

Augmentation

A privatized PERA benefit is augmented (increased) for qualified members each month that they continue working at the privatized facility through December 31, 2023. Effective January 1, 2024, no future augmentation will apply to a privatized benefit. No augmentation for members privatized after June 30, 2020.

Beneficiary(ies)

When you die (or both you and your survivor die) your beneficiary(ies) will receive a lump-sum payment of the remainder of your PERA contributions.

Effective date of privatization

The date that the PERA medical facility becomes private and active PERA membership terminates.

High-five salary

The average of your highest 60 consecutive months of PERA-covered salary.

Privatized former public employer (PFPE)

A PERA medical facility that privatized under Minn. Stat. ch. 353F.

Privatized former public employee

A person who:

1. was employed by the privatized former public employer on the day before the effective date of privatization; or
2. terminated employment with the privatized former public employer on the day before the effective date; and
3. was a participant in PERA’s General Plan at the time of termination of employment with the privatized former public employer.

Rule of 90

If you were hired before July 1, 1989, and your age plus service credits total at least 90.

Rule of 90 provides a PERA benefit that is not reduced for early retirement.

Service Credit

While working in PERA-covered employment, you earn one service credit for each month of PERA contributions, up to 12 service credits per year.

PERA uses your service credit to determine the percentage of your high-five average salary that you receive as a PERA benefit.

Single-life Benefit

The single-life benefit pays a monthly benefit for your lifetime only. When you die, the monthly benefit stops.

Survivor Option

Instead of a single-life benefit, you may choose one of four survivor options. When you die, your survivor will receive 25%, 50%, 75%, or 100% of your monthly benefit amount for their lifetime.

If your survivor dies before you do, your monthly benefit will increase – or bounce back – to your single-life benefit.

Vesting

Vesting means you have earned enough service credit to qualify for a PERA benefit.

Privatization provides immediate vesting no matter how much PERA service credit you have at the time of privatization.

When your PERA employer becomes a private employer under Minnesota Statutes, Chapter 353F



You keep the PERA benefit you have already earned; however, you are no longer a public employee, and you may not actively participate in PERA after the date of privatization.

Minnesota law allows certain benefit enhancements for employees who continue working at the privatized medical facilities. This brochure will help you understand how privatization affects your PERA benefit.

You Have Options

Benefit Options

1. Begin your benefit and continue working at the privatized facility – enhanced benefits *do not* apply.
2. Begin your benefit after terminating employment at the privatized facility – enhanced benefits *may* apply.

Refund Option

Take a refund of your PERA contributions plus interest at any time after privatization.

Refunds are payable in a lump sum within 120 days after submitting a valid *Application for Refund* – mnpera.org/forms.

You are not eligible for a refund if you also work for another PERA employer.

How to apply for your benefit

To begin your benefit:

Submit paperwork 60-90 days prior to your benefit effective date.

Download forms at:

mnpera.org/benefits/privatization

- *Application for PERA Retirement Benefits*
- *Verification of Employment Status Privatization Plan*

Submit forms along with photocopies of:

- Proof of age for you and your survivor
 - Passport(s) or birth certificate(s)
- Proof of name changes for you and your survivor
 - Passport(s) or marriage certificate(s)



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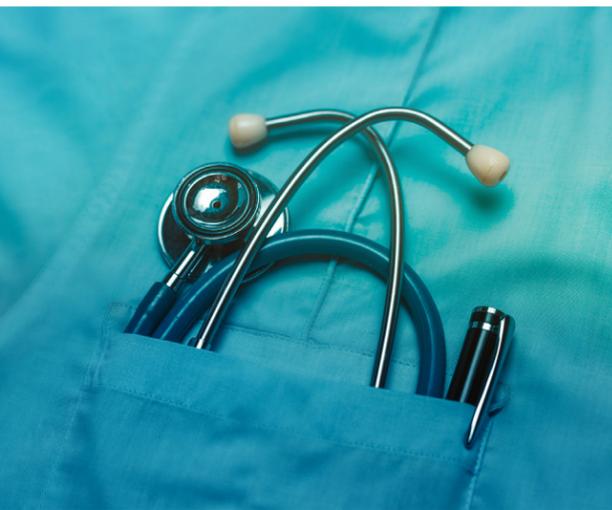
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OPTIONS BASED ON AGE

Under age 55	Age 55-70 ½	Age 70 ½ or older
<ul style="list-style-type: none"> • Defer benefit to 55 or later • Take a refund 	<ul style="list-style-type: none"> • Begin benefit • Defer benefit • Take a refund 	<ul style="list-style-type: none"> • Must begin benefit or take a refund

This publication is intended to provide general information; the rights and obligations of PERA members are governed by state and federal laws, rules, and regulations. The Minnesota Legislature or the federal government may change the statutes, rules, and regulations governing PERA at any time. If there is a discrepancy between the law governing PERA and the information contained in this publication, the statutes and regulations will govern. This document can be made available in alternative formats to individuals with disabilities by calling 651-296-7460 or 1-800 652-9026, or through the Minnesota Relay Service at 1-800-627-3529.



Your benefit options

1 BEGIN YOUR BENEFIT AND CONTINUE WORKING AT THE PRIVATIZED FACILITY

- The retirement benefit is calculated the same way as a regular retirement benefit (privatized enhanced benefits do not apply).
- Earnings limitations do not apply while working at the privatized facility; however, earnings limitations may apply if you are later employed by a PERA-covered employer.

2 BEGIN YOUR BENEFIT AFTER TERMINATING EMPLOYMENT AT THE PRIVATIZED FACILITY

- The retirement benefit is calculated the same way as a regular retirement benefit. With some exceptions, the benefit includes augmentation for qualified members from the time of the privatization until January 1, 2024, or the date you terminate from the privatized facility, whichever is earliest (see page 3).
- If you were hired prior to July 1, 1989, PERA may use your continued service with the privatized facility to determine your Rule of 90 benefit effective date.

- To qualify for enhanced augmentation and/or privatized Rule of 90 credit, you **must** terminate your employment at the privatized facility for at least 30 days.
- Earning limits may apply if you return to work for the privatized former public employer (PFPE) or another Minnesota public employer, are collecting an enhanced benefit, and are under full Social Security retirement age.

Enhanced augmentation rates:

As of June 30, 2020, the augmentation rates used to calculate your benefit depend on when your facility privatized. Beginning July 1, 2020, the augmentation rate applied to qualified privatized monthly benefits will be 2 percent per year through December 31, 2023. Effective January 1, 2024, no future augmentation will apply to a privatized benefit. No augmentation applies to any members privatizing after June 30, 2020.

We can help

You have several choices with your PERA benefit. Please contact PERA before changing jobs or beginning your benefit to discuss your options.

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Frequently asked questions - FAQs

Q: What is privatization?

A: Minn. Stat. ch. 353F governs local government (PERA) public medical facilities that are sold to private entities. The purpose and intent is to ensure, to the extent possible, that people employed at public medical facilities that are privatized and consequently are excluded from retirement coverage by PERA will be entitled to receive future retirement benefits.

If the sale qualifies for inclusion under Minn. Stat. ch. 353F, you will no longer contribute to PERA beginning on the date of privatization. You will qualify for a monthly retirement benefit as early as age 55. An enhanced monthly retirement benefit applies to those who continue working at the facility and terminate employment from the PFPE for at least 30 days.

Q: What are enhanced benefits?

- A:** The law covering privatization provides:
- Augmentation (for members privatized prior to June 30, 2020)
 - Privatized Rule of 90 credit

Q: What about my Rule of 90?

A: If you became a Minnesota public employee prior to July 1, 1989, you qualify for Rule of 90.

If you continue employment with the privatized facility, you will receive privatized credit toward Rule of 90 each month you work, and your Rule of 90 date will not change. Eligibility for privatized Rule of 90 credit requires that you terminate your employment from the PFPE for at least 30 days.

You do not lose Rule of 90 if you stop working for the privatized former public employer (PFPE) or decide not to collect an enhanced benefit; however, it will take longer to reach rule of 90 because you no longer accrue privatized Rule of 90 credit, and just your age is affecting calculation.

Q: What if I am not vested?

A: If you are employed by the facility on the day before the sale, you will immediately become a vested member of PERA under Minn. Stat. ch. 353F, regardless of the amount of service you have.

Exceptions to every rule

Privatized enhanced augmentation stops accruing:

- beginning the first of the month in which you become covered again by a public retirement plan, accrue at least 6 months of service, and your retirement benefit is calculated separately from the other fund;
- beginning the first of the month after you terminate service with the privatized former public employer (PFPE);
- beginning the first of the month that the privatized facility is sold to another entity.
- All augmentation stops accruing as of January 1, 2024.

Privatized enhanced augmentation eliminated:

- beginning the first of the month in which you become covered again by a public retirement plan, accrue at least 6 months of service, and your benefit calculated under Combined Service Annuity (CSA) provisions;
- beginning the first of the month that you become covered again by PERA's General Plan.
- All augmentation stops accruing as of January 1, 2024.

Privatized Rule of 90 credit stops accruing:

- beginning the first of the month in which you become covered again by a public retirement plan and accrue at least 6 months of service;
- beginning the first of the month that you become covered again by PERA's General Plan;
- beginning the first of the month after you terminate service with the PFPE;
- beginning the first of the month that the privatized facility is sold to another entity.

Privatized enhanced benefits DO NOT apply:

- if you begin your PERA benefit while continuing to work for the PFPE;
- if you are no longer employed on the day prior to the privatization effective date.

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