



# Glossary

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## Definitions

### Accrued Benefit

In the case of a defined benefit pension plan, a participant's accrued benefit is his or her benefit as determined under the terms of the plan expressed in the form of an annual benefit.

### Accumulated Deductions

The total employee contributions deducted from a member's salary and credited to the member's PERA account. This does not include interest or employer contributions.

### Active Member

A person who is actively performing services as a public employee and while on an authorized leave of absence or an authorized temporary layoff.

### Actuarial

Relating to the work of an actuary. Computations using compound interest, mortality tables and other factors in the field of actuarial science are called actuarial computations.

### Actuarial Accrued Liability

The actuarial accrued liability of a pension plan at any time is the excess of the present value, as of the date of valuation, of total prospective benefits of the plan (plus administrative expenses if included in the normal cost) over the present value of future normal cost accruals, determined by the actuarial cost method in use. That portion, as determined by a particular actuarial cost method, of the actuarial present value of pension plan benefits and expenses that is not provided for by future normal costs.

### Actuarial Assumptions

Factors used by the actuary in forecasting uncertain future events affecting pension cost. They involve such things as interest and investment earnings, mortality rates, and turnover.

### Actuarial Buyback

Actuarial purchase of service for periods when no deductions were reported.

### Actuarial Equivalent

If the present value of two series of payments is equal, taking into account a given interest rate and mortality according to a given table, the two series are said to be actuarially equivalent. A benefit having the same present value as the benefit it replaces. Of equal actuarial present value.

### Actuarial Funding Method

Any of several techniques that actuaries use in determining the amounts and incidence of employer contributions to provide for pension benefits.

### Actuarial Gain or Loss

The effects on actuarial costs of deviations or differences between the past events predicted by actuarial assumptions, and the events that actually occurred. An actuarial gain results where the actual experience under the plan is more favorable than the actuary's estimate, while an actuarial loss reflects an unexpectedly adverse deviation.



### Actuarial Purchase

The cost of an actuarial purchase is the difference between a future benefit with and without additional service credit, discounted to the present value by the fund's assumed rate of return.

### Actuarial Reduction

The reduction in the normal retirement benefit that offsets a cost increase to the plan when a participant retires ahead of schedule. PERA uses tables prepared by its actuary to determine early retirement reduction factors and survivor option benefit reduction factors. Reductions are not fixed percentages: early retirement factors are based on life expectancy of the member; survivor options are calculated on the life expectancies of both the member and survivor designee.

### Actuarial Report

An actuary's report to the company recommending how much to contribute yearly to the pension fund to fund promised benefits.

### Actuarial Soundness

An actuarial concept relating to the degree of assurance (existing under an employer's program for funding pension cost) that the funds set aside under a pension plan will be sufficient to meet the pension payments provided for in the plan. Actuaries have not defined objective standards for determining actuarial soundness. The statement that the money set aside under a pension plan will be sufficient to meet the pension payments as calculated.

### Actuarial Valuation

A set of calculations prepared by the actuary to determine the normal cost and the accrued actuarial liabilities of a benefit plan. According to the entry age actuarial cost method and based upon stated assumptions including, but not limited to rates of interest, mortality, salary increase, disability, withdrawal, and retirement and to determine the payment necessary to amortize over a stated period any unfunded accrued actuarial liability disclosed as a result of the actuarial valuation of the benefit plan.

### Actuary

A person/agency professionally trained in the technical and mathematical aspects of insurance, pensions and related fields. The actuary estimates how much money must be contributed to a pension fund each year to support the benefits that will become payable in the future, as well as how much a benefit recipient is expected to receive monthly following retirement.

### Ad-hoc Report

User initiated computer system generated report.

### Administrative Law Judge (ALJ)

An official who presides at an administrative trial-type hearing to resolve a dispute between a government agency and someone affected by a decision of that agency.

### AG

Acronym - Attorney General.

### Agent

Or *attorney-in-fact*, the person given authority to act on behalf of another person, the *principal*. There may be multiple agents and successor *agents* who may be required to act jointly or allowed to act independently. The authority given to the *agent(s)* may be unlimited or very specific. For PERA purposes, the *agent* is most often not a member or benefit recipient, but a friend or family member of a member or benefit recipient. The *agent* is often, but incorrectly, referred to as a POA.

### AGI

Acronym - Average gross income.

### ALJ

Acronym - Administrative Law Judge.

### Alternate Payee

The former spouse in a marriage dissolution who will receive a portion of the PERA member's pension benefits upon the member's termination of employment and application for benefits.

### Ambulance Plan

Any public ambulance service or private ambulance service that receives an operating subsidy from a governmental agency in Minnesota may elect to participate in the Defined Contribution (Ambulance) Plan.

### Amortization

Paying off an interest bearing liability by gradual reduction through a series of installments as opposed to paying it off by one lump sum payment. A technique for gradually extinguishing a liability, deferred charge, or capital expenditure over a period of time. Includes such practices as depreciation, depletion, write-off of intangibles, prepaid expenses and deferred charges (e.g. mortgages are amortized by periodically retiring part of the face amount). The liquidation of a debt on an installment basis.

### AMS

Acronym - Average monthly salary.

### Annuitant

A member who is receiving a monthly payment from the fund after retirement, or the person receiving a joint and survivor option after the retiree's or disabilitant's death.

### Annuity

A contract that provides an income for a specified period of time such as a number of years or for life. The periodic payments provided under an annuity contract. Often used synonymously with pension. The annual payment of a pension made through regular monthly distributions.





### Annuity Certain

A contract that provides an income for a specified number of years, regardless of life or death. If an annuitant dies, his/her beneficiary will receive payments for the remaining number of specified years. Also referred to as period certain, term certain or dollar temporary annuity.

### Annuity Id

Used in the old legacy system to identify a payment recipient.

### Appeal Process

An appeal process is used in the PERA Disability application process whereby an application for disability has been denied.

### Asset Allocation Decision

A process that determines the optimal distribution of funds among various types of assets that offer the highest probability of consistently achieving investment objectives within the confines of a predetermined level of risk. The process often includes the use of a computer model program to assist in the processing of a myriad of data.

### Assets

The valuable resources, property rights and properties owned by a company, such as cash, investments, money due it, materials and inventories, which are called current assets; buildings and machinery, which are known as fixed assets; and patents and good will, call intangible assets.

### Attorney General (AG)

The main legal advisor to a government unit.

### Authorized Leave of Absence

Period during which a member is authorized by an employer to refrain from active employment, with or without pay, evidenced by appropriate record of the employer and promptly transmitted to the association.

### Average Gross Income (AGI)

The average of all income from whatever source derived, unless excluded by law.

### Average Monthly Salary (AMS)

The high five is the highest 60 consecutive months of salary. This is not determined by calendar or fiscal years. When determining the period to be used for the high five (or average monthly salary, AMS) backed up for any uncredited months and also for any whole months a member was on medical leave (by pay periods for members on workers comp leave).

### Basic Plan (BC)

The Basic Plan is the original retirement plan established under PERA for governmental employees in 1931. The plan was closed to new membership in 1968. Since 1968, newly hired governmental employees enroll in one of PERA's other defined benefit plans. The Basic Plan is not coordinated with the federal program.

### Basic Stub Record

A plan record for a Basic Plan member without the employment information.

### Batch Report

A report that is system initiated and system generated.

### BB

Acronym - Buyback (actuarial purchase).

### BC

Acronym - Basic and Comprehensive Plans.

### Beneficiary

The person(s) or organization designated by a member, former member, disabilitant, or retired member in writing, signed and filed with the association before the death of the member, former member, disabilitant, or retired member, to receive a refund of the balance of the member's accumulated deductions after death.

### Benefit

The monthly payments made to a member who has retired or become disabled or to the survivor(s) of a deceased member.

### Benefit Account Adjustment

The Benefit Account Adjustment window displays benefit account adjustments. Since the adjustments to a benefit are at the benefit account level, and not at the payee level, this window navigates from the Distribute Benefit window. The reason for this is because after specifying an adjustment to a benefit, a Benefit Payment Counselor could possibly distribute adjustments to multiple payee accounts.

### Benefit Account Tracking

Benefit Account Tracking window is used to search for benefit accounts based on search criteria such as social security number, benefit type, plan, or status.

### Benefit Application Tracking

The Benefit Application Tracking window allows the user to search for benefit applications based on social security number, benefit type, plan, applicant SSN, serial number, and application status.



### Benefit Booklet

A booklet for the employee that contains a general explanation of benefits.

### Benefit Components

The Benefit Components is a window that is used to display and organize benefit component history information. Benefit components change over time from when they are initiated, due to occurrences such as post fund increases and other benefit – changing events (Changes in effective date, special legislative increases, etc.). The user is allowed to override automated benefit component lines and insert their own if needed.

### Benefit Recipient

A current or former stakeholder who has received or is currently receiving a monthly retirement, disability, survivor benefit or split payment. Active Benefit Recipient – A Benefit Recipient Account with a Payee Status of “Active” or “New”.

### Benefit Status

Identifies the status of a Benefit accounts. Such as: Active, Closed, Pending, etc.

### Benefit Type

Identifies the type of benefit. Such as: Disability, Retirement, Survivor.

### Board

The PERA Board of Trustees is responsible for administering funds in accordance with statutes and has a fiduciary obligation to PERA’s members, their governmental employers, the state and its taxpayers.

### Bond Market Account

The Bond Market Account invests solely in U.S. and non-U.S. fixed income securities (bonds). The majority of the account is invested in high quality government and corporate bonds that have intermediate to long-term maturities, from three to twenty years.

### Bounce Back (BB)

When member selects a Survivor Option and the designated survivor die before the member, the amount of the pension will increase (bounces back) to the level of the Single-life pension amount (the amount the member would have received had he/she not chosen protection for a second individual).

### Broadcast Message

A text box appearing on the ERIS Home page which is updated periodically by PERA staff to provide important announcements about ERIS to employers.

### Bucket(s)(Salary)

The PIRS system calculates the High-five salary by taking a member’s salary and divided it by the number of days in the pay period the daily amount is applied to the appropriate monthly bucket.

### Bump Increase

Benefit recipient increase given to benefit recipients prior to July 1, 1997. The increase, originally authorized by the Pension Reform Uniformity Provision of 1997 Legislation, is a percentage determined by actuary and based on life expectancy.

### Buyback

Purchase of service for periods when no deductions were reported, such as CETA Service or actuarial purchases.

### CAFR

Acronym - Comprehensive Annual Financial Report.

### Calculation Type

Benefit calculation types include; Regular retirement, Deferred retirement, Disability, Survivor, Divorce and Refund with interest.

### Capital Gain or Capital Loss

Profit or loss from the sale of a capital asset.

### CBMTOF

Acronym - Coverage By More Than One Fund.

### CETA

Acronym - Comprehensive Employment Training Act.

### Charter Schools

- See Schools

### Child(ren)

Dependent minor child of a benefit recipient.

### Child Support (C/S)

An ongoing, periodic payment made by a parent for the financial benefit of a child following the end of a marriage or other relationship.

### Combined Service Annuity (CSA) or Combined Service Benefit (CSB)

Combined service benefits are payable to public employees who have allowable service in more than one Minnesota retirement plan making the member eligible for a benefit from each fund. Combined service can be public service in two PERA-administered plans (e.g., Coordinated Plan and Police and Fire Plan) or in a PERA-administered plan and any of the other state retirement funds (TRA, MERF, MSRS, etc.). Member must have at least 6 months of service with each plan to qualify for combined service.



### Common Stock Account

The assets of this fund are invested in U.S. common stocks. The assets are invested in approximately 4,600 different stocks chosen to match the return produced by the Wilshire 5000. The Wilshire 5000 is a stock market index that contains every publicly traded stock for which daily prices can be obtained.

### Comprehensive Annual Financial Report (CAFR)

An annual financial report that discloses financial, actuarial, and other related information about PERA and the funds it administers.

### Comprehensive Employment Training Act (CETA)

A United States federal law to train workers and provide them with jobs in the public service.

### Consumer Price Index (CPI)

An Index that measures changes in price level of a market basket of consumer goods and services purchased by households.

### Contingent Beneficiary

A secondary beneficiary, who is eligible for a payment if there is no primary beneficiary.

### Contribution Rate

As to an employee—a factor, such as a percentage of compensation, used in determining the amounts of payment to be made by the employee under a contributory pension plan. As to an employer—a factor, calculated in an actuarial valuation, to be used in determining the employer's annual normal cost contribution under a pension plan. An employer's contribution rate may be either a percentage to be applied to the total compensation paid to covered employees for a particular year or an amount in dollars to be applied to the total number of covered employees at a particular date.

### Contributions

Amounts of payment made by an employer or member.

### Contributory Plan

A pension program that provides for employee contributions. A benefit plan under which employee's bare part of the cost. In some contributory plans, employees wishing to be covered must contribute; in other contributory plans, employee contributions are voluntary and result in increased benefits.

### Coordinated Member

A member participating in the Coordinated Plan.

### Coordinated Plan (CP)

Created in 1968, provides retirement and other benefits in addition to those supplied by Social Security.

### Correctional Plan (Local Correctional Employees Retirement Plan)

Members are public employees certified after 7/1/99 to spend 75 percent of their working hours with inmates of county jails and correctional facilities.

### Cost to Recover

A calculation on how long it will take to recover the cost of repaying a refund.

### Court Order

The determination of a court or other legal entity for a judgment against a member's account. Examples include: Child Support, Divorce Decree, IRS Levy, Petition, QDRO, Spousal Support, Spousal Waiver, Summons. See also Judgment and Decree and Divorce Decree.

### Coverage By More Than One Fund (CBMTOF)

A member in more than one plan with service in any of the other covered funds can qualify for a retirement benefit from each fund in which he/she participates using service from the other plan.

### Covered Retirement Plans

Applies to the following retirement plans: State Employees Retirement Fund, Teachers Retirement Fund, State Patrol Retirement Fund, Public Employees Retirement Fund, Public Employees Police and Fire Fund, Local Correctional Employee Retirement Plan, Judges' Retirement Fund, Minneapolis Employee Retirement Fund, Duluth Teachers Retirement Fund Association, Minneapolis Teachers Retirement Fund Association, St. Paul Teachers Retirement Fund Association, Legislators' Retirement Fund, Elective State Officers' Retirement Plan, Unclassified Employees Retirement Plan.

### CP

Acronym - Coordinated Plan.

### CPI

Acronym - Consumer Price Index.

### Credited Service

Members of PERA's defined benefit plans receive one service credit for each month for which they are paid. Individuals may earn a maximum of 12 service credits per year.

### C/S

Acronym - Child Support.

### CSA/ CSB

Acronym - Combined Service Annuity/Combined Service Benefit.

### CSR

Acronym - Customer Service Representative.



### Cumulative Rate of Return

Compounded rates of return that covers more than one period or year.

### Current Spouse

The person legally married to the PERA member.

### Custodian

The organization (usually a bank) that holds in custody and safekeeping the securities and other assets of a mutual fund or trust. The bank does not have fiduciary responsibility.

### Customer Service Representative (CSR)

An employee responsible for maintaining goodwill between an organization and its customers by answering questions, solving problems, and providing advice or assistance in utilizing the goods or service of an organization.

### Date of Birth (DOB)

Date of Birth of the stakeholder.

### Date of Death (DOD)

Date of Death of the stakeholder.

### DBA

Acronym - Doing Business As.

### DBD

Acronym - Death Benefit Designee.

### DBP

Acronym - Defined Benefit Plan.

### DCP

Acronym - Defined Contribution Plan.

### DCP Administrative Fee

PERA retains employer administrative charges of 2 percent of each dollar of employer contributions. These administrative fees are subtracted from employer contributions before they are invested in a member account.

### DCP Buyback

An elected official who joins the Defined Contribution Plan and who has previous uncovered service as an elected official may pay contributions on the past service and invest those contribution in the DCP.

### DCP Management Fee

PERA collects a management fee as an asset-based charge of .4 percent annually of the value of your account for its costs of managing the plan.

### DCP Statement

A statement of account for DCP members.

### Death Benefit Recipient

A person selected by the member at the time of retirement or disability to collect 25, 50, 75 or 100 percent of the benefit received by the member upon his or her death.

### Death Benefit Designee (DBD)

An individual named to receive payments that are due upon a members death.

### Deceased

Dead, Death.

### Deductions

Also known as Transactions.

### Deductions in Error (DIE)

Employee salary deductions that employers paid to PERA in error because the employee, was exempt from contributing to PERA membership, or was an elected official who chose not to contribute to PERA, or a number of other reasons.

### Deferred Annuity/Pension

A monthly payment at retirement age made to a member who has terminated public service before reaching that age. This requires that the member is vested and accumulated contributions remain in the plan.

### Deferred Benefit

When a member leaves public service after they have five or more years of service credit but before eligibility to draw a benefit, he/she may leave contributions with PERA and qualify for a later retirement benefit, called a deferred pension.

### Deferred Interest

A member who has met the retirement service credit eligibility can leave their contributions with PERA and receive a lifetime pension any time after the member reaches retirement age. The pension is calculated in the same way, using service credits, and salary earned up until termination from public service. Deferred interest is added to the benefit amount from the member's last termination date until the member chooses to begin to draw the benefit. Rates for deferred interest differ by plan.





### Deferred Member

Employee who terminates/retires on a given date but leaves his/her contributions in PERA account to collect a retirement benefit or refund at a later date.

### Defined Benefit Plan (DBP)

A pension plan in which benefits are based on a set formula, The PERA Basic, Coordinated, and Police and Fire plans are all defined benefit plans in which pension benefits are based on years of allowable service, highest five consecutive years' average salary, and age at retirement. Both ERISA and the Internal Revenue Code define a defined benefit plan, as any plan that is not an individual account plan. Under a defined benefit plan, there is a definite formula by which the employee's benefits will be measured. This formula may provide that benefits be a particular percentage of the employee's average compensation over his/her entire service or over a particular number of years. It may provide for a flat monthly payment, or it may provide a definite amount for each year of service, expressed either as a percentage of his/her compensation for each year of service or as a flat dollar amount for each year of service. In plans of this type, the employer's contributions are determined actuarially. No individual accounts are maintained as is done in the defined contribution plans.

### Defined Contribution Plan (DCP)

A plan in which benefits at retirement are based on returns on investments of employee deductions and employer contributions (less administrative costs). PERA administers a DCP for elected officials, physicians and ambulance service personnel. A defined contribution or individual account plan is defined by the Internal Revenue Code and ERISA as a plan that provides for an individual account for each participant and for benefits based solely on the amount contributed to the participant's account plus any income, expenses, gains and losses, and forfeitures of accounts of other participants that may be allocated to the participant's account.

### Demographic Record

A record that reports contribution and employment information electronically.

### Dependent Child

For the purpose of survivor benefit eligibility – Dependent Child means a biological or adopted child of a deceased member who is unmarried, and under the age of 18, or age 18 to 23, so long as the child submits evidence of full-time enrollment in an accredited educational institution.

### Designated Beneficiary

See Beneficiary.

### DIE(s)

Acronym - Deduction(s) in Error.

### Direct Deposit

Benefit payments electronically deposited in a bank account.

### Disabilitant

A member receiving disability benefits.

### Disability

A condition that renders a member incapable of performing their duties of his or her regular occupation. Benefit plan definitions of disability vary.

### Disability Annual Earnings

After a member begins to receive disability benefits, annually the disabled member must report eligible earnings.

### Disability Benefit

Monthly payment payable to disabled members.

### Disability Medical Continuation

The Disability Continuation window allows the user to enter, store, and maintain disability benefit information that is necessary for PERA to make a benefit continuation decision. A user can record how often a disability account should be reviewed (once every year, once every two years, etc...), the continuation decision status, and medical information.

### Disability to Retirement

Person who was eligible for disability benefits, whose benefits change to retirement benefits at the appropriate time. This normally occurs when (1) a disabilitant reaches full retirement age, (2) when a member voluntarily waives disability and is eligible for a retirement benefit, or (3) when a member is eligible for a retirement benefit at the time a continuation of disability is denied.

### Disclaimer

A statement of one's rights or claim.

### Discount Rate

A rate used to bring a future value to the present when considering the time value of money, which is the idea that money available now is more valuable than the same amount of money at a future time due to the potential earnings capacity. The discount rate is equal to the plan's assumed rate of return.

### Dissolution

Termination of a formal or legal bond.

### Distribute Benefit Window

Distribute Benefit window is where the Benefit Payment Counselor distributes benefit amounts, along with adjustments, nontaxable benefit amounts, Pre – 73 monthly amounts, and any cost associated with the benefit account. To navigate to the Distribute Benefit window, the user must first access either the Benefit Account window or the Payee Account window.



### Dividend

The proportion of net earnings a corporation pays to its stockholders. A policyholder's share in the divisible surplus funds of an insurance company apportioned for distribution, which take the form of a refund of part of the premium on a participating policy.

### Divorce Decree

The legal dissolution of marriage by court order.

### DOB

Acronym - Date of Birth

### DOD

Acronym - Date of Death

### Doing Business As (DBA)

A business name that is different from your personal name, the names of partners, or the officially registered name of a corporation.

### Dollars and Sense

An education program designed for mid-career members, the Dollars & Sense program looks at balancing all the present demands on a person's income with long-term goals, including retirement.

### Domestic Relations Order (DRO)

See Qualified Domestic Relations Order (QDRO).

### DRO

Acronym - Domestic Relations Order. See also Qualified Domestic Relations Order (QDRO).

### DTR

Acronym - Disability to retirement.

### DTRFA

Acronym - Duluth Teachers' Retirement Fund Association.

### Due Diligence

Describes the careful investigation necessary to ensure that all material information pertinent to an issue has been disclosed to the public.

### Due Process

Fundamental fairness. Applied to judicial proceedings, it includes adequate notice of a hearing and an opportunity to appear and defend in an orderly tribunal.

### Duluth Teachers' Retirement Association (DTRFA)

A retirement association for Duluth teachers that provides members and their beneficiaries with retirement, survivor and disability benefits.

### Early Retirement

Retiring before meeting the rules for full retirement. Benefit is reduced by reduction factors determined by the actuary. A termination of employment involving the payment of a retirement allowance before a participant is eligible for normal retirement. The retirement allowance payable in the event of early retirement is often lower than the accrued portion of the normal retirement allowance.

### Early Retirement Age

An age established by the terms of an employee pension benefit plan, that is earlier than normal retirement age, at which a participant may retire and receive benefits (usually reduced) under the plan.

### Early Retirement Incentive (ERI)

An employer provided incentive designed to encourage employees to voluntarily retire early and, in turn, provide them with some sort of benefit.

### Earnings Limitation

Retirees who return to work in a PERA-covered position prior to full Social Security retirement age are subject to earnings limitations. If the limits are exceeded, PERA pension may be reduced or suspended.

### EE

Acronym - Employee

### EFT

Acronym - Electronic Funds Transfer (direct deposit).

### Elected Official

An elected governmental official or person appointed to fill an elected position.

### Electronic Funds Transfer (EFT)

Direct deposit of monthly benefits to a member's financial institution.

### Eligibility Requirements

Conditions that an employee must satisfy to participate in a plan and/or obtain a benefit.

### Employee (EE)

Person paid to work.



### Employee Retirement Income Security Act of 1974 (ERISA)

This Act requires that persons engaged in the administration, supervision and management of pension monies have a fiduciary responsibility to ensure that all investment related decisions are made (1) with the care, skill, prudence and diligence that a prudent man familiarly with such matters would use and (2) by diversifying the investments so as to minimize risk. This wording mandates two significant changes in traditional investment practice: (1) the age-old “prudent man” rule has been replaced by the notion of a prudent “expert”; (2) the notion of a prudent investment has been replaced by the concept of a prudent portfolio. ERISA also established an insurance program designed to guarantee workers receipt of pension benefits if their defined pension plan should terminate. It regulates the majority of private pension and welfare group benefit plans in the U.S.

### Employer (ER)

One who employs others for pay. System identifies “Employer” based on the 6-digit Employer ID Number assigned by PERA.

### Employer Contributions

The statutory percentage of employees’ salary paid to PERA by the employer. Except for Defined Contribution Plan members, employer contributions are not placed in an individual member’s account and are never directly refundable. Instead, they are placed in the general fund, invested, and used to fund future benefits for a member who qualifies for those payments.

### Employer Number

System identifies “Employer Number” based on the 6-digit Employer Number assigned by PERA.

### Employer Reporting and Information System (ERIS)

The secure, password protected internet web application used by employers to enroll employees into the PERA system and to perform various other reporting or maintenance tasks.

### Employer Seminar

An education program directed to employers.

### Employer System Administrator

One of two employees of an employer who are authorized to manage ERIS access by other employees with their agency.

### Employer Web Representative

The Employer Web Representative is allowed access by the Employer System Administrator to view or update on the ERIS web system.

### Employment

The recording of employment information on a member for an employer. An employment is a period of time for which a member participated in PERA for a particular employer.

### Employment Status

A status for a member during a particular period of time in employment. Status are: Active, Deceased, Error, Employer Paid OD, Maternity/Paternity Leave, Layoff, Medial Leave, New, Personal Leave, Pre-Enroll, Missing Month, Membership Stopped, Terminated, FMLA, Workers Compensation, Military Leave.

### Enrollment

The submission of enrollment information that allows us to establish member accounts.

### ER

Acronym - Employer

### ERI

Acronym - Early Retirement Incentive.

### ERIS

Acronym - Employer Reporting and Information System.

### ERISA

Acronym - Employee Retirement Income Security Act.

### Exception Transaction

Those deductions that were withheld from a member's earnings but the application that builds the monthly salary buckets could not allocate to a specific month.

### Excludable Amount

A benefit amount that is not federally taxed.

### Exclusion Reporting

PERA requires that employers submit an annual Exclusion Report. This report must list the names of all individuals who worked for the employer who did not contribute to PERA.

### Experience Study

A report providing experience data and an actuarial analysis of the adequacy of the actuarial assumptions on which actuarial valuations are based.

### External Fund

An external qualified pension fund. Such as MSRS, TRA, etc.



### Family Medical Leave Act

Legislation that entitles eligible employees of covered employers to take unpaid, job-protected leave for specified family and medical reasons with continuation of group health insurance coverage under the same terms and conditions as if the employee had not taken leave.

### Federal Insurance Contribution Act

A federal payroll tax imposed on both employees and employers to fund Social Security and Medicare.

### FICA

Acronym - Federal Insurance Contribution Act.

### Fiduciary

Indicates the relationship of trust and confidence where one person (the fiduciary) holds or controls property for the benefit of another person. For example, the relationship between a trustee and the beneficiaries of the trust. Under ERISA, any person who (1) exercises any discretionary authority or control over the management of a plan or the management or disposition of its assets, (2) renders investment advice for a fee or other compensation with respect to the funds or property of a plan, or has the authority to do so, or (3) has any discretionary authority or responsibility in the administration of a plan. One who acts in a capacity of trust and who is therefore accountable for whatever actions may be construed by the courts as breaching that trust. Under ERISA, fiduciaries must discharge their duties solely in the interest of the participants and beneficiaries of an employee benefit plan. In addition, a fiduciary must act exclusively for the purpose of providing benefits to participants and beneficiaries in defraying reasonable expenses of the plan.

### Fiscal Year

PERA's fiscal year is July through June.

### Fixed Income

Income that remains constant and does not fluctuate, such as income derived from bonds, annuities, preferred stock and royalties.

### Fixed Interest Account

The Fixed Interest Account invests in stable value instruments which are Guaranteed Investment Contracts (GICs) and GIC-type investments offered by major U.S. insurance companies and banks and in comparable investments in non-U.S. financial institutions. Contributions deposited into the Fixed Interest Account earn monthly interest rates.

### Flagged Contribution

A contribution with an error.

### FMLA

Acronym - Family Medical Leave Act.

### Forfeited Service

Previous allowable service that no longer qualifies a member for retirement benefits because the member took a lump-sum distribution of the employee contributions.

### Former Member

A member who has terminated public service and no longer contributing to a PERA plan.

### Former Spouse

The person from whom the PERA member is legally divorced.

### Formula

The calculation used to determine a monthly benefit.

Monthly Benefit = High 5 Salary \* Multiplier \* Years of Service \* Reduction Factor.

### Full Retirement

Retirement at an age or with years of service that the rules of a DBP plan allow the member to receive an unreduced benefit.

### Full Vesting

That form of immediate or deferred vesting under which all accrued benefits of a participant become vested benefits.

### Fully Funded

A specific element of pension cost (for example, past service cost) is said to have been fully funded if the amount of the cost has been paid in full to a funding agency. A pension plan is said by some to be fully funded if regular payments are being made under the plan to a funding agency to cover the normal costs and reasonably rapid amortization of the past service cost. If a specific part, or benefit, is fully paid for (such as the past service cost), and then this item is fully funded. The total plan is considered fully funded if there are sufficient assets to make all payments due at particular times. This can apply to either level funding or entry age calculations, provided that both the normal costs and the conservative amount of amortization costs for the past services have been paid.

### Fully Taxable

Most of a monthly benefit will be taxable in the year in which it is received. On average, retirees find that 97% to 100 percent of a pension payment is taxable income. This is because our member's contributions have been federally tax-deferred since 1983. For those members who have contributed before 1983 (contributions that have already been taxed) a portion of their benefit would be non-taxed based on a calculation (simplified method) which extend the recovery of the tax-free portion of a benefit over several years.





### Future Value

The value of an asset or cash at a point in the future that is equivalent in value to a specified sum today. There are two ways to calculate FV based on how interest compounds: 1). For an asset with simple annual interest: = Original Investment x (1 + (interest rate x number of years)) 2). For an asset with interest compounded annually: = Original Investment x ((1 + interest rate) ^ number of years)

### General Ledger (GL)

A set of accounts used to track all of a company's financial transactions.

### GFOA

Acronym - Government Finance Officers Association.

### GICs

Acronym - Guaranteed investment contracts.

### GL

Acronym - General Ledger.

### Government Finance Officers Association

Professional association of state, provincial and local finance officers in the United States and Canada.

### Growth Share Account

The account is composed almost exclusively of stocks of U.S. companies. This investment is for those who feel the stock market, over time, will provide higher returns than other types of investments. Its primary objective is to generate high returns from increases in the market value of the assets it owns. At the same time, the risk to the investor is higher than for money market type of accounts.

### Growth Stock

The stock of a corporation. The earnings of which have increased consistently over a number of years and show every indication of considerable further expansion. Most growth stocks provide a relatively low dividend yield. They are primarily attractive for price appreciation potential, especially from a long-range standpoint. Growth companies should have the following characteristics: A young and aggressive management team, Strong emphasis on research and development, A favorable record of sales and earnings, A line of essential products that seems destined to increase in popularity over the years, while new ones are constantly introduced.

### Governmental Unit

See Employer.

### Guaranteed Investment Contracts (GIC)

A contract that guarantees repayment of principal and a fixed or floating interest rate for a predetermined period of time.

### Guardian/Conservator

A person appointed by a court to act on behalf of another person (the “ward” or conservatee,” normally a PERA member or benefit recipient). In most cases, the letters appointing a guardian/conservator remove the authority of the ward to act on his/her own behalf. Guardians are charged with attending to the physical care and needs of the ward and conservators are charged with attending to the ward’s financial affairs.

### High Five Salary

The high five is the highest 60 consecutive months of salary. This is not determined by calendar or fiscal years.

### IME

Acronym - Independent Medical Exam.

### Income Reinvestment

Investment incomes are gains from the investments that are periodically distributed to participating members in the form of shares.

### Income Share Account

The investment mix of the fund is approximately 60 percent U.S. common stocks, 35 percent bonds and 5 percent cash. This is a balanced investment program involving some risk in return for a higher average return than would be available through a money market account.

### Independent Medical Exam (IME)

An impartial medical examination performed by a physician not otherwise involved in the examinee’s care to evaluate injury, disability, or impairment.

### Index Fund

An investment fund (or account) composed of securities the characteristics of which will produce a return that will replicate (or substantially replicate) a designated securities index.

### Individual

Single person or thing.



### Individual Retirement Account (IRA)

A form of individual retirement plan that provides tax advantages for retirement savings.

### Injury Description

Injury Description is the recording of the type of disability. The Injury Description are: Cardiovascular System, Digestive System, Endocrine System and Obesity, Genito-Urinary System, Hemic and Lymphatic System, Immune System, Mental Disorders, Musculoskeletal, Neoplastic Diseases, Neurological, Respiratory System, Skin, Special Sense and Speech.

### In Line of Duty

A disability condition defined in the Police and Fire Plan benefit that renders a member physically or mentally unfit as a direct result of an injury, sickness, or other disability incurred in or arising out of the act of duty.

### In Office (I/O)

A retirement counseling session held at the St. Paul, Duluth or Mankato PERA offices. An individual conference allows members to meet individually with one of our benefit counselors. These meetings provide the opportunity to ask questions about PERA retirement benefits and benefit options, as well as to apply for benefits if the member is within six months of retirement.

### Integration With Social Security

A plan wherein the benefits are integrated with the Social Security benefit. Under regular corporate plans, the regulations define the percentages applicable to the various benefits. Under a self-employed program, the only offset permissible is the amount of the Social Security tax paid for the employee. If more than one plan is instituted for the same company, only one program may be integrated. The basic concept of integration is that the benefits of the employer's plan must be dovetailed with Social Security benefits in such a manner that employees earning more than the taxable wage base will not receive combined benefits under the two programs that are proportionately greater than the benefits for employees earnings less than the taxable wage base.

### Intermittent Employee

Someone who is hired to either a short or long term position with a flexible schedule. After meeting eligibility requirements, sporadic deductions can occur for months at a time. Member is not termed and is expected to return at some undetermined point of time. There is no firm ending employment date for these employees.

### Internal Revenue Service (IRS)

The Revenue Service of the United States federal government responsible for collecting taxes and the interpretation and enforcement of the Internal Revenue Code.

### International Account

This fund invests in stock in companies outside the United States. About half of the account will be held in stocks intended to track the Morgan Stanley Capital International Index of Europe, Australia and the Far East (EAFE). The other half will be actively managed by several international stock managers.

### Investment Earnings

Investment income on contributions, which is not normally subject to federal income tax for employee benefit plans.

### Investment Gain/Loss

The realized or unrealized increase (decrease) in market value of a portfolio at the end of a time period as compared to its market value at the beginning of that period.

### Investment Policy Statement

The statement of policy is the communication of a risk policy to the fund's investment manager(s). It states unambiguously the degree of investment risk that fiduciaries are willing to undertake with pension trust assets. A statement of investment policy differs importantly from a statement of investment objectives. An investment policy prescribes acceptable course of action; a policy can be acted upon, implemented. An investment objective (such as a performance standard) is a desired result. A manager cannot implement an objective; a manager can only pursue a course of action, consistent with investment policy, which the manager believes offers a reasonable likelihood of realizing the objective. Therefore, in drafting instructions for an investment manager, primary emphasis should be on stating the investment, or risk, policy clearly.

### I/O

Acronym - In Office.

### IRA

Acronym - Individual Retirement Account.

### IRS

Acronym - Internal Revenue Service.

### JA

Acronym - Joint Annuitant

### Joint Annuitant

A person who was designated as the person to receive a joint and survivor annuity on a member's behalf.

### Joint Survivor

A benefit paid to a surviving spouse or another individual in the event of a member's death in the form of 25, 50, 75, or 100 percent Survivor Option. These pensions pay 25, 50, 75, or 100 percent of a monthly benefit to the individual named as the survivor.



### Journal Voucher

A document that authorizes an entry into books of accounts. A written authorization prepared for every financial transaction, or for every transaction that meets defined requirements.

### JT ANN

Acronym - Joint Annuitant.

### J&S

Acronym - Joint Survivor.

### Judgment and Decree

The determination of a court in a marriage dissolution, filed by the court administrator's office.

### Junk Bonds

Bonds that are initially issued as low quality securities, often in conjunction with takeovers, leveraged buyouts and restructuring. They offer high interest and high risk. These securities generally lack the characteristics of a desirable investment. The rights of the bondholder are subordinated to senior debtholders. Assurance of interest and principal payments in the future is limited. Repayment often depends on asset sales rather than on the ongoing profitability of the business.

### JV

Acronym - Journal Voucher

### Last Date Paid (LDP)

The last date for which wages will be paid.

### Layoff (L/O)

A payroll status where employment has been temporarily suspended.

### LCPR

Acronym - Legislative Commission on Pensions & Retirement.

### LDP

Acronym - Last Date Paid.

### Leave of Absence (LOA)

When an employee takes time off from work for medical or personal reasons.

### Legacy

Refers to PERA's old mainframe system that is no longer operational.

### [Legislative Commission on Pensions & Retirement \(LCPR\)](#)

A Commission created to study and investigate public retirement systems.

### [Level Income Option \(LIO\)](#)

This pension option allows a member who retires before age 62 to receive a greater monthly payment until he or she becomes eligible for Social Security at age 62. The monthly benefit amount is then reduced by at least \$100 at age 62.

### [Letters of Guardianship/Conservatorship](#)

A court order appointing a guardian/conservator. In order to be valid for PERA purposes, the Letters of Guardianship/Conservatorship must be signed and filed with a court.

### [Life Insurance](#)

Members may be eligible for group term life insurance through PERA if their employer offers it. This coverage may be continued into retirement with deductions taken from their monthly benefits.

### [LIO](#)

Acronym - Level Income Option (Pre-62 temporary increase).

### [List box](#)

A rectangular box on a dialog that contains a list of items. These items can be selected by clicking on them.

### [L/O](#)

Acronym - Layoff.

### [LOA](#)

Acronym - Leave of Absence.

### [Local Correctional Employees Retirement Plan](#)

See Correctional Plan.

### [Local Relief Association](#)

A municipal police or firefighters relief association originally established to provide pension and other benefits to police officers and firefighters employed by the city. Before consolidation, relief associations operated independently. Under consolidation, PERA administers their benefit plans. Members may continue participation under the bylaws of the local plan or elect the benefit package of the PERA Police and Fire plan.



### MAPS

Acronym - Minnesota Accounting and Procurement System.

### Marital Portion

The portion of a member's service credit during which the member and former spouse were legally husband and wife (or an adjusted marital period as determined by the court).

### Master Benefit Account

All payee accounts and benefit applications are connected to the Master Benefit Account. The Master Benefit Account window contains benefit – level information that can be in turn allocated to specific payee accounts using the Distribute Benefit window.

### MDH

Acronym - Minnesota Department of Health.

### Medical Leave of Absence (MLOA)

An member's employment status to indicate a member has taken time off from work for medical reasons.

### Member

A public employee who has met eligibility requirements for a PERA pension plan and from whose earnings and deductions are paid to PERA.

### Membership

The concept resulting from a member enrolling in a plan. A member participates in a plan.

### Membership Stopped

A member's employment status.

### Memorandum of Understanding (MOU)

A document describing a bilateral or multilateral agreement between two or more parties.

### MERF

Acronym - Minneapolis Employees Retirement Fund.

### Method 1

A step-rate benefit accrual formula used in the Coordinated and Basic Plans.

### Method 2

A level-rate benefit accrual formula used in the Coordinated and Basic Plans.

### Military Leave

A member's employment status indicating the members break in employment was due to military service.

[Minneapolis Employees Retirement Fund \(MERF\)](#)

A retirement fund administered by PERA after approval in the 2010 Omnibus Pension Bill.

[Minnesota Accounting and Procurement System \(MAPS\)](#)

An accounting and purchasing system used by agencies within the State of Minnesota.

[Minnesota Department of Health \(MDH\)](#)

A Minnesota State agency established to protect, maintain and improve the health of Minnesotans.

[Minnesota Management and Budget \(MMB\)](#)

The State of Minnesota Agency responsible for managing financial, human, information and analytical resources for the State. This agency works with PERA on departmental expenditures and also makes the payments to PERA recipients.

[Minnesota Post Retirement Investment Fund \(MPRIF\)](#)

First known as the Minnesota Adjustable Fixed Benefit Fund, the Minnesota Post Retirement Investment Fund came into being in 1969. Retirees from PERA, MSRS and the Teachers Retirement Association (TRA) received all of their benefits from this pooled fund that had a mandate to remain 100 percent funded. Any benefit increases after retirement were also the responsibility of that fund.

[Minnesota State Retirement System \(MSRS\)](#)

Retirement system that provides retirement, survivor, and disability benefit coverage for Minnesota state employees as well as employees of the Metropolitan Council and many non-faculty employees at the University of Minnesota. They also administer the State of Minnesota Deferred Compensation Plan and the Health Care Savings Plan.

[Minnesota Teachers Retirement Association \(MTRA\)](#)

Minnesota statewide public pension fund that provides retirement, disability and death benefits to Minnesota public school teachers, administrators, college faculty, retirees, their families and beneficiaries.

[Missing Month](#)

A PERA employment status of a member.

[MLOA](#)

Acronym - Medical leave of absence.

[MMB](#)

Acronym - Minnesota Management and Budget

[Money Market Account](#)

This account invests in short maturity, fixed-income investments that pay rates competitive with those available in money markets. Assets are invested in high quality, short-term investments, such as U.S. Treasury bills, bank certificates of deposit, repurchase agreements and high-grade commercial paper.





### Mortality

The number of deaths resulting from each specific type of illness or disease.

### Mortality Assumption-Death Rate

An actuarial assumption involving the probability of death at given ages. Used in estimating the amount of future retirement benefits that will become payable.

### Mortality Experience

The rate at which participants in a pension or insurance plan actually die. Also the financial effect of such deaths upon the operation of the plan.

### Mortality Rate

Number of persons out of a large groups (usually 100,000) who, experience shows, will live to reach each age up to the death of the last survivor; inferentially establishing the expectancy of life of the average person of each age.

### Mortality Table

Shows how many members of a group, starting at a certain age, will be alive at each succeeding age. It is used to calculate the probability of dying in, or surviving through, any period, and the value of an annuity benefit. To be appropriate for a specific group, it should be based on the experience of individuals having common characteristics, such as sex or occupational group.

### MOU

Acronym - Memorandum of Understanding.

### MPRIF

Acronym - Minnesota Post Retirement Investment Fund.

### MSRS

Acronym - Minnesota State Retirement System.

### MTRA

Acronym - Minneapolis Teachers Retirement Association.

### Name

Last Name, First Name, Middle Initial.

### NCTR

Acronym - National Council on Teacher Retirement.

### National Council on Teacher Retirement

An independent association dedicated to safeguarding the integrity of public retirement systems in the United States and its territories to which teachers belong and to promoting the rights and benefits of all present and future members of the systems.

### Non Taxable

Income that is not subject to Federal and/or State taxes.

### Normal Benefit

A lifetime annuity that ceases upon the death of the retiree. No survivor benefit is payable.

### Normal Cost; Normal Actuarial Cost

The cost assigned, under the actuarial cost method in use, to a given year subsequent to the inception of the pension plan. It may or may not include adjustments for actuarial experience gains or losses but does not include any portion of the supplemental cost or interest thereon. That portion of the actuarial present value of pension plan benefits and expenses allocated to a valuation year by a given actuarial cost method. The presentation of normal cost should be accompanied by a reference citing the actuarial cost method used.

### Normal Retirement Age

The age, as established by a plan, when retirement normally occurs. Since unreduced Social Security benefits currently are available at 65, that is the most common normal retirement age.

### Not in Line of Duty

A disability condition defined in the Police and Fire Plan benefit that renders a member physically or mentally unfit as a direct result of an injury, sickness, or other disability not incurred in or arising out of the act of duty.

### OAH

Acronym - Office of Administrative Hearings.

### OD

Acronym - Omitted Deductions.

### Office of Administrative Hearings (OAH)

An independent tribunal within the executive branch of the State of Minnesota. The OAH judges conduct hearings, conferences and mediations when a state or local law provides the right to challenge a government action through an administrative hearing. OAH strives to provide all parties to a matter, a full and fair opportunity to challenge those actions. Additionally, OAH provides injured workers, their employers, and workers' compensation insurers with prompt and impartial resolutions of claims for workers' compensation benefits. PERA members who appeal a disability decisions have the hearing with and Administrative Law Judge (ALJ) contracted by the OAH.



### O/L

Acronym - Overlap of service.

### Older Workers Benefit Protection Act (OWBPA)

An age discrimination act that clarified the protections given to older individuals in regard to employee benefits plans.

### Omitted Deductions (OD)

Missing employer and/or employee contributions for eligible service.

### On Demand Report

A report that is user initiated and user generated.

### OPEB

Acronym - Other Post Employment Benefits

### Optional Annuity

The allowance paid or payable by the fund to the designated optional annuity beneficiary of a member or former member, pursuant to an optional annuity form selected at or before retirement, or to the spouse of a deceased member.

### Other Post Employment Benefits (OPEB)

Benefits that an employee will begin to receive at the start of retirement. These benefits do not include pension benefits paid to the retired employee. Other post-employment benefits that a retiree can be compensated for may include life insurance premiums, healthcare premiums and deferred-compensation arrangements.

### Overlap of Service (O/L)

A member has service in more than one plan with the same or overlapping coverage in an employment period. Service can be with more than one PERA plan or another Minnesota public pension plan.

### OWBPA

Acronym - Older Workers Benefit Protection Act.

### Partial Refund (PRF)

A record code that indicates after a member took a refund additional transactions were received and refunded. In addition, Hennepin county employees may have a PRF in their history due to a deduction in error that was refunded.

### Partial Service Credit

When a Stakeholder has both Allowable and Forfeited service in the same Fiscal Year.

### Partially Taxable

Income received that has a portion of the total subject to state and/or federal taxes and portion that is exempt from taxes.

### Past Service

The years of service rendered by the employee to the employer, prior to inception or amendment of the plan or prior to the employee's entry into the program.

### Pay As You Go

Paying pension benefits as they become due without advance funding.

### Pay Period (PP)

A recurring length of time over which employee time is recorded and paid.

### PBS

Acronym - Personal Benefit Statement.

### PEIP

Acronym - Public Employees Insurance Program.

### Pension Benefit Formula (Plan's Benefit Formula or Benefit Formula)

The basis for determining payments to which participants may be entitled under a pension plan. Pension benefit formulas usually refer to the employee's service or compensation or both.

### Pension Reform and Uniformity Proposal (PRUP)

Also known as the "bump". This actuarial factor increase is added to the monthly benefit paid to deferred members who terminated before 7/1/1997.

### PEPSA

Acronym - Public Employees Pension Service Assoc.

### Periodic Repetitive Leave (Also Special Leave Without Pay (SLWOP))

An employer offered or mandated furlough or leave offered to all employees. Members participating in these plans may pay PERA their contributions lost plus interest to restore their high 5.

### Personal Benefit Statement (PBS)

Benefit Statement that is produced once a year and sent to PERA members providing information on record for member's personal data; allowable PERA service credit; total contributions received to date; retirement, disability, and survivor benefit estimates; designated beneficiary(ies).

### Personal Leave

A member's employment status.



### PFI

Acronym - Post-fund increases.

### Phased Retirement Option (PRO)

An option approved by Legislation in 2009 and extended in 2014 that allows Coordinated and Basic members age 62 and over the option to begin receiving a PERA pension without formally resigning. The decision to make Phased Retirement available to members is strictly up to the employer, and participants must agree to substantially reduce the hours they work. In order to qualify for Phased Retirement, a number of requirements must be met.

### Physicians Plan

A DCP plan for physicians.

### Plan Participation Date

Plan Participation Date is the first date the member starts to receive a benefit payment.

### Plan Start Date

The date the Member was first enrolled in the Plan.

### Plan Overall Status

The plan overall status represents the Defined Benefit Plan statuses of Active, Inactive, Deceased, Retired or Disabilitant.

### POA

Acronym - Power of Attorney.

### POA Agreement

Power of Attorney, a document, not a person, that gives one or more people, the agent(s), the authority to act either broadly or within a limited scope, on behalf of the person executing the POA, the principal. The principal may act on his/her own behalf as well as the person given the authority under a POA (the agent). POA agreements are rarely registered with a government office and even more rarely considered by a court - a POA is not a court order, it is an agreement between the principal and the agent(s). A POA requires notarization and may be revoked, in writing, by the principal at any time.

### Police and Fire Consolidation Fund

Members of a municipal police or fire fighter relief association who have elected to have PERA take over the administration of their plan.

### P&F

Acronym - Police and Fire Plan.

### Police and Fire Plan (P&F)

Established in 1959 for police officers and firefighters not covered by a local relief association, now encompasses all paid Minnesota police officers and fire fighters hired since 1980. Legislation in 1999 also merged members of the former Police and Fire Consolidation Plan of PERA into the Police and Fire Plan.

### Portability

Any provision for retaining pension rights and credits when changing from one employer to another. Vested rights are nonforfeitable. The retention of non vested (contingent) rights depends upon remaining within the scope of a multi employer plan, or its reciprocating plan under a reciprocal agreement.

### Post Fund

The Minnesota Post Retirement Investment Fund (MPRIF) is commonly called the Post Fund. The Post Fund consists of assets dedicated to the payment of retirement benefits to over 100,000 retired public employees or their beneficiaries. This includes the benefit recipients from PERA, the Minnesota State Retirement System (MSRS) and the Minnesota Teachers Retirement Association (TRA). At retirement, each retirement system transfers a one-time lump sum dollar amount from its active member retirement fund to the Post Fund. This lump-sum dollar amount, plus assumed investment earnings of 6 percent annually, provide the money necessary to pay the retiree or beneficiary for the remainder of their expected lifetime. Any excess investment earnings beyond the amount necessary to finance current retirement benefits are distributed annually on January 1 to benefit recipients in the form of post-retirement adjustments.

### Post Fund Increase (PFI)

The annual benefit increase for benefit recipients. Pension increases are awarded every January 1. Increases are specified by statute and may vary from year to year based upon the funding levels of PERA's retirement plans.

### Post Retirement Fund Increase (PRFI)

The annual benefit increase for benefit recipients. Pension increases are awarded every January 1. Increases are specified by statute and may vary from year to year based upon the funding levels of PERA's retirement plans.

### Power of Attorney (POA)

A written authorization to represent or act on another's behalf in private affairs, business, or some other legal matter. See also POA Agreement.

### PP

Acronym - Pay Period.

### Pre 62 Increase

This pension option allows a member who retires before age 62 to receive a greater monthly payment until he/she becomes eligible for Social Security at age 62. The monthly benefit amount is then reduced by at least \$100 at age 62.



### Pre 73 Lump Sum

Retirees prior to 1973 had an annual lump sum payment in addition to their monthly benefit. Since 2002, the payment was converted to monthly payments and combined/paid with the monthly retirement benefit.

### Pre-Enrollment Stub Record

A member employment record with a Pre Enrollment status waiting for the first transaction.

### Pre Note

A prenote (preauthorization) is a zero dollar transaction created and sent through the ACH network to test the validity of a payor's/payee's bank account information that was provided at the time of enrollment or if subsequently changed. The prenote transaction checks the validity of the bank transit-routing number and the payor's/payee's bank account number.

### Present Value

The current value of a future sum or flow of money given a specified rate of return. In other words, the amount of money required today or at another specified date to provide a certain benefit amount in the future. Future cash flows are discounted at the discount rate. The higher the discount rate, the lower the present value of the future cash flows. Also referred to as "discounted value".

### PRF

Acronym - Partial Refund.

### PRFI

Acronym - Post-retirement fund increase.

### Primary Fund

A Primary Fund is the fund in which the member is active or has the most recent service. The Primary fund is responsible for the determination as to how a benefit will be paid (Dual CSA, CBMTOF or if service is to be dropped).

### Principal

The person giving another person, or other people, the authority to act on the person's behalf by executing a POA agreement. For PERA purposes, the principal is most often a member or benefit recipient.

### PRO

Acronym - Phased Retirement Option.

### Proportionate Annuity

Members who retire at age 65 or older with between one and three years of service in one or more of the combined service plans.

### PRUP

Acronym - Pension Reform and Uniformity Proposal.

### Public Employees Insurance Program

A program created by special legislation (Minnesota Statute 43A.316) to make a comprehensive package of medical, dental and life insurance benefits available to employees of Minnesota's cities, townships, counties, school districts and other units of local government.

### Public Employees Pension Service Association

A non-profit organization with a mission to protect and improve public employee pensions and act as a watchdog for dollars invested in PERA.

### Purchasing Past Service

Making a payment to restore service that had been previously refunded. This option is available to members after they return to public employment and acquire at least six months of service credit.

### QDRO

Acronym - Qualified Domestic Relations Order.

### QRC

Acronym - Qualified Rehabilitation Consultant.

### Qualified Domestic Relations Order (QDRO)

A domestic relations order is a judgment, decree order (including approval of property settlement agreement) that (1) relates to the provision of child support, alimony payments or marital property rights to a spouse, former spouse, child or other dependent of a participant and (2) is made pursuant to a state domestic relations law (including a community property law). A domestic relations order is a qualified domestic relations order if it creates or recognizes the existence of an alternate payee's right, or assigns to an alternate payee the right, to receive all or a portion of the benefits payable to a participant under a plan, specifies required information and does not alter the amount or form of plan benefits. An alternate payee is a spouse, former spouse, child or other dependent of a participant who is recognized by domestic relations order as having a right to receive all, or a portion of, the benefits under a plan with respect to the participant.

### Qualified Health Insurance Premiums

The term "qualified health insurance premiums" means premiums for coverage for the eligible retired public safety officer, his spouse and dependents, by an accident or health insurance plan or qualified long term care insurance contract.

### Qualified Rehabilitation Consultant (QRC)

A vocational rehabilitation counselor who is registered with the Department of Labor and Industry.





### Rate of Return

The gains or losses on an investment over a specified period of time, expressed as a percentage over the principle. The fund is assumed to return 8.0 percent until the end of fiscal year 2017 and 8.5 percent thereafter. Any deviation in the actual rate of return from the assumed rate of return can impact the funding level of a plan negatively if lower or positively if higher. Note: The nominal rate of return is 8.0 to 8.5 percent, respectively; the real rate of return is the nominal rate of return less an assumed 3 percent inflation.

### Reduction Factors

Set of factors determined by actuary or by law that a benefit is reduced by for those members that retire prior to normal retirement age and do not qualify for an unreduced benefit.

### Refund

A refund is money returned to a payer or the act of returning money previously received. A refund usually refers to the reimbursement of funds to a customer for a product or service provided.

### Refund Repayment

A PERA member who left public service and received a refund has the option to repay all or in some cases part of the refund to restore lost service credit.

### Reinstatement

The resumption of coverage under a policy that has lapsed.

### Required Minimum Distribution (RMD)

The minimum amount that must be withdraw from a retirement account each year. Generally, there are mandatory withdrawals from retirement plan accounts at age 70½.

### Requisite Pro

Software application that maintains use case documents.

### Retiree

One who has retired from active working life.

### Retirement Annuity

The amount paid or payable by the fund to a former member after retirement.

### RMD

Acronym - Required Minimum Distribution

### Roll Over

A tax-free reinvestment of a distribution from a qualified retirement plan into an IRA or other qualified plan within a specific time frame, usually 60 days.

### Routing Number

A number unique to each financial institution used for direct deposit payments.

### RR or R/R

Acronym - Refund Repayment.

### Rule of 90

Benefit provision under which a member hired prior to June 30, 1989 may collect an unreduced pension when age plus years of service total 90 or more.

### St. Paul Teachers Association (SPTRA)

A retirement association for St. Paul Teachers that provides members and their beneficiaries with retirement, survivor and disability benefits.

### Salary Deduction Report (SDR)

A document used by employers to report by pay period member salary and deductions.

### SBI

Acronym - State Board of Investments.

### SC

Acronym - Service Credit.

### Schools

- When referencing Schools, Charter Schools are to be included unless otherwise specified.

### SDR

Acronym - Salary Deduction Report.

### Seasonal Position

A position where the nature of the work or its duration are related to a specific season or seasons of the year, regardless of whether or not the employing agency anticipates that the same employee will return to the position each season in which it becomes available.

### Secondary Beneficiary

See contingent beneficiary definition.

### Section 403(b)

Extending tax deferral to public school employees for annuity purchases.



### Service Credit (SC)

One month of public employment during which deductions were made from the members earnings. There are other circumstances where service credit is given, such as: Repurchase of service, temporary layoff, medical and military leaves.

### Service Credit Multipliers

Formula using percentages multiplied by number of years of service to determine the normal benefit amount.

### Service Period

The concept resulting from the status of a member in a plan for a specific period of time. Membership maintains service periods.

### SID

Acronym - Stakeholder Identification Number (ID)

### Simplified General Rule

A rule used by the Internal Revenue Service to determine what portion of distributions from a qualified retirement plan will be taxed. PERA uses this method to calculate the taxable and nontaxable portion of the member's benefit. Under the Simplified Method, the tax-free portion of the member's pension is spread over a specific number of payments. The number of payments depends on the age at which the member begins receiving a pension and the election of the single-life benefit or survivor benefit option. The tax-free portion of the member's monthly pension will remain the same over all these payments, even if the pension amount increases or decreases. Once the member has received all of his/her pre-taxed contributions, the entire pension becomes taxable. Only the Simplified Method can be used for pension which began after 1996.

### Single Life Benefit

A lifetime annuity that ceases upon the death of the retiree or disabled member, No survivor benefit is payable.

### SLWOP

Acronym - Special Leave Without Pay (aka. Periodic Repeditive Leave).

### Social Security

A federal program of old age and related benefits covering most workers and their dependents. Social Security benefits are provided by OASDHI. Programs are provided under the U.S. Social Security Act of 1935, plus amendments and additions thereto.

### Social Security Full Retirement Age

Social Security Full Retirement Age is 1937 or earlier (65), 1938 (65 and 2 months), 1939 (65 and 4 months), 1940 (65 and 6 months), 1941 (65 and 8 months), 1942 (65 and 10 months), 1943 – 1954 (66), 1955 (66 and 2 months), 1956 (66 and 4 months), 1957 (66 and 6 months), 1958 (66 and 8 months), 1959 (66 and 10 months), 1960 and later (67). Note - If born on January 1st of any year you should refer to the previous year in the chart.

### Social Security Supplement

An option under which the employee may elect that monthly payments of annuity before a specified age (62 or 65) be increased, and that payments thereafter be decreased to produce, as nearly as practicable, a level total annual annuity to the employee, including Social Security.

### Special Leave Without Pay (SLWOP)

See Periodic Repetitive Leave

### SPTRA

Acronym - St. Paul Teacher's Retirement Association.

### Stakeholder

A person, group, or organization that has direct or indirect stake in an organization because it can affect or be affected by the organization's actions, objectives, and policies. Example stakeholders are Members and Employers.

### Stakeholder Id (SID)

An identifier assigned by the system for a Stakeholder.

### State Board of Investments (SBI)

The Minnesota State Board of Investment is the State agency responsible for the investment management of various retirement funds, trust funds, and cash accounts.

### Stock Split

The division of shares of stock so that shareholders receive more shares at a proportionately lower value, leaving the total value unchanged.

### Student

A learner, or someone who attends an educational institution.

### Summons and Petition

A petition for commencement of marriage dissolution proceedings and affidavit that petition has been served to responding party.



### Surviving Child

“Surviving child” means a child of a deceased member (1) who is unmarried, (2) who has not reached age 18, or, if a full-time student, who has not reached a higher age specified in the applicable covered retirement plan, and (3) if specified by that plan, who was actually dependent on the deceased member for a specified proportion of support before the deceased member’s death. “Surviving child” includes a natural child, an adopted child, or a child of a deceased member who is conceived during the member’s lifetime and is born after the member’s death.

### Surviving Spouse

The spouse of a deceased member or disabilitant who was legally married to the member at the time of death. “Surviving spouse” means the legally married husband or wife of the deceased member who was residing with the deceased member on the date of death and who, if specified by the applicable covered retirement plan, had been married to the deceased member for a specified period of time before the death of the deceased member.

### Survivor Annuity

“Survivor annuity” means the entitlement to a future amount payable to a survivor as the remainder interest of an optional annuity form implied by law as having been chosen by a deceased member before the date of death and effective on the date of death or provided automatically.

### Survivor Benefit

An entitlement to a future amount payable to a survivor that is not included in the definition of a survivor annuity. If a vested member dies, their surviving spouse and/or children are entitled to a lifetime or term certain monthly benefit.

### Survivor Options

Upon retirement, members may choose from one of four Survivor Options. All the pensions are payable for the lifetime of the retiree. At the time of the retiree’s death, the designated survivor continues to receive monthly benefit payments at varying levels for his/her lifetime. Depending on the Survivor Option chosen by the member, survivor payments are at a 25, 50, 75 or 100 percent level of the received by the member.

### Survivor Option Designee

A person selected by the member at the time of retirement or disability to collect 25, 50, 75 or 100 percent of the benefit received by the member upon his or her death.

### Tax Rule

The tax rule that pertains to the account. The available values for Tax Rule are: Fully Taxable, General Rule, Non Taxable, Partially Taxable.

### Tax Selection

Tax Selection window is navigated to from the Payee Account window. It contains the tax selection option for one payee. In addition, it also contains read – only information related to tax status, such as the tax rule and the monthly excludable amount, that was last calculated for the payee account.

### Teachers Retirement Association (TRA)

A Minnesota statewide public pension fund that provides retirement, disability and death benefits to Minnesota public school teachers, administrators, college faculty, retirees, their families and beneficiaries.

### Temporary Position

An employment position predetermined by the employer at the time of hiring to be a period of six months or less. Temporary position also means an employment position occupied by a person hired by the employer as a temporary replacement who is employed for a predetermined period of six months or less.

### Term Certain Factors

Set of factors determined by the actuary that increases a benefit for those survivors who choose a benefit to end after a set time (5,10,15 or 20 years) instead of a lifetime annuity.

### Termination of public service

Termination of public service. (a) "Termination of public service" occurs when a member resigns or is dismissed from public service by the employing governmental subdivision or when a position ends and the member who held the position is not considered by the governmental subdivision to be on a temporary layoff, and the employee does not, within 30 days of the date the employment relationship ended, return to an employment position in the same governmental subdivision. (b) The termination of public service must be recorded in the association records upon receipt of an appropriate notice from the governmental subdivision. Termination of Membership: The conclusion of membership in the association and occurs upon termination of public service or when a member does not return to work within 30 days of the expiration of an authorized temporary layoff, or an authorized leave of absence. Termination of membership. (a) "Termination of membership" means the conclusion of membership in the association and occurs: (1) upon termination of public service under subdivision 11a; (2) when a member does not return to work within 30 days of the expiration of an authorized temporary layoff under subdivision 12 or an authorized leave of absence under subdivision 31 as evidenced by the appropriate record filed by the governmental subdivision; or (3) when a person files a written election to discontinue employee deductions under section 353.27, subdivision 7, paragraph (a), clause (1). (b) The termination of membership must be reported to the association by the governmental subdivision. © If the employee subsequently returns to a position in the same governmental subdivision, the employee shall not again be required to earn a salary in excess of \$425 per month to qualify for membership, unless the employee has taken a refund of accumulated employee deduction plus interest under section 353.34, subdivision 1.



### Thirteenth Check

An annual supplement retirement allowance arising from earnings on the investments of a system in excess of those determined as needed for other purposes.

### Time to Recover

Period of time calculated for two benefits starting at different dates to have equal total benefits paid.

### Time-Weighted Rate of Return

The investment performance of a unit of assets held continuously for the entire time period measured. This rate provides an effective standard for comparing the performance of different funds, in which cash flow could vary considerably. The money manager usually cannot control the timing or the amount of contributions to the fund. Because the time-weighted rate reduces the impact of money flows into or out of the fund, it is a fairer means of appraising the fund manager's ability to make the fund assets perform.

### Total and Permanent Disability

The inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to be of long-continued and indefinite duration. Long-continued and indefinite duration means that the disability has been or is expected to be for a period of at least one year.

### Total Return

The aggregate increase in the value of the portfolio resulting from the new appreciation (or depreciation) of the principal of the fund, plus or minus the net income (or loss) experienced by the fund during the period.

### TRA

Acronym - Teachers Retirement Association.

### Transactions

Any transaction that affects Member balance.

### Transmittal for Purchase

The form used for members who are purchasing past service. The payment amount to restore the service is included on the form.

### Unfunded Actuarial Accrued Liability

The excess of the actuarial accrued liability over the actuarial value of assets. This value may be negative, in which case it may be expressed as a negative unfunded actuarial accrued liability; the excess of the actuarial value of assets over the actuarial accrued liability; or the funding excess. The total current and expected future benefit obligations reduced by the sum of current assets and the present value of future normal costs.

### URAC

Acronym - Formerly known as the Utilization Review Accreditation Commission.

### USERRA

Acronym - Uniformed Services Employment and Reemployment Rights Act.

### Utilization Review Accreditation Commission (URAC)

URAC is an independent, nonprofit organization known for promoting healthcare quality.

### Uniformed Services Employment and Reemployment Rights Act (USERRA)

USERRA protects civilian job rights and benefits for veterans and members of the active and Reserve components of the U.S. armed forces. USERRA provides that returning service-members must be promptly reemployed in the same position that they would have attained had they not been absent for military service, with the same seniority, status and pay, as well as other rights and benefits determined by seniority. See [Your Rights Under USERRA](#).

### VA

Acronym - Voluntary Assessment.

### Valuation

An examination of a pension plan to determine whether contributions are being accumulated at a rate sufficient to provide the funds out of which the promised pensions can be paid when due. The valuation shows the actuarial liabilities of the plan and the applicable assets. The determination, as of a valuation date, of the normal cost, actuarial accrued liability, actuarial value of assets and related actuarial present values for a pension plan.

### Value of Account

The total value of an account. In instances where there are multiple smaller accounts, the total value would be their collective sum.

### Venture Capital

Capital subject to more than a normal degree of risk usually associated with a new business or venture.





### Vested

Member has sufficient years of service to qualify for a monthly pension.

### Vesting

An employee's right to receive a present or future pension benefit vests when it is no longer contingent upon remaining in the service of the employer. Employee contributions are always fully vested; however, interest upon such contributions may not be vested or may be paid at a specified rate, depending upon plan provisions. A vested benefit may be paid as a lump sum or, frequently, is paid as a deferred annuity upon retirement.

### Voluntary Assessment (VA)

Voluntary contributions usually made by the member to obtain service credit for an unpaid leave. Payment to PERA of employee and employer contributions for periods while on leaves of absence.

### Volunteer Ambulance Service Personnel

Basic and advanced life support emergency medical service personnel employed by or providing services for any public ambulance service or privately operated ambulance service that receives an operating subsidy from a governmental entity.

### Waive

To waive at law is to intentionally give up a known right. It may be done expressly through words, or through conduct involving acts that are inconsistent with the claiming of a known right.

### Warrant

A refund or benefit check.

### WEP

Acronym - Windfall Elimination Protection.

### Wilshire 500 Equity Index

An all equity, capitalization-weighted index composed of all NYSE, ASE and approximately 2,000 over-the-counter securities. Although the precise number of stocks in the index varies from period to period, the index contains about 5,000 issues.

### Windfall Elimination Protection (WEP)

A Social Security Provision that affects how the amount of retirement or disability benefit is calculated if a person receives a pension from work where Social Security taxes were not taken out of their pay. A modified formula is used to calculate Social Security benefits that results in a lower benefit than otherwise would have been received.

### Workers Compensation

A form of insurance providing wage replacement and medical benefits to employees injured in the course of employment in exchange for mandatory relinquishment of the employee's right to sue his or her employer for the tort of negligence.

### Year to Date (YTD)

A period starting from the beginning of the current year and continuing up to the present day.

### Years of Allowable Service

Any 12 calendar months not necessarily consecutive in which a public employee received compensation from the governmental subdivision or was eligible to credit for service. It also means 12 months credit each year for employees who are paid on a yearly basis and who may or may not receive compensation in every calendar month in the year.

### YTD

Acronym - Year to Date.

### 1099

Every January, PERA issues a 1099R for stakeholders who received a refund or benefit payment during the calendar year. This statement is to prepare a stakeholder's federal and state tax returns. The 1099R indicates the taxable and non-taxable amount of their pension, and how much was withheld for taxes by PERA.

### 30 and Out

A retirement option that permits full benefit retirement after 30 years' credited service, regardless of age.

### 401(a) Plan

A money-purchased retirement savings plan that allows for contributions by the employee, the employer or both. Contribution amounts, whether dollar-based or percentage-based, eligibility, and vesting schedule are all determined by the employer. Funds are withdrawn through lump-sum payment, rollovers to another qualified plan, or through an annuity. PERA's defined benefit plans are qualified retirement plans under Section 401(a) of the Internal Revenue Code.

### 401(k) Plan

A defined contribution plan established by an employer. It enables employees to make pre-tax contributions by salary reduction agreements structured within the format of a cash or deferred plan.



#### 403(b) Plan

A defined contribution plan established by certain tax exempt organizations and public schools for their employees. Similar to a 401(k) plan.

#### 65 Supplement

Refers to Basic plan disabilitants that receive an additional financial supplement each month until they reach the age of 65.