



To: PERA Board of Trustees

PERA Board Meeting: March 12, 2026

From: Lance L. LaFrombois, Deputy General Counsel

Re: In the Matter of the PERA Police and Fire Plan Request for Leniency of Jennifer Hall

This appeal comes to the PERA Board of Trustees directly from Jennifer Hall. Ms. Hall ("Petitioner") is asking the PERA Board to reduce the rate of her overpayment recovery from 25 percent of her monthly benefit payment to 10 percent of her benefit payment.

ISSUE

Whether the rate of recovery of the overpayment of PERA Police and Fire Plan disability benefit payments to Jennifer Hall should be reduced from 25 percent of Ms. Hall's disability benefit payment to 10 percent of her monthly benefit or another amount.

STANDARDS

Minnesota Statutes § 353.27, subd. 7b(f) requires the PERA Board of Trustees to adopt policies directing the period of time and manner for the collection of any refund, retirement, survivor, or disability benefit payment determined to be overpaid by PERA staff.

Under Section 1.6 of PERA's Administrative Manual, when a PERA benefit recipient is determined to be overpaid, the benefit recipient may receive up to 75 percent of their monthly benefit until the overpayment has been recovered in full, provided the recovery can be completed within 5 years.

Under Section 1.6.D of the Administrative Manual, PERA staff may consider Applications for Financial Hardship and either approve or disapprove the application. If the application is approved, the Manual provides for overpayment recovery over the remaining life expectancy of the benefit recipient.

BACKGROUND AND REQUEST

Jennifer Hall applied for disability benefits from PERA's Police and Fire Plan ("Plan") on January 26, 2024.¹ Ms. Hall's application was approved and she began receiving duty disability benefit payments effective November 6, 2023.

Ms. Hall's disability benefit payments have continued uninterrupted since then.

In PERA's letter to Ms. Hall as disability benefit payments began, PERA asked Ms. Hall to notify our office if she is either currently employed or if she returns to any type of employment in the future.² The letter also warned Ms. Hall that failure to report income could result in substantial benefit overpayments.³

The 2023 Minnesota Legislature passed a law that modified disability benefit offsets for Police and Fire Plan disability benefit recipients.⁴ The revised offsets were to apply to disability benefit recipients whose benefit effective date was on or after July 1, 2023.⁵ An injunction in November 2023 prevented PERA from applying the new disability benefit offsets for any disability benefit recipient who became disabled before June 30, 2023. The injunction was lifted in late 2024. The injunction did not apply to Ms. Hall because she became disabled after June 30, 2023.

For members who became disabled after June 30, 2023, the revised offsets would apply to their benefit payments in the calendar year after they applied for disability benefits.

Disability Offset Worksheets completed in May of 2024 as review of Ms. Hall's benefit payments did not include calculation of the new offsets.

PERA asked Ms. Hall to complete its Annual Earnings Form for 2024 income in February of 2025 as part of its routine with regard to all PERA disability benefit recipients.⁶ On her 2024 Annual Earnings Form, dated April 3, 2025, Ms. Hall indicated that she had over \$22k in earnings in 2024.⁷

¹ Application for PERA Police and Fire Plan Disability Benefits received by PERA on January 26, 2024.

² Exhibit 5.

³ Ibid.

⁴ Laws of Minnesota for 2023, Ch. 48, sec. 27, which included offset 1, applying a benefit reduction equivalent to employee contributions to all P&F disability benefit recipients who had reemployment earnings and fewer than 20 years of service prior to disability (for duty disability benefit recipients); offset 2, which reduced disability benefits for benefit recipients who exceed 125% of their prior base salary, does not apply in this case.

⁵ Ibid.

⁶ Ex. 7.

⁷ Ex. 8.

On April 16, 2025, PERA informed Ms. Hall that her benefit payments may be impacted by the new offset law.⁸ Analysis of her earnings and the impact on her benefit had not yet taken place.

Shortly thereafter, PERA also informed Ms. Hall that she is required to reapply for disability benefit payments, which requires that benefit recipients prove ongoing disability.⁹

PERA staff began applying the law pertaining to Police and Fire Plan disability benefit offsets based on Ms. Hall's 2024 earnings. The application of the offset law led to PERA's determination that Ms. Hall was overpaid by the Police and Fire Plan. PERA's policy under its Administrative Manual is to reduce disability benefit payments by 25 percent until the overpayment has been recovered.

On June 19, 2025, PERA informed Ms. Hall of the impact of the new offsets on her benefit payments.¹⁰

REQUEST FOR REDUCTION OF OFFSET

Ms. Hall asked if it would be possible to reduce the offset of her disability benefit payments.¹¹ PERA staff declined to do so.¹²

Ms. Hall then asked more formally for PERA to recover the overpaid benefits with a 10 percent rather than a 25 percent reduction of her disability benefits, otherwise known as a hardship application.¹³

PERA's Administrative Manual Addresses Overpayment Recovery

Section 1.6 of PERA's Administrative Manual provides for the recovery of benefit overpayments, including allowing for hardship applications.¹⁴ Neither the Administrative Manual or PERA practices or procedures define what could or should be considered hardship for a benefit recipient.

The current provisions of the Administrative Manual pertaining to the recovery of overpaid benefits were adopted many years ago. Whether to maintain those provisions of the Administrative Manual could be the topic of a separate discussion by the Board of Trustees.

⁸ Ex. 9.

⁹ Exs. 10 and 11.

¹⁰ Ex. 12.

¹¹ Ex. 14.

¹² Exs. 16 and 20.

¹³ Ex. 18, including expense detail and Ex. 21.

¹⁴ Ex. 2.

Evaluating Member Financial Situations is Outside PERA's Core Business of Determining Benefit Eligibility and Paying Benefits.

PERA's Executive Director affirmed PERA staff's application of the law governing disability benefit overpayment recovery because evaluating applications for hardship exceptions from standard overpayment recovery procedures is outside PERA's core business of determining benefit eligibility and paying benefits. Making determinations on individual hardship pleas is highly discretionary and the judgement of PERA staff or its Executive Director cannot help but be weighted by personal views.

In addition, approving exceptions to PERA's overpayment recovery rate could be considered an interest-free loan to a benefit recipient not available to other members.

PERA Staff Recommendation

PERA staff respectfully requests that the PERA Board of Trustees deny Petitioner's appeal for modified overpayment recovery and direct its counsel to draft an order reflecting its decision for the Board President's signature.