

## PUBLIC EMPLOYEES DCP BASICS

### PLAN FEATURES

The Public Employees Defined Contribution Plan (Public Employees DCP) is a 401(a) tax-qualified retirement plan for certain positions.

Depending on the individual's position, the employer and/or employee contribute to the plan; contributions are invested and grow tax-deferred until retirement.

- » **Vesting:** No vesting requirements.
- » **Salary:** No salary requirements.
- » **Contribution Rates:** Depend on the individual's position. May include employee and/or employer contributions.
- » **Investment Decisions:** Member makes investment decisions.
- » **Benefit Type:** One-time lump sum.
- » **Payments:** Based on amount of contributions and investment performance.

### ELIGIBLE POSITIONS

Only specific positions are eligible to participate in the Public Employees DCP. Eligible positions include:

- » governing body officials,
- » elected non-governing body officials,
- » appointed non-governing body officials whose monthly pay does not exceed \$425,
- » city managers first employed by a city,
- » governmental physicians who chose not to participate in the Coordinated Plan, and
- » certain ambulance, rescue, or volunteer firefighter positions.

### PUBLIC OFFICIAL ELIGIBILITY

Public officials may be eligible to participate in the Public Employees DCP. Their eligibility depends on:

- » the position category, and
- » if they are in their first 30 days of PERA eligibility with the employer.

## PUBLIC OFFICIAL POSITION CATEGORIES

To determine a public official's PERA eligibility, first identify their position category.

There are four position categories for public officials; each category may have different coverage options or requirements.

To identify a public official's position category, consider whether their position is governing or non-governing, and if it is elected by the general public or appointed within your unit.

#### Elected or Appointed?

Is the position at your unit elected by the public at large?

- » **Yes.** Elected.
- » **No.** Appointed.

#### Governing or Non-Governing?

Does the public official have a vote on the governing body?

- » **Yes.** Governing.
- » **No.** Non-governing.

### FOUR POSITION CATEGORIES

#### Elected Governing

This position is elected by the public at large (or appointed to finish an elected term) and is the primary policy maker.

Examples: city council, school board

#### Appointed Governing

This position is not elected by the general public and has a vote within a board or commission.

Examples: joint powers board, planning commission

#### Elected Non-Governing

This position is elected by the public at large (or appointed to finish an elected term) and doesn't have a vote.

#### Appointed Non-Governing

This position is not elected by the general public (position is always appointed within the governmental subdivision) and does not have a vote.

## WHEN TO ENROLL

### PREVIOUS COVERAGE WITH THE SAME EMPLOYER

Public Employees DCP membership is mandatory for public officials who were covered by and whose employer contributed to:

- » any PERA plan, or
- » a supplemental pension or deferred compensation plan under Minn. Stat. § 356.24.

When participation is required, you must enroll the member and begin contributions immediately.

### FIRST ELIGIBLE FOR PERA WITH THE EMPLOYER

Membership in the Public Employees DCP is optional for public officials who:

- » are in their first 30 days of work eligible for optional PERA with the employer, and
- » have no previous PERA with the same employer.

Employers are required to inform public officials that they can participate and must start the process of completing the membership election form. Do not enroll the public official or withhold contributions unless they select PERA coverage.

## NON-GOVERNING PUBLIC OFFICIALS WITH MONTHLY PAY OVER \$425

Non-governing body public officials whose pay exceeds \$425 in a month may have optional or mandatory membership in the Coordinated Plan. You must determine if participation is optional or mandatory based on their position type—and if they are in an elected position and have previous coverage with the employer.

### Appointed Position

Public officials in an appointed non-governing position who earn over \$425 in any month, must participate in the Coordinated Plan. Enroll the member and begin contributions immediately. If they were participating in the Public Employees DCP, that participation must stop and they must immediately be enrolled into the Coordinated Plan until termination of employment.

### Elected Position and Previous Coverage with the Same Employer

Public officials in an elected non-governing position whose monthly pay exceeds \$425 and have previous coverage with the employer can choose within their first 30 days of work to participate in the Public Employees DCP or the Coordinated Plan. If they do not select a plan within their first 30 days of work, enroll the official into the Public Employees DCP and begin contributions immediately.

### Elected Position and First Eligible for PERA with the Employer

Public officials in an elected non-governing position with monthly pay over \$425 can choose within their first 30 days of work to participate in the Public Employees DCP, the Coordinated Plan, or to have no PERA coverage.

If the employer contributed to a supplemental pension or deferred compensation plan under Minn. Stat. § 356.24, the official must participate the Public Employees DCP or the Coordinated Plan. If they do not select a plan within their first 30 days of work, enroll the member into the Public Employees DCP and begin contributions immediately.

## REQUIREMENTS FOR OPTIONAL MEMBERSHIP

If PERA membership is optional for an official, inform the official they can choose to participate in PERA and start the process of completing the Membership Election Form for Public Officials.

### IMPORTANT DEADLINES

For PERA participation to be approved, public officials must sign the form within 30 days of their first day of work and PERA must receive completed forms within 60 days of the public official's first day of work.

**Definition for First Day of Work:** The first day of work is the first day the public official performs work in which they earn pay. It is not necessarily the day the public official is sworn in nor the day they are elected or appointed—unless they earned pay as a public official at that time.

### COMPLETING THE FORM

The Membership Election Form for Public Officials is two pages. The first page provides instructions for the employer and public officials. It also covers the public official position categories and PERA membership options. The second page contains two parts. The employer completes part A and the public official completes part B. Only the second page must be submitted to PERA.

#### STEP 1

##### **Employer Completes Part A**

Use blue or black ink and save a copy for your records.

Do not withhold contributions until/unless:

- » the public official signs the form, and
- » PERA coverage was selected.

Contributions will be refunded if the election form was not signed within 30 days of the official's first day of work in a DCP-eligible position with the governmental subdivision and/or not received by PERA within 60 days of the official's first day of work in the position.

#### STEP 2

##### **Public Official Completes Part B**

Provide a copy of the *Public Employees DCP Handbook* (and *Coordinated Handbook* when applicable).

Advise the public official they must:

- » make their selection and sign the form within 30 days of their first day of work, and
- » promptly return the form to you because it must be received by PERA within 60 days of their first day of work.

#### STEP 3

##### **Employer Submits to PERA**

Return the form to PERA—even if no PERA coverage was selected or the public official did not sign the form:

- » use the secure document upload feature in ERIS, or
- » fax or mail the form to PERA.

The form must be received by PERA within 60 days of the public official's first day of work.

## ADDITIONAL CONSIDERATIONS

Certain positions may not be eligible for the Public Employees DCP. Individuals in these positions may be required to participate in a Defined Benefit Plan (DBP) which may include the Coordinated Plan, Correctional Plan, or Police & Fire Plan.

### ELECTED COUNTY SHERIFFS

Elected county sheriffs must participate in PERA's Police & Fire Plan unless they have an exclusion from membership—such as a retiree of the Police & Fire Plan.

Elected county sheriffs who are receiving retirement benefits from PERA's Police & Fire Plan are eligible for the Public Employees DCP in their first 30 days of PERA-eligible employment with a county. If they were previously employed by the same county, they are not eligible for the Public Employees DCP for their elected county sheriff position.

### DEPUTY CLERKS AND DEPUTY TREASURERS

Deputy clerks and deputy treasurers are not eligible for the Public Employees DCP.

These positions must participate in the Coordinated Plan if they do not have an exclusion from membership. Refer to chapter 3 of the *Employer Manual* for more information.

Deputy clerks and deputy treasurers are always appointed within the governmental subdivision across the state of Minnesota. This is different than appointed non-governing public official positions, which may be elected or appointed depending on the governmental subdivision the position is with.

### OFFICIALS WHO PERFORM OTHER WORK

Unless they have certain other positions, public officials who perform other non-public official work for the employer are not eligible to contribute to the Public Employees DCP based on pay from their other work.

Positions such as road grader operators or maintenance workers are not eligible for the Public Employees DCP. These positions are subject to mandatory DBP participation if they do not have an exclusion from membership. Refer to chapter 3 of the *Employer Manual* for more information.

City managers, governmental physicians, and certain ambulance, rescue, or volunteer firefighter positions may be eligible for the Public Employees DCP. However, their non-public official pay would need to be reported separately because contributions to the Public Employees DCP are specific to each position. Refer to chapter 4 of the *Employer Manual* for more information.

## PUBLIC OFFICIAL ELIGIBILITY RESOURCES

Refer to chapters 3–4 of the *Employer Manual* to learn more about PERA's retirement plans for public officials.

### CONTACT US

**Employer Services Phone Line:** 1-888-892-7372 or 651-296-3636

#### Public Official Eligibility Questions

» Send an email to [eligibility@mnperra.org](mailto:eligibility@mnperra.org)

#### Enrollment and Form Questions

» Send an email to [ERISResponses@mnperra.org](mailto:ERISResponses@mnperra.org)

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