



PERA

Association of MN Counties

Luis Argueta, Employer Communications

Shana Morse, Policy Director



Today's Agenda

Good morning!

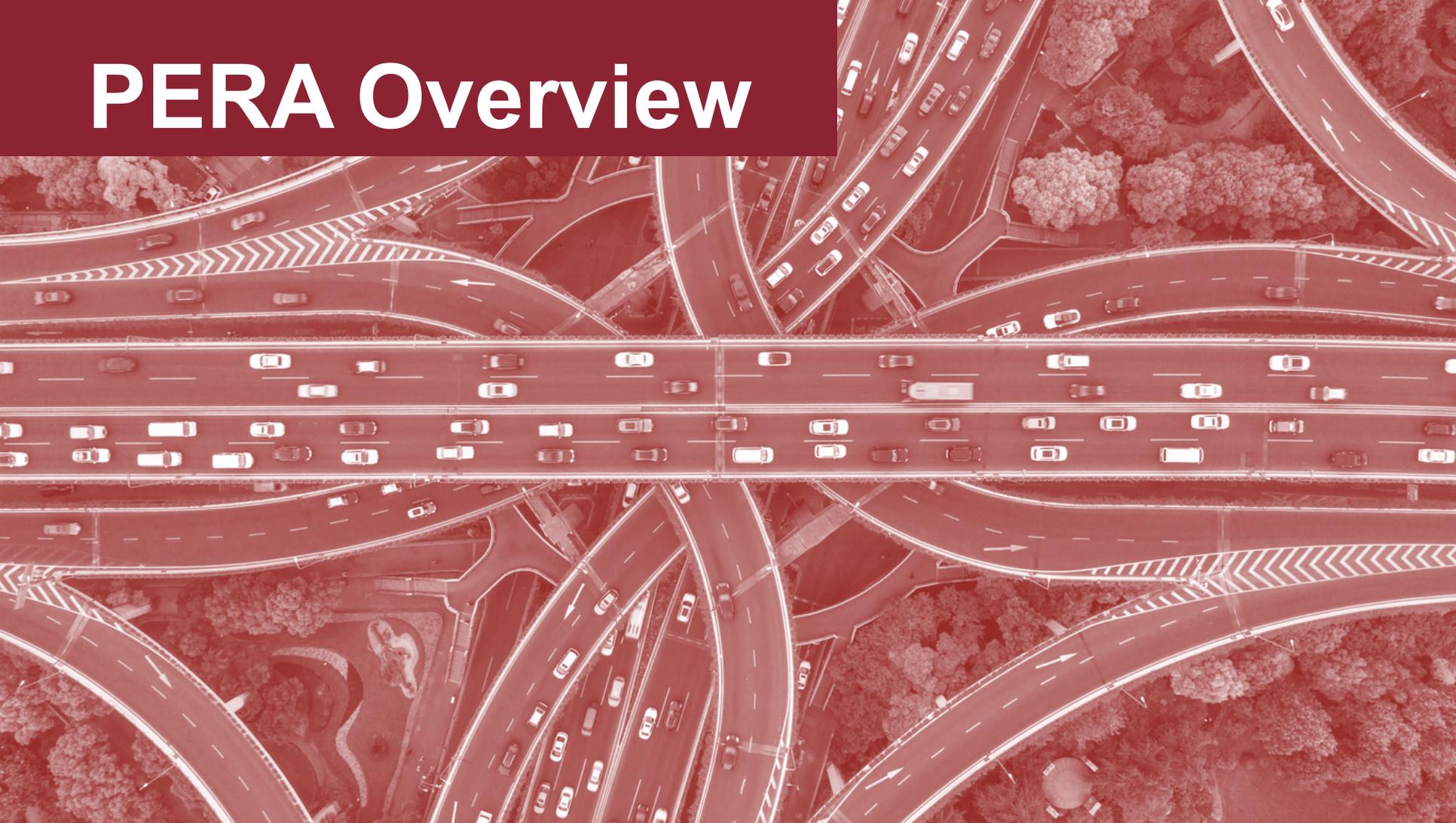
- **PERA Overview**
- **PERA Update**
 - 2018 Legislative Changes
 - What's next?
- **Employer Topics**
 - Enrollment, exclusion, annuitants, life insurance
- **ER Resources**



Public Employees Retirement Association



PERA Overview



Who is a PERA member?

- a. Coach
- b. County Clerk
- c. Elected Official
- d. Police Officer
- e. All of the above



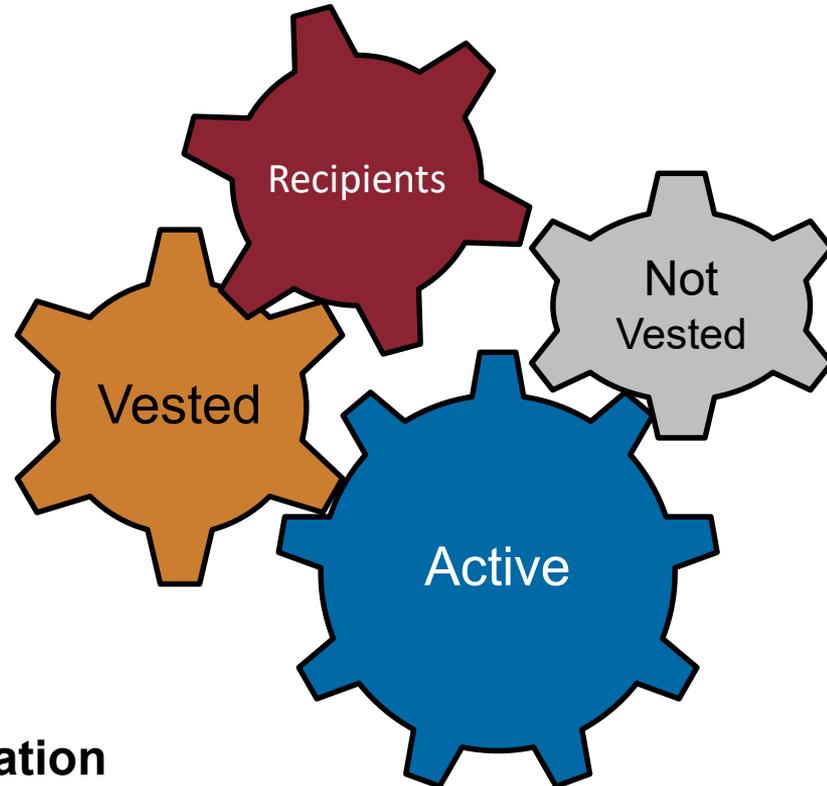
DB Membership

Over 476,000 in
DB Membership

Active: 168,000+

Inactive: 198,000+

Recipients: 109,000+



How PERA works for Minnesotans

Investments and Contributions

2/3 of revenue comes from professional investing over a long horizon.

1



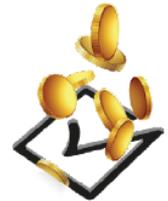
Employees and employers pay percent of salary

2



Contributions are professionally invested and managed

3



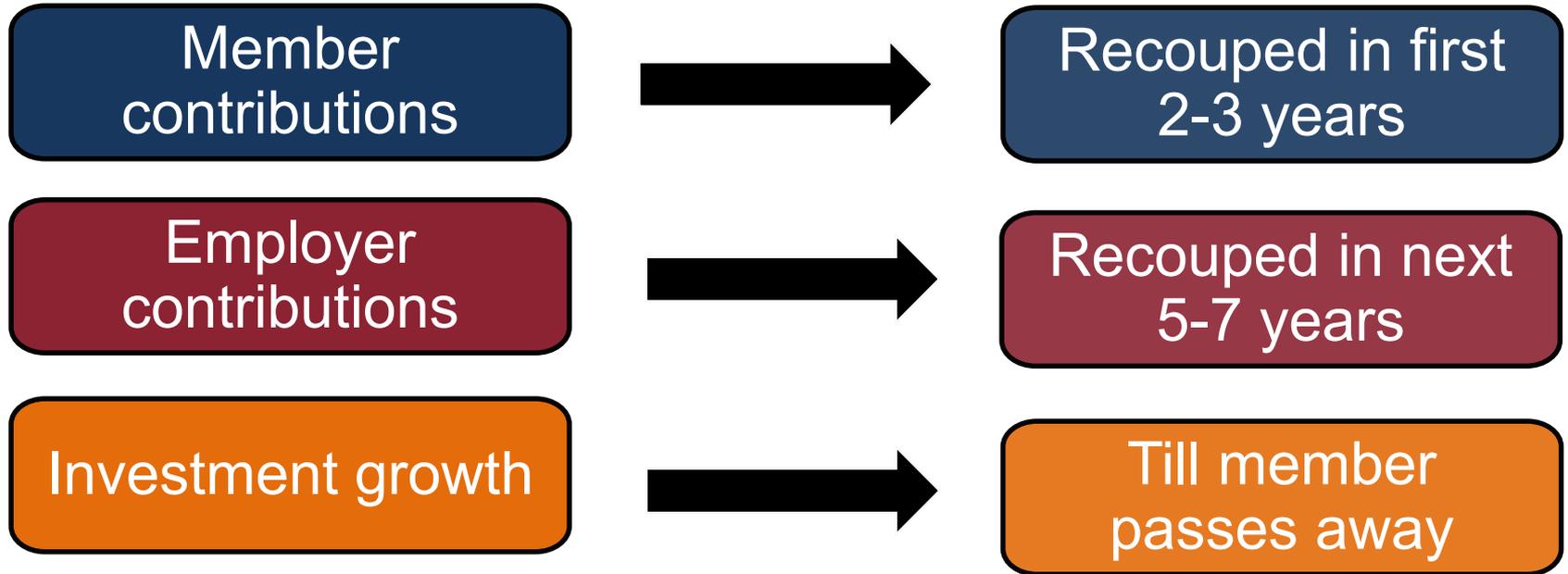
PERA provides a monthly lifetime income to beneficiaries



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Value of a PERA Pension

Investment growth



Who needs to be enrolled?

Two types of plans



Defined Benefit Plan –
Formula based
Mandatory for Eligible
Public Employees



Defined Contribution Plan –
Performance based
Optional participation
for elected officials



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PERA's Defined Benefit Plans

General (Coordinated)

- Cities
- Counties
- Townships
- Schools
- SWCD
- JPB
- Watershed Districts

+

Correctional

Police & Fire



General Coordinated Plan

Vesting Periods

Public Service Start Date	Years to Vest
05/16/89 — 06/30/10	3
07/01/10 — Present	5



Defined Contribution Plan

DCP – 7,700+ Members

- Elected local governmental officials
- Ambulance drivers
- City Managers
- Physicians



Elected Officials

Defined Contribution Plan



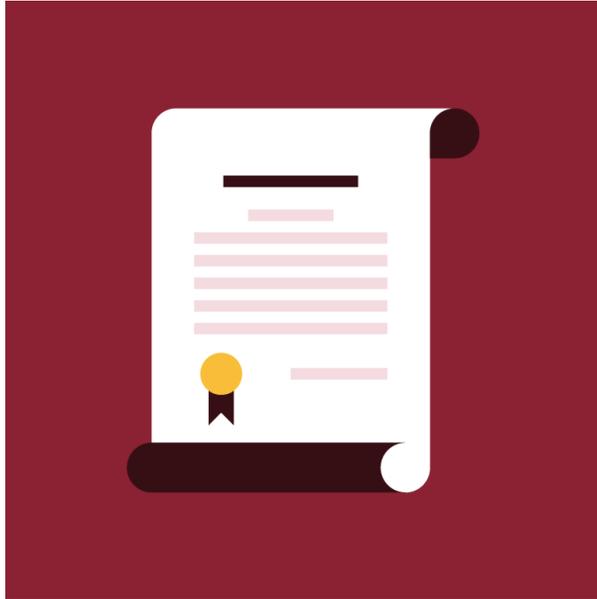
PERA membership under a DCP:

- 1) is voluntary. Elected officials may start and stop participation at any time.
- 2) There is no minimum salary requirement.



2018 Omnibus Pension Bill

Effective July 1, 2018



- Allows DCP members to take a distribution
- age 65, still working
 - Limited, once a year
 - Minimum \$5,000



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2018 Legislative Update



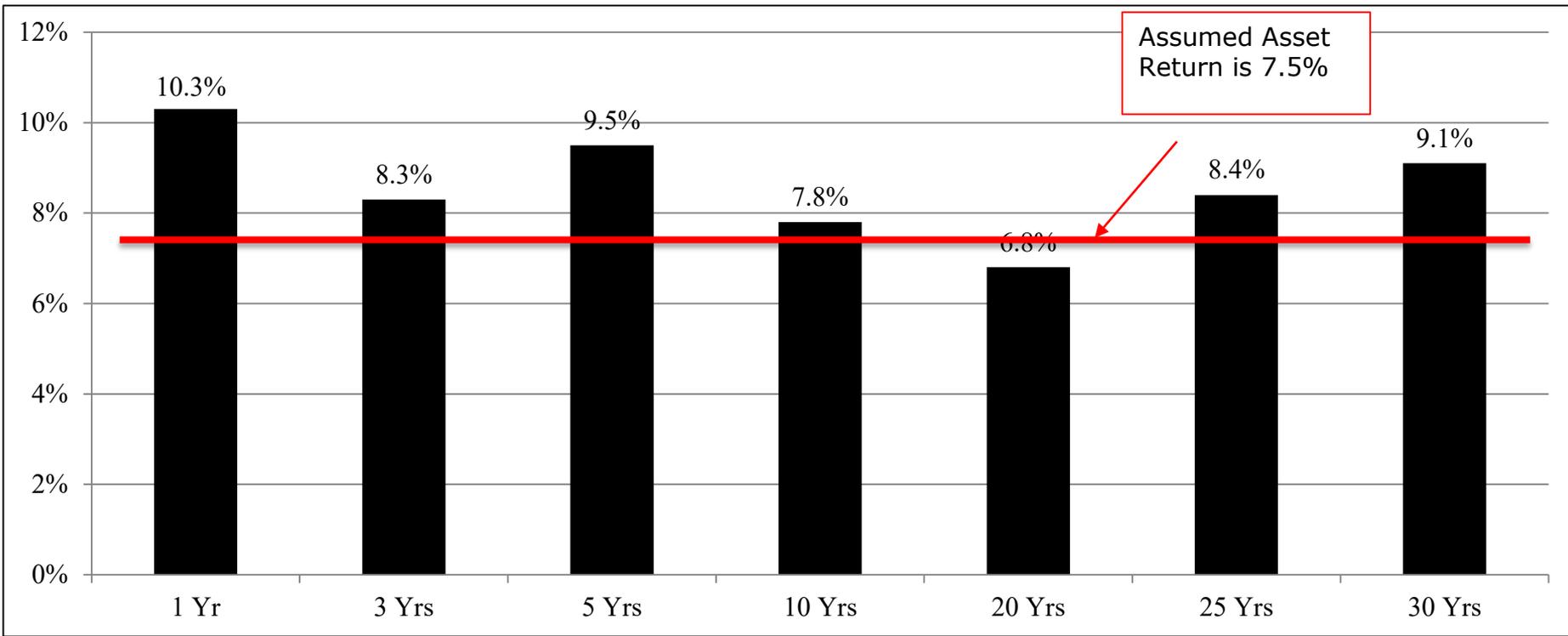


Governor Dayton
signs 2018
Omnibus
Retirement Bill





PERA Membership & Cash Flow as of June 30, 2018



MN SBI Combined Fund Actual Returns for Periods Ending June 30, 2018

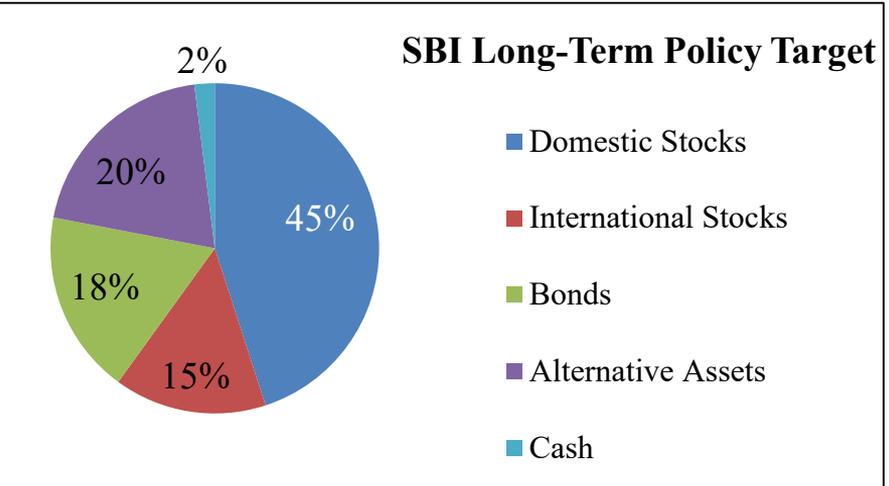
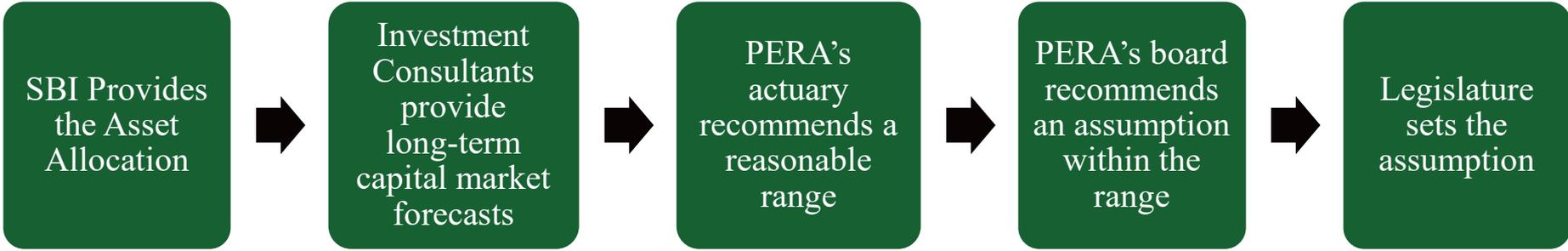


Someone's Still Getting a Civil War Pension





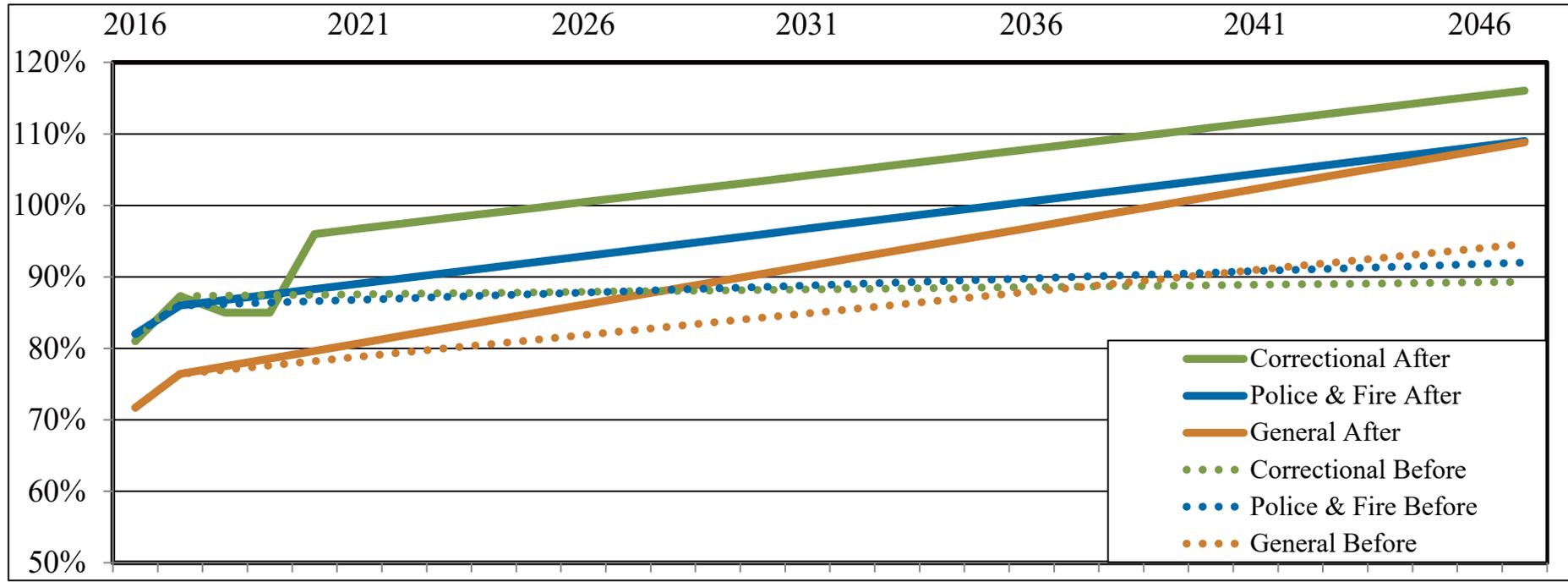
Investment Return Assumption Setting Process



The 2018 Omnibus Retirement Bill included a change to the investment return assumption from 8.0% to 7.5%



Impact of 2018 Omnibus Retirement Bill on Funding Projections



The 2018 Omnibus Retirement Bill significantly improves the funding trajectory for each plan. All plans expect to be fully funded within 30 years.



General Employees Plan – 2018 Legislative Change

Summary	Explanation
No Additional Cost	No employee, employer, or State aid contribution increases
More Equitable Benefit Distribution	Phase-out of early retirement augmentation. No COLA until age 66. Eliminate deferred retirement augmentation. Reduce interest on refunds from 4% to 3%. Postretirement adjustments changed from 1% for one generation and 2.5% for another generation to an inflation based approach (see below).
Stakeholder Supported	AFSCME 5, AFSCME 65, Teamsters 320, PEPSA, MMRA, LMC, AMC, and MICA

If Social Security Inflation Index (CPI-W) is:	PERA Postretirement Increase will be:
CPI-W < 2.0%	1%
2.0% < CPI-W < 3.0%	50% of CPI-W
CPI-W > 3%	1.5%



Police & Fire Plan – 2018 Legislative Change

Summary	Explanation
Additional Funding	1% employee increase (phased-in) 1.5% employer increase (phased-in) Direct state aid of \$4.5M in FY19, \$4.5M in FY20, and \$9M /year thereafter until the Plan is 100% funded
Benefit Change	Trigger eliminated Postretirement increases fixed at 1%
Stakeholder Supported	Supported by Minnesota Police and Peace Officers Association (MPPOA), Minnesota Professional Firefighters (MPFF), League of Minnesota Cities (LMC), Association of Minnesota Counties (AMC), and the Minnesota Inter-County Association (MICA)



Correctional Plan – 2018 Legislative Change

Summary	Explanation
No Additional Cost	No employee, employer, or State aid contribution increases
More Equitable Benefit Distribution	Avoids reducing benefits unless it is necessary to do so Ensures that increases do not exceed inflation (unless CPI < 1%) Improves intergenerational equity
Stakeholder Supported	AFSCME 5, Teamsters 320, Law Enforcement Legal Services (LELS), MN Public Employees Association (MNPEA), AMC, and MICA

Funding Status	Current Plan	PERA Proposed Increase
From now until the funding ratio drops below 80% once or 85% twice	2.5%	100% of CPI, 1% floor, <u>2.5%</u> cap
If/when funding ratio drops below 80% once or 85% twice	1.0%	100% of CPI, 1% floor, <u>1.5%</u> cap
If/when plan regains 90%	2.5%	100% of CPI, 1% floor, <u>1.5%</u> cap

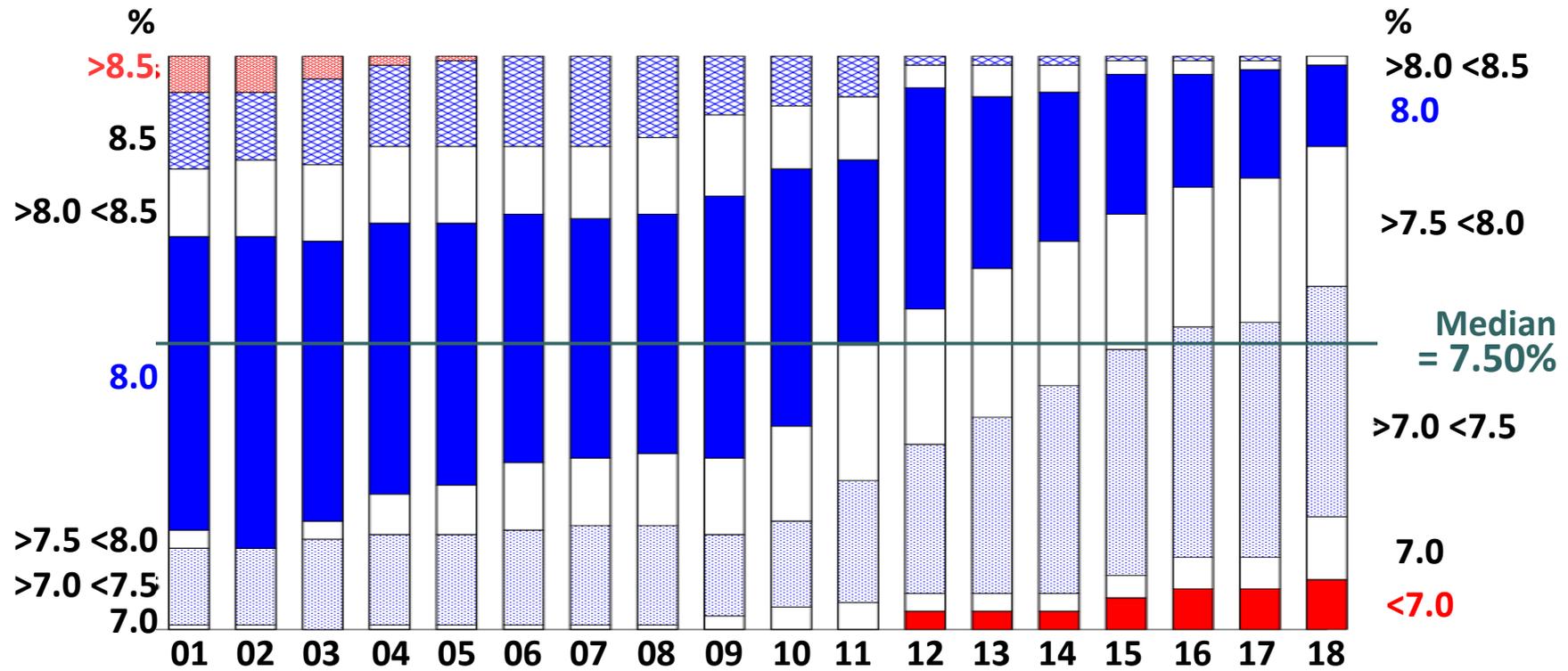


Rating Agency Reaction

Agency	Reaction
Moody's Investors Services	<p><i>“Legislation will reduce pension liabilities, but changes are far from a cure-all” – June 26, 2018:</i></p> <ul style="list-style-type: none">• The changes are credit positive for the state and its local governments because they will reduce unfunded pension liabilities and improve plan funding.• However, local governments across Minnesota, particularly school districts, will continue to face high pension burdens.
S&P Global Ratings	<p><i>“Minnesota’s New Pension Bill is a Positive Step Toward Sustainable Funding” – June 7, 2018:</i></p> <ul style="list-style-type: none">• ...but because contributions remained fixed in state statute, there could eventually be a regression in plan funded status.• Plan actuarial assumptions are more conservative (moving to 7.5%) but... “we still view this as high, and many plans in other states are moving to assumptions that are even more conservative.”

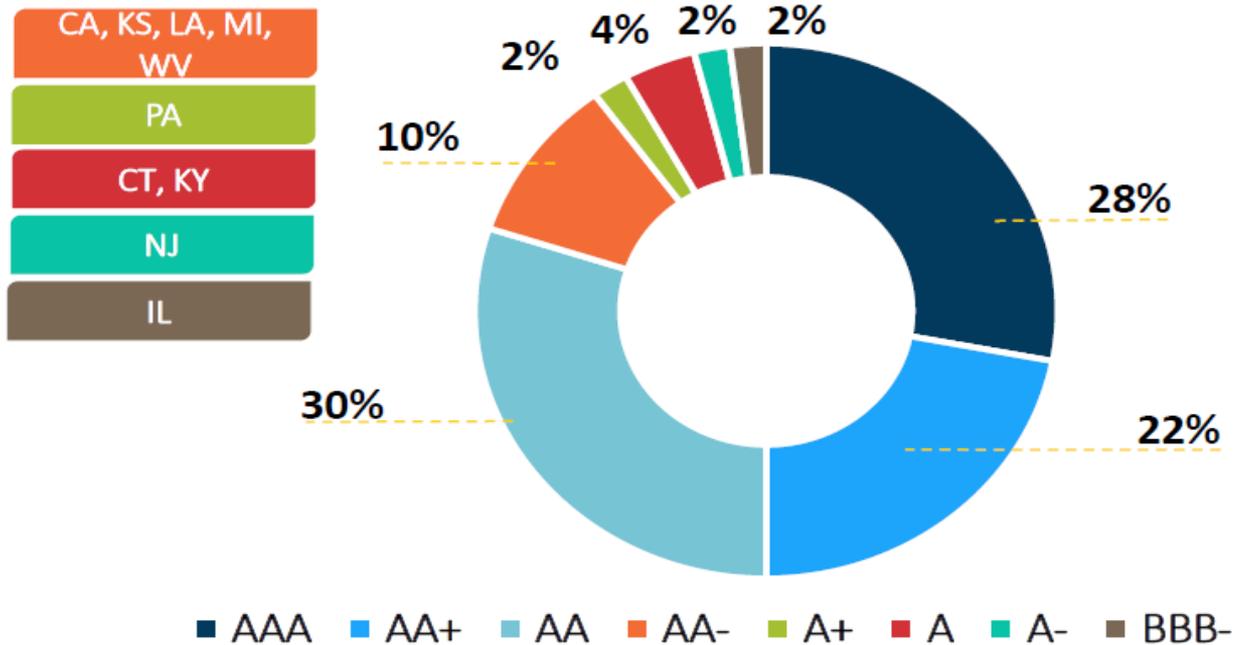


Public Pension Fund Investment Return Assumption Trend





S&P Global's U.S. States Ratings Distribution



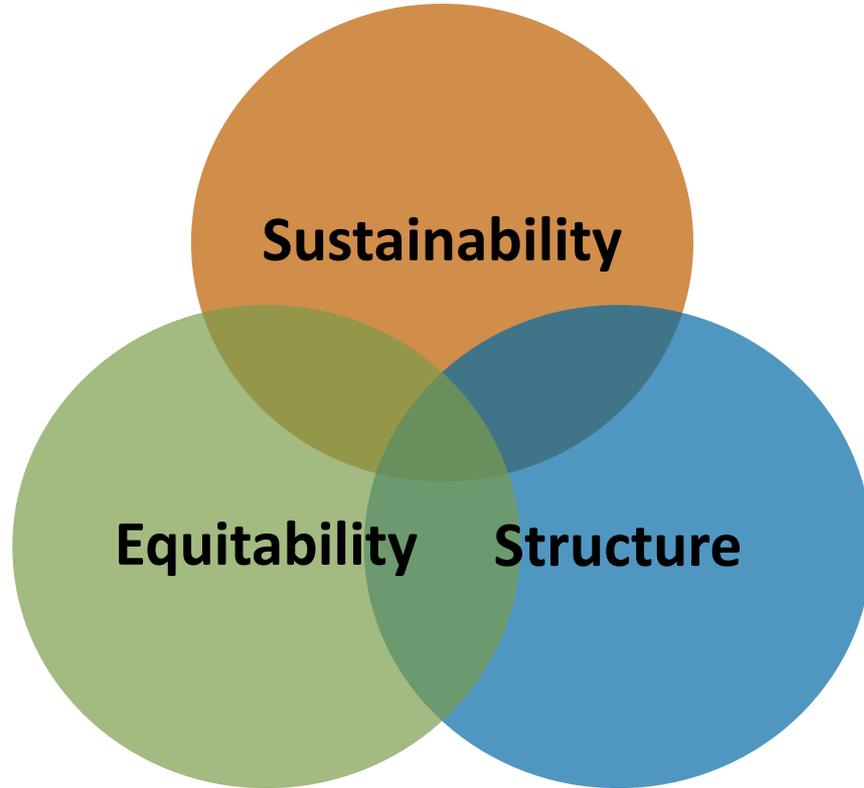
Source: S&P Global Ratings U.S. State Ratings And Outlooks: Current List 06/08/18

What's next?





Our Vision



Annual Threshold



Basic Rule of Eligibility

With some exceptions...



- PERA membership under a DBP-
- 1) Required for public employees
 - 2) who have annual earnings in excess of PERA's salary threshold



Annual Salary Threshold

Calendar-year (general) employment

Calendar Year

1/1 - 12/31

Threshold is \$5100



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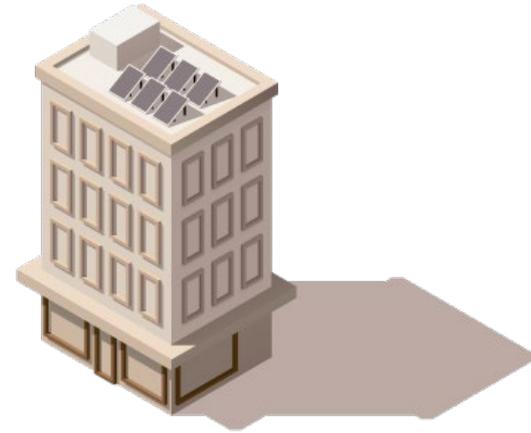
Eligibility with ONE employer

PERA eligible positions with one employer

City A



City B



Individual
employer



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Annual Salary Threshold Report

Annual Threshold

Who is included in an Annual Salary Threshold report?

- Employee: **full year of earnings in the previous year**
- **did not exceed** the threshold



Partial Year enrollment

Partial year of earnings

1 Partial 2017



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Employee did not meet Threshold

Annual Threshold

If earnings do not exceed the threshold

Partial
2017

\$2000

\$3000



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Exclusion Reporting

E X C L U D E

A row of seven light-colored wooden blocks, each with a dark letter on its top face, spelling out the word "EXCLUDE". The blocks are arranged in a slightly curved line on a light-colored surface. The background is a soft, out-of-focus light pinkish-red color.

Excluded Workers

Defined Benefit plan for non governing body officials



Certain classes of employees are excluded from joining a PERA Defined Benefit Plan



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Minn. Stat. § 353.27, subd. 10

Annual reporting of excluded workers



- (a) Required of all governmental entities who are *eligible to participate regardless of whether there are any members*
- (b) Statute allows \$25 fine for each failure



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Reporting exclusions



- Report all employees and elected officials in potential DBP-eligible positions
- Governing body elected officials not DBP-eligible, therefore not required to report



PERA staff reviews



- Staff reviews to determine if exclusion appears appropriate



Omitted Deduction (OD) Billing



- **Statute of limitations**
- **3 years prior to current year**
 - Billed today, retro to 1/1/15

2015

2016

2017

2018



Notice of Non-Covered Employment

Used with salary exclusions

NOTICE OF NON-COVERED EMPLOYMENT OR PROVISIONAL COVERAGE

Relating to PERA's Coordinated, Correctional or Police & Fire Plans

Public Employees Retirement Association 60 Empire Dr., Ste. 200, Saint Paul MN 55103-2088
Employer Fax Number: 651-296-2493; Employer Lines: 651-296-3636 or 1-888-892-PERA (7372)



For Employer: This form must be completed when a person is employed in a position under your unit that is excluded from PERA membership because the employee's annual earnings are less than the minimum salary threshold in M.S. §353.01, Subd. 2a, or when an employee is being given provisional retirement plan membership that will be subject to an earnings validation by PERA. You are encouraged to use this form to provide written disclosure to *any* worker not enrolled in PERA at the start of employment so that the affected person is informed about the eligibility determination. Please give this form to the affected employee and keep a copy in your personnel files; **do not send a copy to PERA.**

about the PERA membership decision made by your employer, you may contact the source or payroll personnel of your employer. If you want PERA to review your purposes, state law gives you a right to request a review by the Director at 60 Empire Dr., Ste 200, Saint Paul, MN 55103.

Job Title or Classification	Starting Date for this Position

one of the following determination relating to membership under a PERA. Please review Section A or B as checked below.

FROM PERA MEMBERSHIP BECAUSE:

- your annual compensation is not expected to exceed:
- \$5100 or \$3800 for school term employment (9-month position)
 - 2. Your employment is predetermined to be temporary and is not expected to exceed six consecutive months.
 - 3. Your seasonal appointment is not expected to exceed 185 consecutive calendar days in a year.
 - 4. You are under age 23 and attending classes full-time at an accredited school, college or university.
 - 5. You are receiving a monthly retirement or disability benefit from PERA.
 - 6. Your position is excluded by law for the following reason: _____

Required for
employees excluded
due to salary



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Provisional Enrollment

For casual, intermittent employees

<input type="checkbox"/> 2. Your employment is predetermined to be temporary and is not expected to exceed six consecutive months.			
<input type="checkbox"/> 3. Your seasonal appointment is not <u>expected to exceed</u> 185 consecutive calendar days in a year.			
<input type="checkbox"/> 4. You are under age 23 and attending classes full-time at an accredited school, college or university.			
<input type="checkbox"/> 5. You are receiving a monthly retirement or disability benefit from PERA.			
<input type="checkbox"/> 6. Your position is excluded by law for the following reason: _____ _____			
<input type="checkbox"/> SECTION B: YOU ARE BEING ENROLLED INTO PERA ON A PROVISIONAL BASIS AND THAT MEMBERSHIP WILL BE SUBJECT TO VALIDATION.			
Our entity is unable to accurately determine that your annual compensation will not exceed the minimum salary threshold for PERA participation as noted below because your employment is intermittent, sporadic, or casual, without a regular work schedule and a regular number of work hours:			
<input type="checkbox"/> \$5100 or <input type="checkbox"/> \$3800 for school term employment (9-month position)			
Because your annual earnings <u>could</u> exceed the above-referenced earnings threshold, you are being reported to PERA for membership. PERA will review the amount of annual earnings you receive and if your earnings in a year do not exceed the threshold amount set in law for PERA membership, your participation will be deemed invalid and your member contributions will be refunded to you by PERA.			
Name of Employer	Name of Employer Representative	Daytime Phone No.	Date
_____	_____	_____	_____



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Section Wrap Up – Questions?

Reporting Resources

- Employer Manual > Chapter 3
 - Recorded Webinars
 - FAQ pages
- Questions? Please call our Employer Line, select option 3.



Annuitant Enrollment



Separation From Public Service

30 days separation

A right to a retirement benefit requires:

- A complete and continuous separation from all public employment for 30 days
- No written or verbal agreement prior to termination to provide services to a public employer



Benefit Recipient Search

Enroll Recipients

Individual Benefit Recipient Search

Employer ID: 999999 PERADISE ISD #625

10/17/2017

Enter a SSN to search the entire PERA system to determine if the specified individual is receiving a monthly disability or retirement benefit.

SSN

PERA Benefit Recipient. Do not withhold PERA contributions, if under age 67 report earnings only in Exempt Plan 99.



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Enrolling an annuitant

Enroll Recipients

Enrollment Request

Employer ID: 999999 PERADISE ISD #625

10/17/2017

Please enter the following information to confirm your request.

Plan Name	<input type="text" value="Coordinated"/>
SSN	<input type="text" value="Coordinated"/>
	<input type="text" value="Exempt"/>
ReEnter SSN	<input type="text" value="....."/>

Submit



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Earnings Limit Timeline

Working After Retirement

Under full SSA
retirement age

January 1, year of full
SSA retirement age

Full SSA
retirement age*

\$17,040 annual limit

\$45,360 annual limit

No limit

Earn up to annual amount with no offset

Reduction \$1 for every \$2 over limit or
suspension of benefit. Offsets are recovered.

*See *Working
After Retirement
brochure*

Life Insurance Premium



Life Insurance

NCPERS Voluntary Life Insurance Plan



- 1985, PERA selected the NCPERS program
- Active PERA Defined Benefit Plan members
 - **employer participates in the program**



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Premium

Retirement



Retirement

- Premium from annuity
- Must be active employee
- ER notify HealthSmart

Termination

- Convert within 31 days



HealthSmart

Insurance Administrator



Contact info

- 1-800-525-8056
- ncpers@healthsmart.com



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ER Resources



Do you have unclaimed funds with PERA?

Looking for inactive, non-vested members

[Read More](#)

How Can We Help You?

[MY PERA Login](#)[For Employers](#)[Menu](#)

Plan for Retirement

The process of retiring is not something that happens in a single day, nor is it a single decision that can be made easily.



Attend a Conference

To provide members with information about PERA and your benefits, we have a variety of educational programs for you.

Request a Refund

When you leave public employment, you may request a refund of your contributions.



Find a Form or Publication

Find any forms or publications you may need here.

Update My Personal Information

MY PERA makes it simple and fast to update your personal information, change addresses, or view your benefits.



Learn About Your Plan

PERA administers three defined benefit plans, find the one that best suits you or learn more about your current plan.

Frequently Used Resources

[ER Manual](#)[Forms](#)[Reporting Basics](#)

PERA maintains a tool for you to use and conduct business reporting functions electronically. Our online services offer many benefits over paper methods and available at no cost to your agency.

[ONLINE SERVICES](#)

Employer Highlights



Chapter 5

PERA-Eligible Salary

Chapter 5

Chapter 5- Eligible Earnings



Explains how to determine which earnings an employee receives are eligible to use to determine PERA eligibility and from which to withhold PERA contributions.

PERA-Eligible Salary

Compensation that is not Salary

Closer Look at Some Types of Pay

- » Workers Compensation Payments
- » Pay while on Personal, Parental or Military Leave
- » Members on Paid Medical Leave
- » Short-term Disability Insurance Benefits
- » Vacation Leave for Terminating Members

Outlines the process for enrolling eligible employees, updating a member's employment status, changing personal data and maintaining contact data for those who perform PERA reporting duties.

Phased Retirement

Furloughs or Budgetary Leaves

Updating Member Information

Periodic Reports Sent to Employers

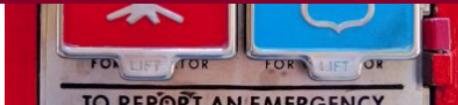
Maintain Employer Records

» Contacts

» Change in Entity Name or Status



Six password tips to protect private member data
[Read about this and more in the PERAphrase Newsletter](#)



Police & Fire rates effective for salary paid on or after
Jan. 1, 2019
[Read about this and more in the PERAphrase Newsletter](#)



Webinar: Sala
[Read about this and more in the PERAphrase Newsletter](#)

Featured Webinar

[View All Webinars](#)

(Changes to) Annual Salary Threshold, Part 2.5



651.296.3636 / 1-800-892-PERA (7372)
mnpera.org/employers

Published on July 16, 2018 // Hosted on J

This webinar takes you through changes in
Reporting reporting structure

Audience: All employers that deal with PEI

In this webinar, we:

- Highlight changes
- Walk through the completion of an Annual
ERIS
- Refund Details

Employers

Online Services

Plans

Forms

Publications

Reporting Basics ▶

Employer Manual

Statewide Volunteer
Firefighter Retirement Plan ▶

Financial Resource Center

Social Security

Reporting Resources ▼

Reporting Resources Overview

Webinars

PERA 101

Fact Sheets

Employer FAQs

PERAphrase Newsletter

What is PERA?

PERA is a public pension fund that serves over 450,000 current and former public employees from over 3,500 local units of government throughout the state of Minnesota.

PERA's three Defined Benefit Plans (DBP) are tax-qualified plans under Section 401(a) of the Internal Revenue Code and provide lifetime retirement benefits to vested members. In addition, PERA offers a Defined Contribution Plan (DCP) which is an option for certain types of positions.

Resources:

[About PERA Chapter 1](#)[About PERA](#)

What is My Role as an Employer?

From the first day an employee is enrolled, through the date they leave public service and apply for benefits, the information you provide to PERA helps our members plan for and achieve a secure financial future.

This flow of information is most effective when you keep PERA up-to-date on all contact data for your agency, including changes in contacts, email or mailing address, or phone number.

Our most frequently used online resources are listed below. You are also welcome to **contact us** by email, or call our Employer Line at 651-296-3636 or toll free at 1-888-892-7372.

Resources:

[Employer Section](#)[Online Services](#)[Employer Manual](#)[Members Benefits, Chapter 8](#)

Disclaimer

Thank you for your time!

Disclaimer

This presentation is intended to provide general information for a school district to consider and apply to its own circumstances as appropriate. This may not be considered to be a legal interpretation of state/federal laws or regulations.

The Minnesota Legislature, or the federal government, may at any time change the laws, rules and regulations governing participation in PERA or mandatory coverage under Social Security and Medicare.



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