



PERA

NEWS

Assets Over \$35 Billion

Serving over 450,000 public employees in Minnesota

WINTER 2023

GENERAL

POLICE & FIRE

CORRECTIONAL

One-time Payment

The 2023 Pension Omnibus Budget Bill authorized a one-time payment to most PERA benefit recipients. ***This amount will be made as a lump-sum payment to eligible recipients by March 31, 2024.***

To be eligible, you must have received a retirement, survivor, or disability benefit for at least 12 full months before June 30, 2023.

WHAT IS THE AMOUNT?

The amount of the one-time payment is based on your 2023 gross benefit (as of December 31, 2023) and your 2024 annual increase.

This payment is NOT a 13th check. As it is a percentage of your benefit, it will be less than your regular monthly check.

This one-time payment is not added into your future benefits.

First, we find the difference between the approved total increase and the 2024 annual increase. The increase difference is then multiplied by your 2023 annual benefit to calculate your payment.

The one-time increase will be:

- » **Coordinated: 1%** (2.5% – 1.5%)
- » **Basic and MERF: 2.5%** (4% – 1.5%)
- » **Police & Fire: 3%** (4% – 1%)

Correctional Plan recipients will receive a 2.5% annual increase and do not qualify

for the one-time payment. Basic, MERF, and Police & Fire recipients do not receive Social Security benefits and therefore have a larger approved total increase.

IT'S EASY TO CALCULATE

- » **Coordinated:** If your 2023 annual benefit is \$12,000 (\$1,000/month), then the one-time payment will be \$120 (1% x \$12,000)
- » **Basic and MERF:** If your 2023 annual benefit is \$12,000 (\$1,000/month), then the one-time payment will be \$300 (2.5% x \$12,000)
- » **Police & Fire:** If your 2023 annual benefit is \$12,000 (\$1,000/month), then the one-time payment will be \$360 (3% x \$12,000)

OTHER INFORMATION

The one-time payment will be taxed the same as your monthly benefit. For most members, this payment will be fully taxable. The tax selections on file for your current benefit will be applied to this one-time payment.

The one-time payment will be made the same way you receive your current benefit payment: direct deposit or paper check.

For more information on the one-time payment, visit our website at mnpera.org/retirees/annual-increase.

Additional questions? Email the Member Service Center at benefits@mnpera.org.

Administer and promote sustainable retirement plans and provide services that our members value.

PRESIDENT'S MESSAGE



Thomas Stanley
President
PERA Board of Trustees

A shared concern across PERA membership is the impact of inflation on purchasing power. Our defined benefit plans each provide some degree of inflation protection with an increase applied annually to benefits. However, none of the increases have been able to keep up with inflation from the past few years.

As trustees, we often discuss this concern and have commissioned studies to determine the cost impact of potential increases. The challenge of providing any increase to a pension plan is: how much does it cost, and who pays for it?

In the case of providing additional inflation protection, the costs are very high. This is true even for a benefit increase that would seem modest. For example, increasing benefits by an additional 1% per year on a compounded basis would increase PERA's liabilities by about \$5 billion. This cost would nearly double the amount of our current unfunded liabilities.

Our plans are member and employer cost-sharing plans. This means the cost of providing higher increases would be shared between active members and their employers. Active member contribution rates in all plans are at their highest levels ever. Employers also may have concerns about increased employee and employer costs, which are passed on to their tax base.

The legislature ultimately makes the final decision on member benefits and contributions. PERA's Board takes positions that are equitable for all members. In other words, PERA's Board would not take a position to favor one group of members over others and would not advocate for additional benefit recipient increases at the expense of active members and current employers.

This leaves two potential ways for improving inflation protection. One is for the plan's investments to consistently beat the assumed 7% rate of return. The other is for a proposed increase amount to be fully funded. In May 2023, the legislature fully funded a one-time increase to benefit recipients of the General Plan and Police & Fire Plan. Although the increase is non-compounding, it shows recognition by the legislature of inflation and addresses it without passing the cost to the next generation of members and taxpayers.

We are switching to govDelivery!

Created by Granicus, govDelivery is a digital communications tool that enables public employers to share important information and updates via email, SMS/text messaging, social media, and more. We will be switching to govDelivery in January.

WATCH FOR A WELCOME EMAIL IN JANUARY!

Next year, we will be sending a govDelivery welcome email to all members who have an email address on file with PERA. You will have the ability to review and update your digital communications preferences.

WANT TO ADD YOUR EMAIL?

Log into myPERA to confirm we have the right email address for you. Don't have a myPERA account? Now is a great time to register and set up your account! You also can call our Member Service Center and share your email address.

Plan Funding Status

One measurement of a pension fund's health is its funded status. The funded status is shown by a ratio representing the plan's assets as a percentage of the plan's liability. If the funded ratio is 100%, the plan is considered fully-funded since all benefits attributable to past service have been funded. PERA's Board actively monitors our plan health and acts when necessary. Current funding ratios are 83% in the General Plan, 86% in the Police & Fire Plan, and 96% in the Correctional Plan.

COMBINED FUNDS PERFORMANCE AS OF SEPTEMBER 30, 2023

FYTD	3 YR	10 YR	30 YR
-1.9%	7.1%	8.1%	8.2%

PERA's *Annual Comprehensive Financial Report* (ACFR) will be published on our website by December 31. We will make an announcement on our website once available.

Benefit Recipient Information

Here are a few important reminders for members and survivors receiving PERA benefits:

WHEN WILL I RECEIVE MY JANUARY PAYMENT?

January 2024 payments will be paid on the first banking day of the month:

Tuesday, January 2, 2024

You'll be able to view your new payment amount in your myPERA account as early as December 21.

1099-R TAX FORM

Your 1099-R tax form for calendar year 2023 will be available in your myPERA account by January 2 and will be mailed to you by the end of January. Learn more about 1099s on our website at mnpera.org/tax-withholding-1099s.

ANNUAL INCREASE

Annual increases for monthly benefits are determined by Minnesota Statutes. If you're eligible, your increase will be reflected in your January 2024 payment.

- » Coordinated, Basic, and MERF: 1.5%
- » Police & Fire: 1%
- » Correctional: 2.5%

New to receiving PERA benefits? Your first increase will depend on the type of benefit, the plan, and the start date. Your first increase amount may be prorated. After your first increase, all future increases will be the full amount. Learn more about annual increases at mnpera.org/retirees/annual-increase.

INCOME VERIFICATION

Income verification reports—also known as pension award letters—may be downloaded on or after December 21 to reflect your 2024 pension benefit information. You may access your report on-demand in your myPERA account.

WORKING AFTER RETIREMENT

If you return to a PERA-covered position after collecting your benefit but are under Social Security Administration's (SSA) full retirement age, your benefit may be reduced or possibly suspended if you exceed the earnings limits.

2024 Earnings Limits are:

- » \$22,320: Under full SSA retirement age
- » \$59,520: If you will reach your full SSA retirement age in 2024
- » No Limit: If you are full SSA retirement age or older for the entire year

Learn more about the limits at mnpera.org/retirees/working-after-retirement.

MINNESOTA STATE TAXES

Benefit recipients with Minnesota state withholding can now elect a default rate of 6.25%, a specified percentage, a dollar amount, or no withholding. Changes can be made on myPERA or by sending PERA a completed W-4MNP tax form.

PERA Board of Trustees Seeking Candidate

Trustee Thomas Rupp has recently resigned from his elected general membership position with PERA's Board of Trustees.

Rupp has served as a trustee since February 2019, and in most recent years, served as the Board's vice president. We thank him for his service and contributions as a PERA trustee.

The PERA Board will be soliciting candidates to fill the remainder of Rupp's four-year term, which ends in January 2027.

Interested, actively-working members of the General, Police & Fire, and Correctional Plans are eligible to apply.

Following the December Board meeting, information on how to apply can be found at mnpera.org, under About > Board of Trustees > Becoming a Trustee.

GOVERNOR APPOINTMENT

PERA has an opportunity for you to serve on the Board of Trustees to represent retired annuitants.

This position is for a four-year term and appointed by the governor. More information about the Board of Trustees can be found on our website at mnpera.org/about/board.

HOW TO APPLY

Individuals can apply online through the Office of the Secretary of State's website, sos.state.mn.us, under Boards and Commissions -> Open Positions.

New On-Demand Program: From Hire to Retire

Our **From Hire to Retire** program is now available to view anytime you want! This on-demand presentation discusses PERA pensions in detail, including how a pension fits into an overall retirement plan. The recording is about 30 minutes long and can be accessed at any time. Visit the Member Programs page under our Resources section to watch!



Public Employees Retirement Association
60 Empire Drive, Suite 200
St. Paul, MN 55103

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UPCOMING EDUCATION PROGRAMS

Registration is now open for our winter programs from January through March 2024. Whether you're new to PERA or nearing retirement, we have a program for you! Members can view our calendar of events at mnpera.org/education/member-education.

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

February 16
March 15

Members can register through their myPERA account or by calling our Member Service Center at 651.296.7460 or 1.800.652.9026.

NEW: UNDERSTANDING PERA

Are you a new member? Or looking for an overview of our pension benefits? Check out our new guide, "Understanding PERA," at mnpera.org/welcome.

PERA's Website: We need your input

We are working to evaluate and improve our website's user experience at mnpera.org, and who better to ask than our members! Your insights as frequent users of our site can help pinpoint areas for enhancement.

By sharing your feedback, you'll play a crucial role in ensuring our site is not only functional but also user-friendly for everyone. Please take a moment to participate in our survey. Your voice matters!

Survey Link:

<https://ows.io/qs/yehbhOym>

