PERA

INTRO TO PERA ELIGIBILITY - OVERVIEW

WELCOME TO PERA

PERA IS A PENSION

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

» Governed by MN law [§353](#) & [§356](#)

» Participation is mandatory for eligible local government and school employees

» Employer and member both contribute a percentage of each paycheck

HOW DOES PERA CALCULATE A PENSION?

PERA calculates pensions based on three factors:

1. Member's reported **salary**
2. **Service** credits earned every month
3. The **age** at which the member begins drawing their pension

BASIC PENSION ELIGIBILITY

Membership is mandatory for 1) MN public employees whose 2) monthly pay from a single employer exceeds the salary threshold ($425). Once salary threshold is met, membership to PERA becomes valid until the member terminates from your employment.

MONTHLY SALARY THRESHOLD

WHAT EARNINGS COUNT TOWARDS THE THRESHOLD?

Gross, before-tax salary, including:

» Overtime pay
» Retroactive pay
» Used PTO
» Performance-based bonus payment

Examples of salary that doesn't count towards the threshold:

» Expense reimbursements
» Retirement incentives
» Payment for unused PTO
» Any bonus payment that is not performance-based.

PERA evaluates threshold earnings by the **date the employee was paid**—NOT by coverage dates or the dates the employee worked.

See Chapter 5 of Employer Manual for more information on what types of pay are considered PERA-eligible.

NEW HIRES WITH REGULAR PAY	NEW HIRES WITH IRREGULAR PAY
» Enroll **immediately** if regular monthly pay expected to exceed $425	» Enroll the first time they are paid over $425 in a single month
» If monthly pay doesn't exceed $425 in month one, but does exceed it in month two – enroll immediately; **both months are valid**	» Contributions begin with the check that caused earnings to exceed threshold
» Applies to all full-time employees and most part-time employees	» PERA membership continues until termination—even if monthly earnings never again exceed $425

EXCLUDED EMPLOYEES

Certain classes of employees are excluded from joining a PERA pension plan **even if they meet all other requirements**.

ANNUAL EXCLUSION REPORT

All employers—even those with zero excluded employees—must submit an Annual Exclusion Report each year. This report will list all excluded employees at your unit, along with their corresponding exclusion code. The report is due:

» August 31 for school districts
» February 28 for all other employers

Instructions on how to complete the report can be found in the Employer Manual:

» General instructions – chapter 3, pages 37-40
» File format specifications – chapter 9, pages 36-40

More information on exclusions can be found in Chapter 3 of the Employer Manual:

» Exclusions and related section of law – pages 8 - 13
» Full list of exclusions and corresponding codes – pages 40 - 41

EXCLUDED CLASSES OF EMPLOYEES

The exclusion code is a three-digit number that identifies why an employee is excluded from PERA. Each exclusion code falls into one of four categories based on the type of exclusion:

CATEGORY	REASON FOR EXCLUSION
ZERO (0) CODES	Affiliation with another entity – » Full time student under age 23 (001) » PERA retiree/disabilitant (003)
ONE (1) CODES	Type of position held – » Temporary under six months (101) » Election officers (105) » Seasonal under six months (106)
CODE 201	Optional DCP coverage for specific positions or elected officials as defined in statute
CODE 301	Monthly pay doesn't exceed the threshold ($425)

EXCLUSION PROCESS

Exclusion codes are set up as **sequence**. When trying to determine an employee's eligibility, start with the codes that begin with 0; if none of the zero (0) codes apply, progress to codes that begin with 1; if none of the one (1) codes apply, progress to code 201; if code 201 doesn't apply, progress to code 301.

Once you find an exclusion – **stop**, and use that code to exclude them. If you make it through all four categories and no exclusions apply to your employee – then they are eligible, and you must enroll them.

WHEN EXCLUSIONS NO LONGER APPLY

There are circumstances where an excluded employee may later become eligible. This may happen due to changes such as:

» A full-time student turning 23 or no longer attending school

» Salary increase

» Employment changes, such as extension of temporary/seasonal employment beyond six months

EMPLOYMENT CHANGES WITHIN YOUR UNIT

Employment changes within the same unit may affect an employee's eligibility.

Termination is an **official** separation of employment. If a member terminates and is rehired:

» After 30+ days: employee will need to re-establish eligibility under current rules

» With less than a 30-day break (i.e., consecutive positions): termination is invalid and membership continues

- Exception: A member who terminates and is rehired to a temporary position is excluded (example: rehired to train replacement)

CONSECUTIVE TEMPORARY/SEASONAL POSITIONS

If an excluded temporary/seasonal employee moves to another temporary/seasonal position with less than a 30-day break – eligibility depends on the total, combined duration of both positions:

» Less than six months – temporary/seasonal exclusion remains valid regardless of earnings

» Six months or longer – eligible if monthly earnings exceed $425 and no other exclusion applies

- Eligibility begins on the hire date of the second position

DETERMINING PLAN COVERAGE

COORDINATED PLAN – MINN. STAT. §353.01, SUBD. 2A OR 2D

» Largest of PERA's three pension plans

» For most full or part-time permanent employees, including non-certified employees of independent school districts

POLICE & FIRE PLAN – MINN. STAT. §353.64

» For **full-time** police officers and **full-time** professional firefighters

» Part-time P&F can be enrolled with a signed resolution from governing board (blanket or single)

- Default plan for part-time P&F is Coordinated if no resolution provided

CORRECTIONAL PLAN – MINN. STAT. §353E.02

» For correctional guards or officers, a joint jailer/dispatcher, or a supervisor of these positions

» Must be working in a county, regional adult, or juvenile correctional facility

DEFINED CONTRIBUTION PLAN (DCP)

An alternative retirement plan for positions such as: any elected local government official, city managers, physicians, certain appointed public officers, and other positions listed under the Minn. Stat. §353D.

The DCP is **not** a pension—it is a performance-based plan, similar to a 401k, 403b, IRA or deferred comp.

» Employer and member both pay into the account

» Money is invested as directed by the member

» Participation is voluntary for all

» No minimum salary requirement

NON-GOVERNING BODY OFFICIALS

Non-governing body officials—both elected and appointed—whose monthly pay doesn't exceed the threshold ($425) are eligible for DCP membership. If earnings exceed the monthly threshold:

» Elected officials may choose between DCP and the Coordinated Plan

» Appointed officials lose DCP eligibility and must immediately be enrolled in the Coordinated Plan