YOU SERVE MINNESOTA. WE SERVE YOU.

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

MEMBER NEWSLETTER

WINTER 2025

PERA LEAVE PURCHASES

During your career, you may take a leave of absence from your PERA-covered public position. Types of leaves include medical, personal, military, workers' compensation, and strikes.

MISSED CONTRIBUTIONS

You have the option to purchase missed contributions during a leave of absence to potentially increase your monthly retirement benefit.

No need to contact PERA for a leave purchase estimate. We will send this information automatically to you. Each year, your employer sends PERA a leave report of members who missed contributions during their leave. About eight weeks after we receive the report, PERA will send you leave purchase information and benefit estimates. The benefit estimates include the purchase cost of the missed salary and current impact to your future monthly benefit. To learn more about leaves and other member purchases, visit mnpera.org/job-changes/member-purchases.

NEW IN 2026

Minnesota Paid Leave (MPL) is a new leave program managed by the agency, Minnesota Department of Employment and Economic Development.

MPL benefits are not eligible salary for PERA purposes. Your employer does not withhold PERA contributions related to this leave. They will report these missed contributions on their next submitted leave report. PERA doesn't administer MPL. If you have any questions about MPL, contact your employer or visit the state's website at paidleave.mn.gov.

PRESIDENT'S MESSAGE

In January, most Coordinated, Basic, and MERF retirees and recipients will receive a 1.75% benefit increase. This will be the largest annual increase for these recipients since 2010. The 2025 legislative change improves the General Plan annual increase formula from 50% of the Social Security Administration (SSA) increase capped at 1.5% to 100% of the SSA increase capped at 1.75%. The formula will continue to apply in future years.

PERA trustees identified the legislative opportunity and proposed the change. The benefit increase currently impacts over 120,000 benefit recipients and 170,000 active members upon their retirement. Collectively the value of the benefit increase is approximately $900 million, a current impact of over $3,000 during a member's lifetime.

All benefit increases require a funding source. In this case, the financial source was a sufficiency from past member and employer contributions and savings from lower annual increases since 2010. Those changes, referred to as a "shared sacrifice" at that time, were intended to help fully fund the plan by 2048. Because the shared sacrifices have been effective beyond expectations, trustees believed the excess progress towards full funding should be returned to the members. Even with the benefit increase, full funding is now expected within 10 years.

By improving the annual increase formula, all members that made these sacrifices from past legislation will benefit from this change. Furthermore, the ability to raise the cap on the formula allows future increases to more closely tie to inflation. This long-term goal, identified as a board priority, helps the plan achieve a higher degree of intergenerational equity. The approach of tying future annual increases closer to inflation is also a board priority for the Police & Fire Plan. This method already applies to the Correctional Plan.

Thomas Stanley
President
PERA Board of Trustees

As noted, small changes in the formula for benefit inflation protection are both valuable and expensive. However, this year's 2025 legislative change offers exciting proof that progress is possible.

A MESSAGE FROM THE MINNESOTA STATE BOARD OF INVESTMENT

The Minnesota State Board of Investment's (SBI's) primary mission is to provide investment returns that support the retirement security for over 840,000 Minnesota Public Employees. This is our North Star and animates our sense of purpose every day.

We are pleased to report that for the fiscal year ending June 30, 2025 (FY25), the Combined Funds produced a **positive 10.9% investment return**—net of all investment management fees.

Looking over longer time periods as well, the Combined Funds has produced exceptional risk-adjusted returns, with its performance ranking in the top quartile or better for all public pension plans in the relevant peer rankings across all time periods from 1 to 30 years. This performance is a testament to decades of talented staff members, steady leadership, and a commitment to the value of patient, long-term investing. From all of us at the SBI, thank you for your service and for the continued trust you place in us—we do not take that for granted.

$101.2 BILLION
As of June 30, 2025

FY25 COMBINED FUNDS INVESTMENT PERFORMANCE

	1 YR	3 YR	5 YR	10 YR	20 YR	30 YR
Combined Funds Net	**10.9%**	**10.7%**	**10.6%**	**8.9%**	**8.3%**	**8.6%**
Composite Index	10.9%	10.5%	10.2%	8.7%	8.1%	8.3%

BENEFIT RECIPIENT INFORMATION

Important reminders for members and survivors receiving PERA benefits are listed below. Learn more at Retirees and Recipients on mnpera.org.

JANUARY PAYMENT

January 2026 payments will be paid on the first banking day of the month: **Friday, January 2, 2026**. View your new payment amount in your myPERA account on or after December 20, 2025.

1099-R TAX FORM

Your 1099-R tax form for calendar year 2025 will be available in your myPERA account by January 2, 2026 and will be mailed to you by January 31, 2026.

WORKING AFTER RETIREMENT

If you return to work in a PERA-covered position after starting your benefit, and you are younger than the Social Security Administration's (SSA's) full retirement age, your benefit may be reduced or suspended if you exceed earnings limits.

2026 annual earnings limits are:

- $24,480 if you are younger than full SSA retirement age,
- $65,160 if you will reach full SSA retirement age in 2026, or
- No limit if you are at or above full SSA retirement age.

ANNUAL BENEFIT INCREASES

Annual increases for monthly benefits are determined by Minnesota Statutes. If you're eligible to receive an annual increase, it will be included in your January 2026 payment.

2026 annual increases are:

- 1.75% if you are in the Coordinated, Basic, or MERF Plans,
- 2.5% if you are in the Correctional Plan, or
- 3.0% if you are in the Police & Fire, Minneapolis Police, or Minneapolis Fire Plans and you started benefits on or before January 1, 2025.

If you're new to receiving PERA benefits, your first increase depends on your benefit type, plan, and benefit effective date. Your first increase amount may be prorated. After your first increase, all future increases will be the full amount.

INCOME VERIFICATION

Income verification reports, also called pension award letters, can be downloaded on or after December 20.

This report reflects your 2026 pension benefit information. Access the report at any time after December 20 through your online myPERA account.

2025 ANNUAL FINANCIAL REPORTS

PERA's *Annual Comprehensive Financial Report (ACFR)* and *Popular Annual Financial Report (PAFR)* ending June 30, 2025 will be published on our website at mnpera.org by December 31, 2025.

AWARD IN EXCELLENCE

We are honored that the Government Finance Officers Association (GFOA) of the United States and Canada has awarded PERA the Certificate of Achievement for Excellence in Financial Reporting for our *Annual Comprehensive Financial Report (ACFR)* for the year ending June 30, 2024.

The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. To be awarded a Certificate of Achievement, the *ACFR* must satisfy a comprehensive list of the generally accepted accounting principles and applicable legal requirements.

This is the 32nd consecutive year PERA has received this certificate, demonstrating a "spirit of full disclosure" in quality, transparency, and accountability.

OPEN BOARD POSITIONS

PERA has two opportunities for you to serve on the PERA Board of Trustees! Each position is for a four-year term and appointed by the governor.

The two open appointments are: school board representative and pension knowledge representative.

Apply online using the Office of the Secretary of State's website, sos.state.mn.us, under Boards and Commissions > Open Positions. Each position will remain open for applicants until the governor appoints the board representative.

PERA
Public Employees Retirement Association
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St. Paul, MN 55103

SIGN UP FOR NEWS AND UPDATES

We use govDelivery to provide current news and information about PERA-related topics.

HOW DO I SIGN UP?

There are a few options to sign up on our website. You can sign up on the homepage at mnpera.org under the Connect with Us section in the footer. Or you can sign up on the Contact Us page at mnpera.org/about/contact.

You can customize and manage your profile to receive the information you want from PERA. In addition, you can sign up for content specific to members, benefit recipients, or employers. You can also opt out of PERA emails at any time.

HELP US REDUCE PAPER WASTE

Help us save paper and reduce waste! Change your newsletter preference in your myPERA account from paper to email.

EDUCATION PROGRAMS

Registration is now open for our winter programs from January through March. Whether you're new to PERA or nearing retirement, we have a program for you!

We also will offer the Ready to Retire program at our St. Paul office on the following dates:

February 20
March 19

Members can view our programs and calendar at mnpera.org/resources/member-education.

REGISTRATION IS REQUIRED

To register, log into myPERA and select Education Programs in the menu, or call our Member Service Center at 651-296-7460 or 1-800-652-9026.