order to have inventoried forms on hand for employees. The form content could change over time and the member needs to use the most current form.
- Immediately report the member's termination date to PERA. This can be done through the employer internet system (ERIS), or the member may ask that you sign the refund application to expedite the process.
- If your terminating employees need more information about the refund process, ask them to call Member Services at 1.800.652.9026, or 651.296.7460 or email at [benefits@mnpera.org](mailto:benefits@mnpera.org).

PERA has up to 120 days after receipt of the application to process the refund or trust transfer. Generally, payment will be mailed within 90 days from the date that PERA receives a valid application.

### Taxes on a Refund

Generally, all of a member's refund payment consists of tax-deferred (pre-tax) funds. If the refund is paid directly to the member, PERA must withhold federal taxes of 20 percent on the taxable portion of the refund. PERA will withhold 6.25% state tax for Minnesota residents unless another amount is selected on the W-4MNP Minnesota state tax withholding form. Members can defer taxes by rolling over the refund to another qualified plan that accepts rollovers by completing the rollover section on the refund application.

For members who end public service before age 55 (age 50 for qualified public safety employees) and take their PERA refund prior to

age 59½, the payment could be subject to an IRS early withdrawal penalty of 10 percent unless it is rolled over. See the Tax Notice About Your Rollover Options fact sheet on PERA's website for more information.

PERA will issue an IRS Form 1099-R to the former member in January of the following year for filing their tax return.

Any PERA member who is considering taking a refund should understand the related tax implications and may want to consult with a professional tax advisor before completing the refund application.





## Leaving Funds with PERA after Terminating Service

Members who terminate public service may, in lieu of applying for a refund, leave their retirement plan contributions with PERA until a later date. Leaving the funds with PERA might be advantageous in these situations:

- If the member is vested in the Defined Benefit Plan, the employee may leave the contributions with PERA in order to receive a lifetime monthly benefit after reaching retirement age. Eligibility for a deferred benefit and the age at which the person may first begin receiving a benefit depend upon the specific retirement plan under which the person had participated and the date of termination of service. The brochure [Applying for a Refund](#) will help members understand their option to defer their money for a future benefit.
- Employees who might again become members of PERA's Defined Benefit Plan or might become members of another Minnesota public retirement system (i.e., the Teachers Retirement Association or the Minnesota State Retirement System) may want to leave their funds with PERA to qualify later for a Combined Service Annuity. The brochure [Combined Service Annuity](#) has details.
- Individuals with membership in PERA's Defined Contribution Plan have the option to leave their funds in the plan for investment. The inactive member may transfer money from one investment account to another, however, can no longer submit additional contributions to their PERA account.



If a member is deferring their benefit, there is a required age a member must start receiving payments. Required minimum distributions (RMDs) are the minimum benefit amounts a member must withdraw from their retirement account each year. With the 2022 Secure 2.0 Act, the current law has the RMD age as:

- 73 for a person who attains age 72 after December 31, 2022 and age 73 before January 1, 2033, and
- 75 for an individual who attains age 74 after December 31, 2032

If the member reached age 72 on or before December 31, 2022, the RMD age is based on prior law. If an RMD is not taken by that date, the IRS may impose an excise tax. For more information, visit the IRS website at [www.irs.gov](http://www.irs.gov). If the member is actively working in a PERA-covered job, or drawing a monthly retirement benefit, the member is NOT required to take an RMD, regardless of age.

If a member of a Defined Benefit Plan leaves PERA-covered employment, their account becomes inactive. If they remain out of PERA service, are not vested, and do not apply for a refund within five years after their last member contribution was made, they will forfeit their member contributions and interest from PERA.

## Retirement Benefits

There are no monthly retirement benefits available to members of the Defined Contribution Plan upon their termination of service; however, the members are entitled to receive a lump-sum refund. See the Refund section of this chapter for more information.

A vested member of the Defined Benefit Plan can begin taking a retirement benefit once the person reaches early retirement age

This section describes the retirement benefits available under the Coordinated Plan, Police & Fire Plan, and the Correctional Plan. More details about the retirement benefits available to Defined Benefit Plan members can be found in the [Member Handbooks](#) for each retirement plan.

### Coordinated Plan

Vested members of the Coordinated Plan will receive unreduced benefits from PERA when they reach full retirement age. A member may retire prior to that date, but the pension will be permanently reduced by doing so. The eligibility requirements for full and reduced benefits under the Coordinated Plan are described in the following sections.

### Full Retirement (Unreduced Benefits)

Full retirement age for individuals first hired into Minnesota public service prior to July 1, 1989, is 65. For those hired after that date, full retirement age is 66.

Individuals hired prior to July 1, 1989, also qualify for a full pension when their age plus years of public service total at least 90 (Rule of 90), regardless of age.

A minimum of one year of public service is required to qualify for a retirement benefit for active members at or over their Social Security full retirement age.

### Early Retirement (Reduced Benefits)

A member of the Coordinated Plan who retires before full retirement age may be eligible for a reduced benefit if:

- The member is at least age 55 with three or more years of service (vesting requirements may be different if the member terminated prior to July 1, 2023); or
- The member has 30 or more years of service, regardless of age (if first hired prior to July 1, 1989).

### Phased Retirement Option

Members of the Coordinated Plan can receive a PERA pension without formally resigning and continuing to work part-time under the Phased Retirement Option (PRO).

The decision to allow members to participate in the PRO Program is strictly up to the employer. The initial agreement to work under the PRO must not exceed one year, but it can be renewed for periods of up to a year for a total of five years. An employer is under no obligation to enter or renew a phased retirement agreement. Phased retirement requires a [written agreement](#) between the employer and the individual, which must be submitted to PERA along with the Application for Retirement Benefits.

The use of a PRO has several benefits for employers and employees; however, there are also some potential consequences for members. The PERA Web site contains more information about this program, including [Retirement Planning](#). You will also find reporting information and instructions in [Chapter 6](#) of this manual.



## Police & Fire Plan

### Full Retirement (Unreduced Benefits)

A full benefit is payable to members of the Police & Fire Plan when they meet the following vesting and age requirements:

- Age 55
  - » with three years of service if first a member of the Association before July 1, 2010,
  - » with five years of service if first a member of the Association on July 1, 2010, or later (note: graded between 5-10 years)
- A minimum of one year of public service is required to qualify for a retirement benefit for active members at or over age 65.
- The member's age plus years of service equal at least 90 (Rule of 90), if hired prior to July 1, 1989.



### Early Retirement (Reduced Benefits)

A reduced benefit is available to Police & Fire Plan members who are vested between the ages of 50 and 55. A reduced benefit is also available at any age with 30 years of service if first hired prior to July 1, 1989.

## Correctional Plan

### Full Retirement (Unreduced Benefits)

A full benefit is payable to members of the Correctional Plan when they meet the following vesting and age requirements:

- Age 55
  - » With three years of service if first a member of the Association prior to July 1, 2010, or,
  - » With five years of service if first a member of the Association on July 1, 2010, or later (note: graded 5-10 years).
- The member's age plus years of service equal at least 90 (Rule of 90), if first hired prior to July 1, 1989.
- A minimum of one year of public service is required to qualify for a retirement benefit for active members at or over age 65.



### Early Retirement (Reduced Benefits)

A reduced benefit is available to Correctional Plan members who are vested between the ages of 50 and 55. A reduced benefit is also available at any age with 30 years of service if first hired prior to July 1, 1989.

### Members with Credits in Other Funds

Members may elect to combine PERA service with service in another Minnesota public pension funds and qualify for a retirement benefit from each fund in which the member participates. PERA refers to this as a Combined Service Annuity (CSA).

As explained in the brochure "[Combined Service Annuity](#)", members qualify for a CSA if they have six or more months of service in each fund and have not yet begun to receive a benefit from any of the designated funds. The member must be vested in the plan with longest vesting requirement. The benefits from each fund must begin within one year of each other. Benefits are based upon the formula of each fund and the member's high-five average salary, no matter when it was earned.

The following retirement funds qualify for combined service with PERA:

- State General Employees Retirement Fund
- Teachers Retirement Fund, including the Associations formerly known as Minneapolis and Duluth Teachers Retirement Funds
- State Patrol Retirement Fund
- Public Employees General Retirement Fund, including the Association formerly known as MERF
- Public Employees Police & Fire Fund
- Local Correctional Employee Retirement Plan
- Judges' Retirement Fund
- St. Paul Teachers Retirement Fund Association
- Legislators' Retirement Fund
- Elective State Officers' Retirement Plan
- Unclassified Employees Retirement Plan

### Non-Vested Members Who Retire at Age 65 or Older

Members of the Coordinated Plan, Correctional Plan or the Police & Fire Plan, who have at least one year of service but are not vested, are eligible for a proportionate annuity if they are working at the time they reach the normal retirement age for the respective plan, but at least age 65.





## Retirement Benefit Calculation

A Defined Benefit Plan member’s annual monthly benefit is based on a benefit formula that is comprised of three components:

### Retirement Benefit Calculation Formula

Plan % Factor x Member’s High-Five Salary x Years of Credit

Descriptions of each component in the retirement formula are as follows:

Plan % Factor - The plan percentage factors depend upon the specific Defined Benefit Plan as follows:

Coordinated Plan	Correctional Plan	Police & Fire Plan
Coordinated members receive 1.7 percent of their high-five salary for every year of credited service*	Members receive 1.9 percent of their high-five salary for each year of credited service	Members receive 3 percent of their high-five salary for each year of credited service

\*If first hired before 7/1/89, the Coordinated Plan monthly benefit will be computed two different ways and the formula that results in the higher amount is used to compute the benefit payable. Full details about Coordinated Plan benefit calculations are found in the [Member Handbook](#).

High-five Salary – This is the average of the highest 60 consecutive months of salary for the member.

Years of Credit – In general, members earn service credit for each month in which they worked and earned compensation that was subject to PERA contributions. Members receive credit for up to three months while on a temporary layoff status, and, participants may be able to purchase service credit for authorized leaves of absence. If the member was previously a PERA member who left public service and received a refund of their member contributions, the member may repay the refund plus interest to restore lost credit. The fact sheets [Leave Purchases](#) and [Repaying a Refund](#) has details.

## Deferred Pension

Members of the Coordinated Plan, Police & Fire Plan, or the Correctional Plan who leave public service after becoming vested but before reaching retirement age may leave their contributions with PERA and qualify for a deferred pension.

A deferred pension is calculated as of the date of termination, based upon the member’s years of service and high-five average salary.

## Retirement Application Procedures

Payment of a retirement benefit is not automatic. A member will need to download the [Application for Retirement](#) or contact PERA to have the application mailed. Upon request, PERA will provide a retirement packet to the member that includes necessary forms and brochures to explain the process. A member can file the retirement application with PERA as early as six months prior to the effective date of retirement.



Your role in the retirement application process and the benefit continuation procedures is as follows:

- Complete the [Verification of Termination](#) form when you receive it from the member or from PERA. In most cases, you should return this form to the member who is then responsible for sending it to PERA. However, you may return the form directly to PERA if you and the member made this agreement, or if you received the form from PERA. We also ask that you report the date of termination to PERA once the member's employment has actually ended. Use your normal reporting process to provide the data, such as ERIS or the Member Information Change Report.
- If you decide to extend the Phased Retirement Program (PRO) to one or more Coordinated Plan members, you will need to complete Part A of the [written agreement](#). You will also need to report the earnings of the PRO participant on the Salary Deduction Report. Refer to [Chapter 7](#) for more details.
- If you employ an individual who is receiving a retirement benefit under the Coordinated Plan, the Police & Fire Plan, or the Correctional Plan, you may need to report the post-retirement earnings of the individual on the Salary Deduction Report. Reporting instructions can be found in [Chapter 7](#).

Once all of the required documents have been received, PERA will pay an estimated retirement benefit approximately three weeks from the effective date of the member's retirement. The member's final benefit amount will be calculated when all salary deductions have been received, which usually occurs about three months after the retirement effective date. The final benefit is the actual monthly amount that will be paid for the duration of the member's retirement, not including any annual increases.

#### Retirement Benefit Payment Options

As part of the retirement application process under the Defined Benefit Plan, the member must choose one of five payment options. All of the options provide the retiring member with a monthly benefit for life.

Because each member's circumstances are unique, PERA Service Representatives do not advise members on which option to select. Members will need to consider their financial needs in retirement and the need to provide survivor benefits. PERA's role in the process is to provide information about the payment options available so that the member can make an informed decision when completing the application. The

worksheet, [Which PERA Pension is Right for You](#), may help members to evaluate their income needs before choosing a benefit payment option.

#### Single-Life Benefit

A single-life monthly benefit provides the maximum amount payable during the member's lifetime. Under this option, no monthly payments will be made to any person after the death of the retired member. However, any balance of employee contributions at the time of death will be paid to the member's designated beneficiaries.

#### Survivor Options

A member may elect from one of four survivor options. Selecting the survivor option means the member will receive a monthly lifetime benefit that is smaller than the single life benefit so that, upon his or her death, a lifetime monthly benefit can be paid to a surviving spouse or another individual.

At the time of retirement, the member may elect a 25, 50, 75, or 100 percent survivor option.

Retiring employees can select from several types of retirement benefits



Fast Fact



Upon the retiree's death, the designated survivor (if living) would draw the selected percentage of the pension that had been received by the member for the survivor's lifetime.

For all survivor options, the member can designate his or her spouse as the survivor regardless of the spouse's age. Under IRS law, if someone other than the spouse will be the designated survivor, there are age restrictions for the 75 percent and 100 percent survivor options.

If the designated survivor dies before the retiree, the amount of the monthly pension will increase to the level of the single-life benefit prospectively,

which is the amount the member would have received had the survivor option not originally been selected.

**Revoking an option**  
Selection of a survivor option for a spouse can be revoked in the event of a marriage dissolution or annulment. The monthly benefit would then revert to a single-life benefit. The payment, however, may still be split between the parties if the court orders the revocation of the benefit selection and both the member and former spouse sign a PERA form acknowledging the change.

If a survivor is a non-spouse, the selection of survivor option can be revoked upon mutual agreement

between the former PERA member and the person designated as a survivor. Contact a PERA Service Representative for more information.

**Reporting Responsibilities upon Re-employment**  
Employment after commencement of a retirement benefit under the Coordinated Plan, the Police & Fire Plan, or the Correctional Plan may impact the person's eligibility for that benefit. Generally, when a PERA retiree, who is under his or her full Social Security retirement age, resumes public service after retirement, the employer must report the earnings of the individual to PERA. Reporting instructions can be found in [Chapter 7](#).



## Disability Benefits

PERA's defined benefit plans provide important protection for members when they become ill or are injured and the condition (physical or psychological) is expected to last at least one year. The disability must have occurred before the member terminated public employment. Disability benefits generally provide a monthly benefit pay-

able before the member reaches retirement age.

Members of a Defined Contribution Plan, who qualify for total and permanent disability under the laws governing PERA, have the option of receiving monthly payments from their account or a lump-sum refund. Monthly disability payments must be in \$100 increments. The benefit ends when the disability status

ends or when the account is depleted, whichever is sooner.

The remainder of this section describes the disability benefits provided under the Coordinated Plan, Police & Fire Plan, and the Correctional Plan. For more details, consult the disability section of the [Member Handbook](#) for each retirement plan.

### Definition of PERA Disability

For members of the Coordinated Plan, disability means a disabling condition (physical or psychological) expected to last at least one year, which makes it impossible for the employee to engage in any substantial gainful activity.

For members of the Police & Fire Plan or the Correctional Plan, disability means a disabling condition (physical or psychological) expected to last at least one year, which makes it impossible for the employee to perform the normal duties of the public safety position that is (or was) held by the individual. There are two types of benefits depending on whether the disabling condition arose out of an act of duty as follows:

- Duty disability – applies if the person becomes disabled as a direct result of any injury, sickness, or other medically determinable condition that incurred in or arose out of the performance of the normal or less frequent duties of the particular position either of which are specific to protecting the property and personal safety of others and that present inherent dangers specific to the public safety positions covered by the applicable plan. Note: The member must complete a treatment requirement if they are applying for a duty disability benefit due to a psychological condition. After completion of psychological treatment, the member may apply for duty disability benefits based on that psychological condition, however they must complete the treatment requirement and submit a valid disability application within 18 months of termination.
- Regular disability – applies if the disabling condition resulted from a disease or injury arising from activities while not at work, or while at work and performing the normal or less frequent job duties that do not present inherent dangers that are specific to the occupations covered by the applicable retirement plan.

A member of the Police & Fire Plan may also qualify for “total and permanent” disability benefits if he or she cannot engage in any substantial gainful activity, regardless of whether the disability is a duty or regular disability.

### Service and Age Requirements

The member must be employed in public service when they become disabled. The member must also apply for disability benefits within 18 months of the date they terminate public service. There are also certain service and age requirements that must be met.

### Coordinated Plan

The applicant must be under normal retirement age and be vested. If the employee’s public employment has terminated at any time, at least two of the required years of service to be vested must have been rendered after last becoming an active member.

### Correctional Plan

- Duty Disability – No minimum service required.
- Regular Disability – Requires at least one year of Correctional Plan covered employment.

### Police & Fire Plan

- Duty Disability – No minimum service is required. Individuals over age 55 cannot receive a benefit if they have (or will have) 20 or more years of service credit on the date the benefit would be effective, unless the individual qualifies for “total and permanent” disability benefits.
- Regular Disability – Requires at least one year of PERA-covered public service. Individuals over age 55 cannot receive a benefit if they have (or will have) 15 or more years of service credit on the date the benefit would be effective, unless the individual qualifies for “total and permanent” disability benefits.



## Disability Application Procedures

The PERA disability application process for a member of the Coordinated Plan, Police & Fire Plan or Correctional Plan involves several participants, each with a distinct role.

The process begins when the member applies for disability benefits while still on payroll or within 18 months of having terminated employment. Additionally, the applicant must provide medical evidence supporting the claim of disability. Disability applicants must file the following:

- A minimum of two medical reports. One report must be signed by a licensed medical doctor and another signed by a medical doctor, APRN, psychologist, or chiropractor. The application includes PERA's Authorization for Release of Medical Records.
- Evidence of age and any name change(s) that have occurred. If the individual chooses a Survivor Option, similar evidence is required for the named survivor.
- If application is being made for a benefit under the Correctional Plan or the Police & Fire Plan, the member must also work with his or her employer to obtain the necessary report of injury form and copies of the pertinent job description, and a record of the employee's pre-employment physical examination, if applicable.

The applicant is responsible for the cost of securing medical documentation. However, if PERA's medical evaluator recommends an independent medical evaluation, PERA will pay the cost of that examination.

Your role in the disability application and benefit continuation procedures is as follows:

- Indicate in ERIS your Police Disability Contact, Fire Disability Contact, or a Payroll Contact. The letters PERA sends to you will be addressed to that representative.
- Complete the Certification by a Governmental Unit Regarding Disability, which will be mailed to your office by PERA staff. This form collects information about the applicant's employment status, salary, and receipt of any Workers' Compensation payment.
- For those applying for a benefit from the Correctional Plan or the Police & Fire Plan, send the following documents to PERA:
  - » The Required Employer Information for a Public Safety Disability Applicant form that you will receive from PERA. This form will assist in evaluating the individual's application and in obtaining information about work that may have been available for the employee, along with



any reasonable accommodations considered by the employer and the employer's knowledge of the individual's ability to perform assigned job duties.

- » Copies of all First Report(s) of Injury filed on behalf of the employee and
- » A copy of the job description for the position the individual held on either a) the date of disability, or b) 90 days prior to the individual's last day of work if the onset of the disability was more than two years ago.
- If you employ an individual who is receiving a disability benefit under the Coordinated Plan, the Police & Fire Plan, or the Correctional Plan, contact PERA's Service Representatives at 651-296-7460 or 1-800-652-9026 to discuss the employment conditions and to learn about the reporting duties you have on behalf of this person.

A medical evaluator under contract with PERA will review the disability application and supporting materials and recommend approval or denial to PERA based on the definition of disability previously outlined. If benefits are approved, PERA pays disability benefits after the person no longer has sick leave or vacation time credited on the records of the employer and the person is not receiving any salary payments.

As part of the disability application process, the applicant has the option to have payment of the disability benefit made on a monthly

basis as a single-life benefit or under the 25, 50, 75, or 100 percent survivor option. All of the options provide the applicant with a monthly benefit for life. Selecting a survivor option means the disabled member will receive a monthly lifetime benefit that is smaller than the single life benefit so that, upon his or her death, a monthly benefit can be paid to the designated survivor.

After benefits begin, PERA requires the member complete disability reapplication. The member provides periodic medical evidence as proof that the disability is continuing. The cost of medical examinations is the member's responsibility unless PERA requests an independent medical examination.





## Disability Benefit Calculation

Coordinated Plan	Members receive 1.7 percent of their high-five salary for each year of credited service.
Police & Fire Plan	Members receive a minimum in-the-line-of-duty benefit equivalent to 20 years of service (60 percent of salary) and a minimum regular disability benefit equivalent to 15 years of service (45 percent of salary).  Police & Fire Plan members will receive 99 percent of salary if the disability is considered duty total and permanent.  Additionally, Police & Fire Plan members deemed eligible for a duty-related benefit may also be eligible for continuance of employer-paid health insurance under Minnesota Statutes Section 299A.465. The first 20 years of a duty-disability benefit is considered federally tax free.  Regular, not total and permanent disability benefits are capped at 15 years or 45 percent of salary.
Correctional Plan	Members receive a minimum in-the-line-of-duty benefit equivalent to 25 years of service (47.5 percent of salary) and a minimum non-duty disability benefit equivalent to 10 years of service (19 percent of salary), with 1.9 percent of average salary given for each year of service over 25 or 10, respectively. The first 25 years of a duty-disability benefit is considered federally tax free.

### Workers' Compensation for Coordinated and Correctional Plans

The PERA single-life disability benefit plus any workers' compensation that the member is receiving cannot be more than the higher of either the salary the person has been receiving at the time the disability began or the current salary for a similar position. If the total salary and benefits exceed the person's former earnings or the salary for a similar position, the PERA disability payments will be reduced by an amount sufficient to return the person's earnings to this limit. Any amount deducted from your disability benefit due to employment or workers' compensation is not recoverable at a later date.

### Reporting Responsibilities upon Re-employment

Employment after commencement of a disability benefit under the Coordinated Plan, the Police & Fire Plan, or the Correctional Plan may impact a person's eligibility for that benefit. The employing unit should contact PERA's Service Representatives at 651-296-7460 or 1-800-652-

9026 to discuss the employment conditions. Generally, when the individual is reemployed but remains disabled under the law, the employer will be required to report the earnings of the individual on the Salary Deduction Report using the reporting instructions in [Chapter 7](#).

### Trial Work Period

Coordinated members collecting a disability benefit who remain totally and permanently disabled may be able to return to part-time employment with minimal salary and continue to receive the benefits. In these instances of partial reemployment, the employer will not withhold PERA deductions from the salary, but must report the wages on the Salary Deduction Report.

Upon written request submitted to PERA, an individual who is receiving disability benefits under the Coordinated Plan can return to work on a full-time or less than full-time basis for up to six months on a trial basis for the previous employer or to a similar position with another employer.

During the six months, the employer will not withhold deductions from the employee's salary unless the individual has waived further disability benefits. If employment is extended beyond six months, the employer must begin to withhold PERA deductions from the employee's salary and PERA will discontinue the disability benefit.

### Police & Fire Plan

Individuals drawing disability benefits under the Police & Fire Plan, who remain disabled under the law, can work as long as the position does not have physical requirement similar to the position from which the individual is disabled. The position cannot be covered by the Police & Fire plan. The employer will not withhold PERA deductions from these earnings, but must report the earnings on the Salary Deduction Report under the Exempt plan so that

PERA staff can determine if the earnings remain under the limits set in law.

Report under the Exempt Plan so that PERA staff can determine if the earnings remain under the limits set in law.

### Correctional Plan

Individuals drawing disability benefits under the Correctional Plan, who remain disabled under the law, can work as long as the position is not covered by the Correctional Plan or the Police & Fire Plan. The employer will not withhold PERA deductions from these earnings, but must report the wage on the Salary Deduction

## Death Benefits

One of the benefits of membership under a Defined Benefit Plan is protection for the member's family in the event of the individual's death. Generally, survivor benefits will follow a simple succession: 1) any survivor benefits due would first go to the surviving spouse; 2) if there is no spouse, benefits would then be payable to any dependent children and 3) if there are no survivor benefits due, the balance in the account would be distributed to the designated beneficiaries, or if none, to the person's estate.

Upon the death of a member of the Defined Contribution Plan, the value of the account is payable, upon application, to the member's beneficiaries, or if none are designated, to the member's spouse. If no spouse, it will be paid to the member's estate. No monthly payments are available.

The remainder of this section describes the benefits that are available to survivors upon the death of an active or deferred member of the Coordinated, Police and Fire, or Correctional Plan member. The specific benefits payable upon the death of a vested member are different from those payable after the death of a non-vested member.

### Coordinated Plan

PERA provides the survivors of vested Coordinated members with several benefit options.

If the Coordinated member dies while an employee of a PERA-covered employer, the surviving spouse generally has the following options:

1. Elect to receive a surviving spouse benefit that is payable for the spouse's lifetime. There is no minimum age requirement, but reductions are made from the time the member would have reached full retirement age.
2. Instead of the surviving spouse benefit, the qualifying survivor may elect to receive a term-certain benefit for a specified period of 10, 15, or 20 years and then the benefits stop. The shorter the term, the larger the monthly benefit, but payments cannot be greater than 75 percent of the member's average monthly salary during the five highest-paid consecutive years of service. All term-certain options are actuarially equivalent, which means they are designed to pay out the same total amount over time as the (lifetime) surviving spouse benefit, otherwise payable. If the



spouse chooses the term-certain benefit, but dies before the end of the period, the value of the benefit that would have been paid for the remaining time would be commuted and paid in a lump sum to the survivor's estate.

3. The last option available to the surviving spouse, if he or she is the designated beneficiary on PERA's records, is to elect a refund of the employee contributions in the account plus interest.

If there is no eligible surviving spouse, the dependent children are entitled to a benefit payable until age 23.

If the Coordinated member is a former member at the time of death, but is vested to receive a future deferred pension, the surviving spouse may qualify for a 100 percent Survivor Option monthly benefits. The spouse benefit can begin immediately, if the former Coordinated Plan member was first hired prior to July 1, 1989, and has 30 or more years of service. If the years of service for the deferred member are less than 30, the survivor benefit cannot begin until the deceased member would have reached age 55. The benefit is payable to the spouse for his or her lifetime, even upon remarriage.

#### Police & Fire Plan

PERA provides survivor benefits for its active Police and Fire members who die prior to retirement.

#### Spouse Benefits

The surviving spouse of a vested active Police and Fire member is eligible for a survivor benefit that is based on 50 percent of the average salary that the active member had during the six months of service immediately prior to death. If the member's death is a result of hazardous activities while protecting the safety or property of others, a benefit of 60 percent of salary is payable to the surviving spouse, even if the member is not vested in the plan at the time of death.

If the member is over 50 at the time of death, PERA will also calculate a survivor benefit based on a formula using the member's total years of service, high-five average salary, age at death, and the age of the surviving spouse. The spouse will always receive the higher of these two amounts. The benefit continues for the spouse's lifetime, even upon remarriage.

The surviving spouse of a Police & Fire Plan member, if designated as beneficiary, may forego the survivor benefit in favor of receiving a lump-sum refund of the employee contributions in the account plus interest. A

refund cannot be paid, however, if there are dependent children.

#### Children's Benefits

Dependent children of Police & Fire Plan members are also eligible for survivor benefits. By law, a dependent child means a member's biological or adopted, unmarried child who is under age of 23.

Benefits to dependent children are equal to 10 percent of the average monthly salary that the member had earned during the last six months of service. The dependent child's benefit is payable until age 23.



### Family Maximum Benefit

The family maximum combined monthly benefit is 70 percent of the average monthly salary during the member's last six months of service (80 percent if the member died while engaged in hazardous activities).

There is also a minimum family benefit of 50 percent of this average salary. This family minimum increases to 60 percent if the death occurs while engaged in hazardous activities. As an example, if the member is survived by two dependent children and no spouse, the children would each be entitled to 25 percent of the member's average salary, thus equaling the 50 percent family minimum.

### Correctional Plan

Under the Correctional Plan, a surviving spouse of a vested active member may elect to receive a survivor benefit if the member dies prior to receiving a retirement benefit. There is no minimum age requirement, but reductions are made from the date at which the member would have reached age 55. The survivor benefit would be payable for the lifetime of that individual.

### Term-Certain Options

The surviving spouse of a Correctional Plan member, if designated as beneficiary, may decline the survivor benefit in favor of receiving a term-certain benefit. Term-certain benefits provide monthly payments over a specific

number of years and then end.

A shorter term results in a larger monthly benefit.

The surviving spouse may elect to receive a term-certain benefit for a period of 10, 15, or 20 years. All of these term-certain options are actuarially equivalent, which means they are designed to pay out the same total amount over time as the survivor benefit.

The term-certain benefit amount is based on the member's years of public service and high-five salary. (All years of service are used in the calculation if the member has between three and five years of service.) The benefit is also based on the age of the surviving spouse and is reduced for each month it is drawn before the member would have reached full retirement age.

If the spouse chooses a term-certain benefit, but dies before the end of the specified period, the value of the benefit that would have been paid for the remaining time will be paid in a lump sum to the survivor's estate.

The surviving spouse of a Correctional Plan member, if designated as beneficiary, may decline the survivor benefit in favor of receiving a lump-sum refund of the employee contributions in the account plus interest. A refund cannot be paid, however, if there are dependent children.

### Children's Benefits

If there are dependent children and no eligible surviving spouse, the dependent children are entitled to a benefit payable until age 23.

### Reporting the Death of an Active Member

In the event of an active member's death, it is important to immediately call or email our office so that we can review the decedent's account to determine what benefits, if any, are due. PERA Service Representatives will obtain a copy of the death certificate and provide the necessary claim forms to the surviving spouse, or the named beneficiaries, or the personal representative or executor in cases where the estate is the beneficiary.

When you report the final salary of the deceased member on the Salary Deduction Report, please be sure to also report the date of death through your normal reporting process. Refer to [Chapter 6](#) for details on how to report employment status changes.

PERA Service Representatives may need to contact you for additional information if the individual was a member of the Police & Fire Plan and his or her death is the result of hazardous activities while protecting the safety or property of others.