

# POPULAR ANNUAL FINANCIAL REPORT

— FOR THE FISCAL YEAR ENDED JUNE 30, 2024 —  
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF MINNESOTA



PUBLIC EMPLOYEES  
RETIREMENT ASSOCIATION

# DEAR MEMBERS AND STAKEHOLDERS

On behalf of the Minnesota Public Employees Retirement Association (PERA), it is our pleasure to present the *Popular Annual Financial Report (PAFR)* for the year ending June 30, 2024. The PAFR summarizes the performance and financial health of our plans. The financial condition of PERA improved during fiscal year 2024. PERA's fiduciary net position increased over \$3.9 billion, or 9.7%, from \$39.8 billion as of June 30, 2023 to \$43.6 billion as of June 30, 2024. The increase was due to a strong investment rate of return of 12.3% in fiscal year 2024.

During fiscal year 2024, the PERA Board of Trustees established long-term positions. Long-term positions are statements formally agreed to by the board that continue beyond a single legislative session or specific board members. The positions provide guidance in four categories: promoting plan sustainability, seeking intergenerational equity, exercising fiduciary duties, and establishing fair benefits.

One position states that "The plan's funding ratio, determined using approved assumptions, should project to achieve and sustain a level of at least 100% within the amortization period." This position addresses both plan sustainability, by ensuring funds are sufficient to meet future obligations, and intergenerational equity, by reducing the transfer of unfunded liabilities from one generation of members, employers, and taxpayers to the next. Another long-term position is that "Post-retirement increases should be tied to an inflation index, subject to an annual cap necessary to ensure plan sustainability." This position promotes intergenerational equity by minimizing the wide-ranging effects of inflation on post-retirement benefits from one generation to another.

The Actuarial Valuation for Funding Purposes assesses the financial health of the retirement plans and how to fund them. Progress towards reaching a 100% funding ratio is measured by the contribution sufficiency (deficiency). The contribution sufficiency (deficiency) is a comparison of actual contribution rates to the contribution rate determined by the actuary needed to achieve a 100% funding ratio for each plan by the legislature's target amortization date of 2048. A sufficiency means that plan is projected to be fully funded on or before that date. A deficiency means that the plan is not on track to meet that objective. The table below lists the contribution sufficiency or deficiency for July 1, 2024 and July 1, 2023, both with and without the one-time state aid.

ACTUARIAL VALUATION FOR FUNDING PURPOSES PERA DEFINED BENEFIT RETIREMENT PLANS AS OF JULY 1, 2024 AND 2023			
	GENERAL EMPLOYEES FUND	POLICE & FIRE FUND	CORRECTIONAL FUND
Contribution Sufficiency (Deficiency), as of 07/01/2024	2.2 %	(0.1)%	(2.7)%
Contribution Sufficiency (Deficiency), as of 7/01/2023 without State Aid	1.4 %	(0.2)%	(0.2)%
Contribution Sufficiency (Deficiency), as of 07/01/2023 with State Aid	3.5 %	1.4 %	1.7 %

The one-time state aid paid by the legislature in October of 2023 inflated the contribution sufficiency as of July 1, 2023. Comparing the contribution sufficiency or deficiency without the one-time state aid to the current year, all three funds improved. This improvement is primarily due to the positive growth in the investment market. However, in the Police & Fire Fund, the improvement was reduced by losses due to salary increases for active members and increases in disability benefits. In the Correctional Fund, the contribution deficiency as of 07/01/2024 does not reflect the scheduled increase in member and employer contribution rates, effective July 1, 2025; if those are considered, the funding deficiency is only (0.2)%.

Sincerely,



Doug Anderson  
Executive Director

## ABOUT THE POPULAR ANNUAL FINANCIAL REPORT (PAFR)

The *Popular Annual Financial Report (PAFR)* is a summary of key measurements contained in PERA's *Annual Comprehensive Financial Report (ACFR)*. Like the *ACFR*, the *PAFR* is consistent with generally-accepted accounting principles and guidelines established by the Governmental Accounting Standards Boards. Unlike the *ACFR*, the *PAFR* does not include information about PERA's Defined Contribution Plan or Statewide Volunteer Firefighter Plan. To find PERA's *ACFR*, visit the [Annual Comprehensive Financial Report](#) page of [mnpera.org](http://mnpera.org).

FIDUCIARY NET POSITION - DEFINED BENEFIT PLANS (IN MILLIONS)				
	GENERAL EMPLOYEES FUND	POLICE & FIRE FUND	CORRECTIONAL FUND	TOTAL
Total Assets, as of 06/30/2024	\$31,484	\$12,599	\$1,262	\$45,345
Total Assets, as of 06/30/2023	28,937	11,618	1,123	41,678
Change in Total Assets	\$2,547	\$981	\$139	\$3,667
Percentage Change	8.8%	8.4%	12.4%	8.8%
Total Liabilities as of 06/30/2024	\$1,322	\$534	\$54	\$1,910
Total Liabilities as of 06/30/2023	1,437	579	56	2,072
Change in Total Liabilities	(\$115)	(\$45)	(\$2)	(\$162)
Percentage Change	(8.0)%	(7.8)%	(3.6)%	(7.8)%
Total Net Position Restricted for Pensions, as of 06/30/2024	\$30,162	\$12,065	\$1,208	\$43,435
Total Net Position Restricted for Pensions, as of 06/30/2023	27,501	11,039	1,067	39,607
Change in Net Position Restricted for Pensions	\$2,661	\$1,026	\$141	\$3,828
Percentage Change	9.7%	9.3%	13.2%	9.7%

## ABOUT THE FINANCIAL STATEMENTS

The Statement of Fiduciary Net Position measures the assets PERA has invested and available to pay pension benefits, minus the liabilities PERA owes. However, the statement does not include the actuarially-estimated pension liability owed to plan members.

The Statement of Changes in Fiduciary Net Position reports the changes in PERA's net position between the current year and prior year. PERA's net position increased by almost \$4 billion, or 9.7%, to \$43 billion as of June 30, 2024. This increase can be attributed to a 12.3% investment rate of return for the fiscal year.

CHANGES IN FIDUCIARY NET POSITION - DEFINED BENEFIT PLANS (IN MILLIONS)						
ADDITIONS	GENERAL EMPLOYEES FUND	POLICE & FIRE FUND	CORRECTIONAL FUND	TOTAL	FY 23	CHANGE
Employer Contribution	\$620	\$236	\$22	\$878	\$825	\$53
Member Contribution	521	153	15	689	645	44
State Contribution	186	37	5	228	34	194
Investment Income (loss)	1,327	1,327	132	2,786	3,272	(486)
<b>Total Additions</b>	<b>\$2,654</b>	<b>\$1,753</b>	<b>\$174</b>	<b>\$4,581</b>	<b>\$4,776</b>	<b>(\$195)</b>
DEDUCTIONS						
Benefits	\$1,889	\$720	\$30	\$2,639	\$2,505	\$134
Refunds of Contribution)	74	5	3	82	74	8
Administrative Expense	21	2	1	24	16	8
<b>Total Deductions</b>	<b>\$1,984</b>	<b>\$727</b>	<b>\$34</b>	<b>\$2,745</b>	<b>\$2,595</b>	<b>\$150</b>

## FISCAL YEAR 2024 CONTRIBUTION RATES

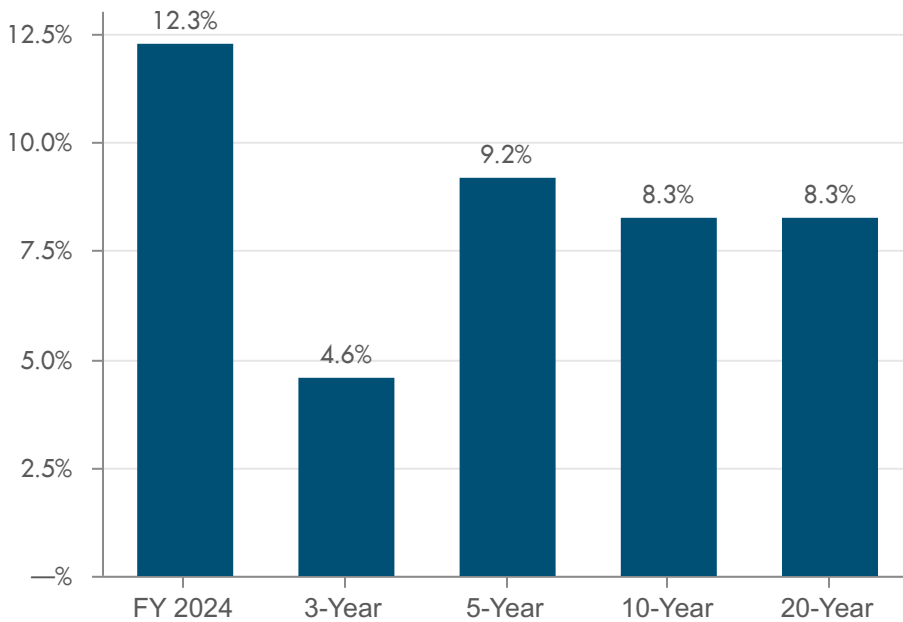
EFFECTIVE DATE	CONTRIBUTOR	GENERAL EMPLOYEES FUND			POLICE & FIRE FUND	CORRECTIONAL FUND
		Basic	Coordinated	MERF		
01/01/2020	Member	9.10%	6.50%	9.75%	11.80%	5.83%
	Employer	11.78%	7.50%	9.75%	17.70%	8.75%

The Minnesota legislature establishes plan contribution rates. The rates have not changed since 2020. Effective July 1, 2025, contribution rates in the Correctional Plan will increase to 6.83% for members and 10.25% for employers.

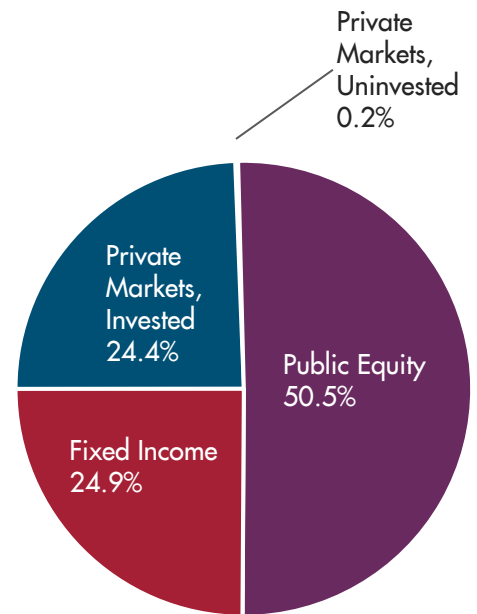
### PERA MEMBERSHIP - DEFINED BENEFIT

	GENERAL EMPLOYEES	POLICE & FIRE	CORRECTIONAL	TOTAL
Retirees and beneficiaries receiving benefits	121,880	12,892	1,958	136,730
Vested and non-vested terminated employees not yet receiving benefits	161,395	2,834	7,272	171,501
Current, active vested and non-vested employees	164,224	11,994	3,914	180,132
<b>Total</b>	<b>447,499</b>	<b>27,720</b>	<b>13,144</b>	<b>488,363</b>

### INVESTMENT RATE OF RETURN



### ASSET MIX



## ABOUT PERA'S GOVERNANCE STRUCTURE

PERA is governed by the PERA Board of Trustees. The board consists of 11 members. The state auditor is a member by statute. The governor appoints five trustees to represent cities, counties, school boards, retirees, and the public, respectively. The remaining five members are elected by PERA members; of those, three trustees represent General Plan active membership, one represents Police & Fire Plan members, and one represents benefit recipients. All elected and appointed board members serve four-year terms.

### FUNDING RATIO - MARKET VALUE OF ASSETS, AS OF 07/01/2024

General Employees Plan	89.1%
Police & Fire Plan	90.2%
Correctional Plan	97.5%