

PERA DEFINED BENEFIT PLANS

PERA administers three 401(a) defined benefit plans: Coordinated, Police & Fire, and Correctional. These pension plans cover Minnesota local government public employees and non-teaching school staff.

PERA PENSION PLAN BASICS

WHAT IS A PENSION?

A pension is a retirement plan paid into while working that provides a future monthly lifetime income.

- » PERA is governed by Minn. Stat. §§ 353 & 356.
- » Participation is mandatory for eligible local government and school employees.
- » Employers and members both contribute a percentage of each paycheck.

PERA PENSION ELIGIBILITY

Membership is mandatory for:

- » Minnesota public employees
- » who are not excluded from membership, and whose
- » pay in a month from a single employer exceeds, or is regularly expected to exceed, the salary threshold (\$425).

HOW DOES PERA CALCULATE A PENSION?

PERA calculates pensions based on three factors:

1. The member's reported salary,
2. Service credits earned every month, and
3. The age the member starts their pension.



THREE DEFINED BENEFIT PLANS

Enroll eligible employees into the applicable PERA defined benefit plan for their position.



COORDINATED PLAN (MINN. STAT. § 353.01 SUBD. 2A OR 2D)

- » The Coordinated Plan is the largest of PERA's three pension plans.
- » Applies to most full or part-time permanent employees, including non-certified employees of independent school districts.



CORRECTIONAL PLAN (MINN. STAT. § 353E.02)

- » Applies to correctional guards or officers, joint jailers/dispatchers, or a supervisor of these positions.
- » Must be working in a county, regional adult, or juvenile correctional facility.



POLICE & FIRE PLAN (MINN. STAT. § 353.64)

- » Applies to full-time police officers and full-time professional firefighters.
 - Part-time police officers and part-time firefighters can be enrolled with a signed resolution from the governing board (blanket or single).
- » Without a resolution, part-time police officers and firefighters must be enrolled in the Coordinated Plan.

PERA DEFINED BENEFIT PLANS (CONTINUED)

PERA membership is mandatory for Minnesota public employees who are not excluded from membership and whose monthly pay from a single employer exceeds or is expected to exceed the salary threshold of \$425.

MONTHLY SALARY THRESHOLD

When to enroll based on the monthly salary threshold depends on whether the employee has regular monthly earnings that are expected to exceed \$425.

NEW HIRES WITH REGULAR PAY

- » Enroll the employee in PERA immediately if they are regularly expected to earn more than \$425 per month and no other exclusions apply.
- » If their earnings in their first month of pay will not exceed \$425, but they will exceed \$425 in their second month of pay, enroll immediately—together, both months are valid.
- » Applies to all full-time employees and most part-time employees.

NEW HIRES WITH IRREGULAR PAY

- » Enroll the first time their earnings exceed \$425 in a single month of pay (if they have no other exclusions from membership).
- » To determine if an employee earned more than \$425 in a month, add the earnings from all paid dates in that month together. Start contributions to PERA on the paycheck that caused the individual's earnings to exceed \$425 for that month.
- » PERA membership continues until termination—even if the employee's monthly earnings never again exceed \$425.

An employee earned more than \$425 in a month if the paychecks the employee received in that month totaled more than \$425, regardless of coverage dates or the dates the employee worked. Salary types that count toward the \$425 threshold include gross (before tax) salary, overtime, and retroactive pay. Salary types that do not count toward the earnings threshold include expense reimbursements and lump-sum payments for unused PTO.

Refer to the *Employer Manual* (chapter 5) to learn whether other types of salary are eligible for PERA contributions.

DEFINED BENEFIT PLAN EXCLUSIONS

Certain classes of employees are excluded from participating in a PERA pension even if they meet all other requirements. Some employees may be excluded because of their affiliation with another entity.

COMMON MEMBERSHIP EXCLUSIONS

- » Full-time students under age 23
- » PERA retirees or disabilitants
- » Temporary or seasonal employees with six or fewer consecutive months of work
- » Election officers
- » Governing body public officials and other specific positions listed in statute
- » Elected non-governing public officials who have the option to participate in their first 30 days of work with an employer.
- » Employees whose pay does not exceed \$425 in a month.

PUBLIC EMPLOYEES DCP

The Public Employees Defined Contribution Plan (Public Employees DCP) is for elected local governmental officials and other specific classes of positions listed in Minn. Stat. § 353D.

PUBLIC EMPLOYEES DCP BASICS

PUBLIC EMPLOYEES DCP FEATURES

The Public Employees DCP is a 401(a) tax-qualified retirement plan.

Depending on the member's position, employers and members of the Public Employees DCP may be required to contribute to the plan. Contributions are invested and grow tax-deferred until retirement.

- » **Vesting:** No vesting requirements.
- » **Salary:** No salary requirements.
- » **Contribution Rates:** Depending on the member's position, employers and members may be required to contribute.
- » **Investment Decisions:** Members make investment decisions.
- » **Benefit Type:** Members receive a one-time lump sum.
- » **Payments:** Payment amounts are based on contributions and investment performance.

PUBLIC EMPLOYEES DCP ELIGIBILITY

Positions eligible for the Public Employees DCP include:

- » Governing body officials—including persons appointed to a board or commission of a governmental unit
- » Elected non-governing body officials—including appointed to an elected position's vacancy
- » Appointed or hired non-governing body officials whose monthly pay does not exceed \$425
- » City managers who were not previously covered by nor did the city contribute to:
 - any PERA plan
 - a supplemental pension or deferred compensation plan under Minn. Stat. §356.24
- » Governmental physicians who chose not to participate in the Coordinated Plan
- » Certain ambulance, rescue, or volunteer firefighter positions

ENROLLMENT GUIDANCE

PREVIOUS COVERAGE WITH THE SAME EMPLOYER

Public Employees DCP membership is mandatory for public officials and other DCP-eligible employees 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 and other DCP-eligible employees 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 eligible individuals that they can participate and must start the process of completing the Membership Election Form. Do not enroll the individual or withhold contributions unless they select PERA coverage.

EMPLOYER RESOURCES

We provide resources to help you understand and complete your PERA responsibilities.

EMPLOYER EDUCATION

EMPLOYER MANUAL

Refer to the *Employer Manual* under the Resources tab on mnpera.org/employers to learn more about PERA's retirement plans and your responsibilities as an employer.

- » Chapter 3 discusses defined benefit plans—including exclusions from membership.
- » Chapter 4 discusses the Public Employees DCP—including eligibility and enrollment guidance.

Review additional chapters that apply to your role.

EMPLOYER PROGRAMS

Visit the Employer Programs page under the Resources tab on mnpera.org/employers where you can register for an upcoming webinar or watch an on-demand video to learn about important employer topics.

EMPLOYER NEWSLETTERS

We email our Employer Newsletter to individuals who are set up as a current employer contact and who have provided an email address. Articles explain new information and highlight important reminders.

EMPLOYER RESPONSE TEAM

Contact our employer experts to ask questions and learn more about PERA.

SECURE MESSAGE

Need to send us forms, documents, or messages that contain an employee's personal information? Send a secure message on our employer website.

To send a secure message,

1. Visit mnpera.org/employers. No sign-in or password required.
2. Click Contact from the right side of the top green banner.
3. Choose a topic from the dropdown menu under "Send us a message."
4. Fill in all required fields.
5. Upload your form or document if applicable.
6. Click on the green Submit button beneath the message fields to send your message.

EMAIL

Our shared inboxes are continuously monitored by our Employer Response team.

- » Email Account Operations at Employer.Reps@mnpera.org for information about contribution and salary reporting, EFT, credit memos, and invoices.
- » Email Eligibility at Eligibility@mnpera.org for information about eligibility, deductions in error and omitted deduction invoices, exclusion reports, and PERA/TRA transfers.
- » Email Employer Support at ERISResponses@mnpera.org for information about ERIS, contact updates, demographic records, and enrollments.

CALL

Call the Employer Response team at 651-296-3636 (local) or 1-888-892-7372.

- » Every phone option is directed to a specific team.

This publication provides general information for educational purposes and should not be construed as legal or financial advice. The statutes, rules, and regulations governing PERA may change at any time. If there is a discrepancy between the law and this publication or any information you receive orally, the law will govern.