



MINUTES

The Board of Trustees of the Public Employees Retirement Association met in a regular session in the Association offices, 60 Empire Drive, Room 117, Saint Paul, Minnesota, on Thursday, August 8, 2024, at 9:30 a.m., with notice given three days prior thereto by the Secretary.

The following members were present:

Dennis Flaherty, Vice President

Julie Blaha/Ramona Advani (Remote)
Paul Ford
Kathy Green (Remote)
Barbara Johnson (Remote)

Jenni Konigsburg
Thomas Stanley (Remote)
Thomas Thornberg
Scott Schulte

constituting a quorum.

Excused: Paul Bourgeois, Mary Falk

Attorney General Representative: Frank Langan

Staff members present: Doug Anderson, Executive Director; Julie Leppink, Legal Counsel; Lance LaFrombois; Deputy General Counsel; Mark Sauceman, Chief Information Officer; Don Haller, Chief Operating Officer; Amy Streng, Legislative Policy Coordinator; Heather Schoenberger, Account Information Management; Andrea Murphy, Communications and Stakeholder Engagement Supervisor; Linda Johnston, Communications and Stakeholder Engagement; Gladys Rodriguez, Executive Assistant.

Others present: Bonnie Wurst, GRS; Michael Wroblewski, GRS; Sheri Christensen, GRS; Harry Grigsby, Retiree; Rodney Rowe, Ed MN; Monica Byron, Ed MN; Wade Laszlo, MNCORA; Alex Hassel, Ann Lenczewski, LGN; Cynthia Swaim, SEIU 284; Jasmine Epps, MNFAC; Sean Kelly, LCPR; Matt Massman, MICA.

1. Call to Order

Vice President Flaherty called the meeting to order at 9:30 a.m. The meeting was held in person and remotely via interactive technology as permitted in Minnesota Statutes Section 13D.015. Roll call was taken to establish quorum.

Thornberg moved to adopt the agenda. The motion was seconded by Blaha and passed unanimously by roll call vote.

The agenda was taken in the following order.

2. Approval of Consent Calendar

- June 13, 2024, Regular Board Meeting Minutes
- Operational Data Report

Schulte moved to approve the Consent Calendar. The motion was seconded by Ford and passed unanimously by roll call vote.

Anderson noted that membership in the Police and Fire Plan continues to grow, with an increase of 47 members since the start of fiscal year 2025.

3. Police & Fire Plan and Correctional Plan Experience Studies

Reference was made to a memo from Doug Anderson dated August 8, 2024

Anderson stated that the results of the Police and Fire Plan and the Local Government Correctional Service Plan Experience Studies were presented at the June 13, 2024 board meeting. The studies contain an evaluation of economic and demographic assumptions, including both objective analysis and subjective findings. Staff recommended that the board approve the actuarial assumption changes recommended by GRS for the Police and Fire Plan and the Local Government Correctional Service Retirement Plan.

Schulte moved that the PERA Board of Trustees approve the actuarial assumption changes recommended by GRS for the Police and Fire Plan and the Local Government Correctional Service Retirement Plan and directed staff to request the LCPR to approve the recommendations. The motion was seconded by Johnson and passed unanimously by roll call vote.

4. Police & Fire Plan and Correctional Plan Actuarial Equivalence Factors

Reference was made to a memo from Doug Anderson and Amy Strenge dated August 8, 2024

Anderson noted that actuarial equivalence factors are used to determine benefits when a member elects early retirement, joint and survivor benefits, or a past service purchase. Factors are subject to change when investment return or mortality rate assumptions change and may also change when plan provisions change. There is an exception to the early retirement factors for the Police & Fire Plan, which are fixed factors not directly recalculated when the investment return or mortality assumption changes.

He stated that the sample factors provided by GRS for the Police & Fire Plan and the Correctional Plan reflect a legislative change in the investment return assumption from 7.5% to 7.0%, and that the mortality rate changed for both the Police & Fire Plan and Correctional Plan experience studies. The recommended factor changes have a favorable result on member benefits, in particular early retirees in the Correctional Plan have a relatively more significant positive impact. There is also a positive impact for Police & Fire members selecting a survivor option.

Given the positive effects of the assumption changes, staff recommended a complete transition to the new actuarial equivalence factors for retirements and past service purchases starting July 1, 2025, for both plans.

Thornberg moved that the Police & Fire Plan actuarial equivalence factors for joint and survivor benefits and past service purchases and the Correctional Plan actuarial factors for early retirement, joint and survivor benefits, and past service purchases be changed effective July 1, 2025 to reflect recommended mortality rate assumptions and the statutory change in the investment return assumption from 7.5% to 7.0%. The motion was seconded by Green and passed unanimously by roll call vote.

5. Actuarial Valuation Update as of July 1, 2024

Reference was made to a presentation from Bonnie Wurst and Sherri Christensen, GRS, dated August 8, 2024

Wurst presented estimated 2024 valuation results for each plan and the impact of proposed assumption changes to be effective in 2025. Christensen highlighted that the investment return on market value of assets was 12.3% for the fiscal year. The actuarial value of assets is expected to be approximately 3% lower than market value of assets as of July 1, 2024 due to collective deferred investment gains and losses. The return on actuarial value of assets is estimated to be approximately 8.5% for the fiscal year, after the smoothing of deferred investment gains and losses.

Christensen also noted that the legislative changes reflected in the estimates include a reset to June 30, 2048 for the statutory amortization date for the Police & Fire and Correctional Plans, the multiplier for benefits for Correctional members increased from 1.9% to 2.2% for service earned on or after July 1, 2025, and the contribution rates for the Correctional Plan members increased from 5.83% of pay to 6.83% of pay, and 8.75% of pay to 10.25% of pay for employers effective July 1, 2025.

Questions were raised regarding the sufficiency of the Correctional Plan and the additional funding, as well as the high levels of overtime in the Police & Fire Plan. GRS and staff will study the overtime issue and provide a report at a future meeting.

6. Police & Fire Disability Benefit Cost Impact

Reference was made to a presentation from Bonnie Wurst, GRS, dated August 8, 2024

During the last meeting, GRS was requested to assess the cost impact of disability benefits to the Police & Fire Plan. Wurst shared insights on the financial impact of retirement and disability benefits (disability benefits paid prior to a normal retirement age of 55). For this study, disability payments received by members over 55 are considered normal retirement benefits. Wurst shared results showing the impact if the existing plan were bifurcated into two plans with one plan existing exclusively of disability benefits.

7. Funding Values and Long Term Positions

Reference was made to a memo from Doug Anderson and Amy Strenge dated August 8, 2024

Anderson presented Funding Values previously approved by the Board. He noted that these values are used to set parameters for possible future legislative initiatives and help facilitate conversations with stakeholders.

Staff recommended modifications to the funding values and conversion to long term positions. Modifications included wording changes, deletion of two statements, and addition of one statement related to postretirement increases tied to an inflation index.

The Board recommended adding language about intergenerational equity and posting the final document on the PERA website. Staff will categorize the long term positions and present the final document to the Board in October.

Schulte moved that the Board approved seven statements collectively known as "Funding Values" be modified as recommended by staff and adopted as Long Term Positions. The motion was seconded by Green and passed unanimously by roll call vote.

[Johnson left the meeting]

8. Stakeholder Legislative Agenda Process

Reference was made to a presentation from Amy Strenge

Strenge outlined the legislative initiative agenda process utilized for stakeholders. The first step involves stakeholders reaching out to staff with an issue or idea. In return, staff gathers additional information to identify the problem and understand the concerns. Staff then review the information and provide feedback to the stakeholders.

Once stakeholders have supplied sufficient information, staff prepares a memo for the Board's review. The Board evaluates the stakeholder initiative, takes a stance on the issue, and directs staff's involvement. Throughout the process, staff remains in contact with stakeholders and may present the issue to the Board again if needed.

9. Date of Next Meeting

The next meeting and planning workshop of the PERA Board of Trustees will be held Thursday, October 10, starting at 9:30 a.m. in the Board Room 117 of the Retirement Systems of Minnesota Building. Flaherty and Stanley encouraged Trustees to attend in person.

[Ford left the meeting]

10. Attorney General Litigation Update

Schulte made a motion to close the meeting as permitted by Minnesota Statutes, section 13D.05, subdivision 3(a). The motion was seconded by Thornberg and passed unanimously by roll call vote.

Schulte made a motion to open the meeting. The motion was seconded by Stanley and passed unanimously by roll call vote.

Assistant Attorney General Langan provided an update related to the Minnesota Duty Disabled Association v. PERA, Court File No. 62-cv-23-5420.

11. Adjournment

There being no further business to come before the PERA Board, Schulte made a motion to adjourn the meeting. The motion was seconded by Stanley and passed unanimously by roll call vote.

Meeting adjourned at 11:42 pm.



Doug Anderson, Executive Director



Date: October 10, 2024
 To: PERA Board of Trustees
 From: Don Haller, Heather Schoenberger, Tim Knippenberg, Amy Brandenburg, Afiya Krueger, Stacey Salvinski, and Andrea Murphy
 Subject: Operational Data Report

This memo includes PERA statistical data for the following areas:

- Active membership data for PERA’s plans
- Recipient data for retirement, survivor and disability benefits
- Application data for retirement, survivor, and disability benefits
- Refund payments processed
- Education initiatives for members and employers

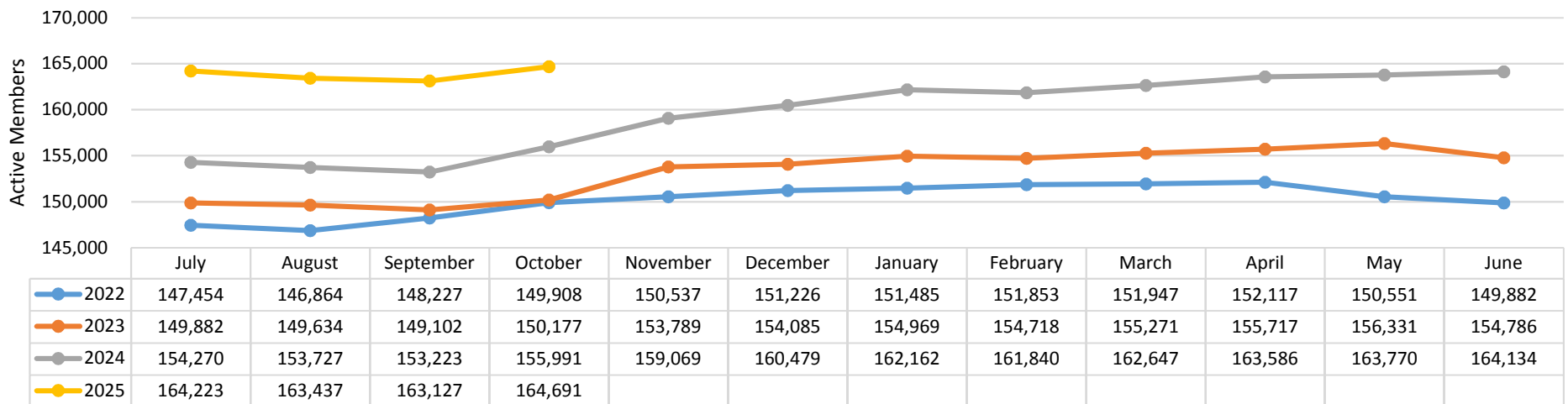
Active Membership Data (monthly)

This section provides membership data for each plan as of the first of the month, based on active status.

Coordinated

From October 2023 to October 2024, membership increased by 5.6% (8,700 members).

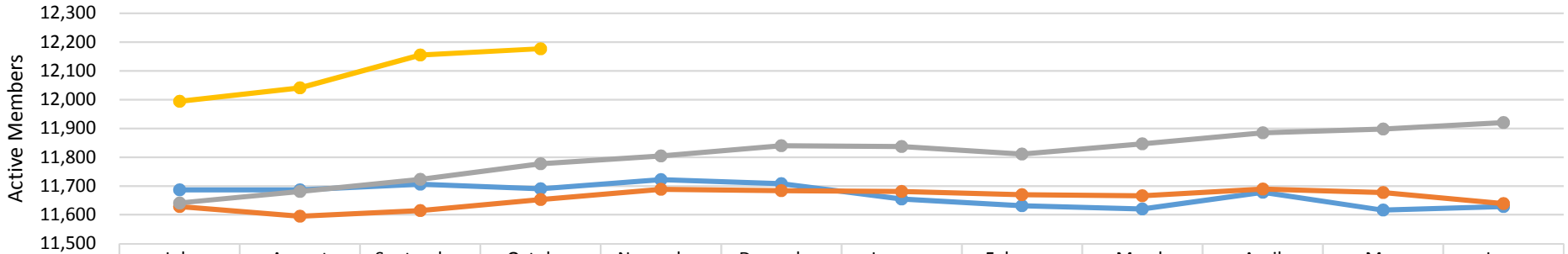
Coordinated



Police & Fire

From October 2023 to October 2024, membership increased by 3.4% (400 members).

Police & Fire

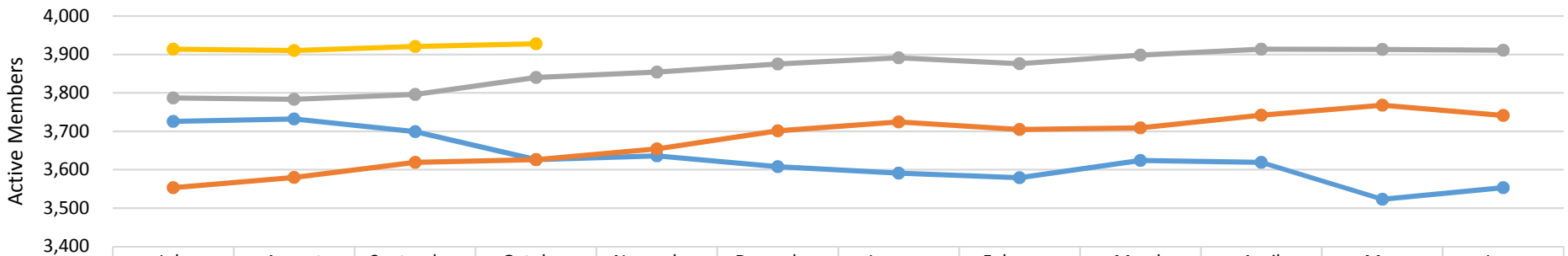


	July	August	September	October	November	December	January	February	March	April	May	June
● 2022	11,686	11,686	11,706	11,690	11,722	11,708	11,655	11,631	11,620	11,678	11,616	11,628
● 2023	11,628	11,595	11,614	11,653	11,688	11,684	11,681	11,670	11,666	11,689	11,677	11,639
● 2024	11,641	11,681	11,723	11,777	11,804	11,840	11,837	11,811	11,846	11,885	11,898	11,920
● 2025	11,994	12,041	12,155	12,177								

Correctional

From October 2023 to October 2024, membership increased by 2.3% (88 members).

Correctional

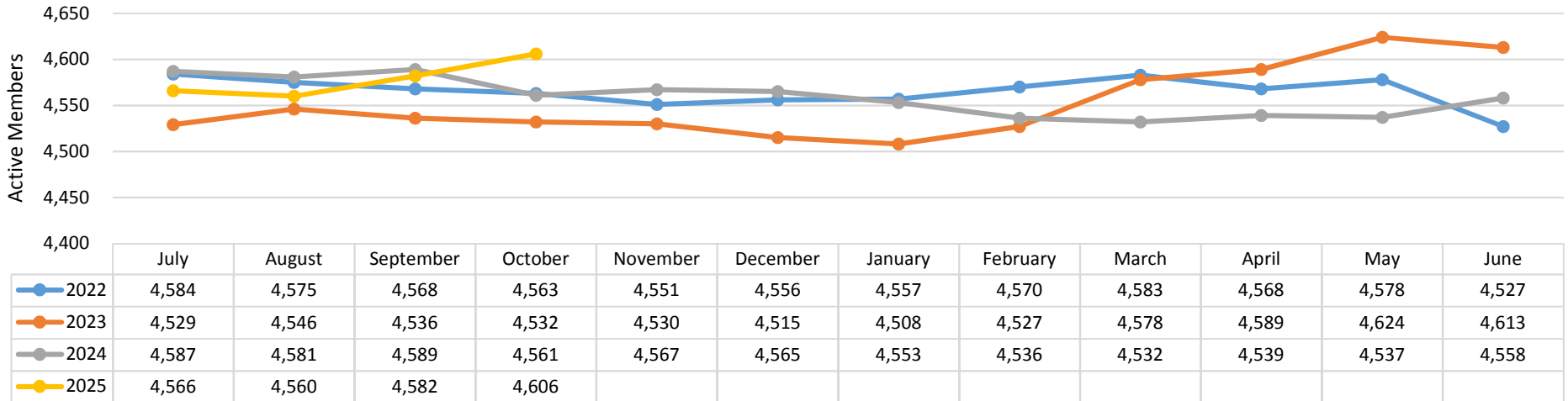


	July	August	September	October	November	December	January	February	March	April	May	June
● 2022	3,726	3,732	3,699	3,626	3,636	3,608	3,591	3,579	3,624	3,619	3,523	3,553
● 2023	3,553	3,580	3,619	3,626	3,654	3,701	3,724	3,705	3,709	3,742	3,768	3,741
● 2024	3,787	3,783	3,796	3,840	3,854	3,875	3,891	3,876	3,898	3,914	3,913	3,911
● 2025	3,914	3,910	3,921	3,928								

Defined Contribution Plan

From October 2023 to October 2024, membership increased by 1.0% (45 members).

Defined Contribution Plan



Summary

Membership counts are summarized below for September and October 2024.

Active Membership Counts – Defined Benefit Plans	<u>September 2024</u>	<u>October 2024</u>
Coordinated	163,127	164,691
Police and Fire	12,155	12,177
Correctional Plan	3,921	3,928
SVF - Monthly / Lump Sum Benefits	39 / 4,846	38 / 4,842
Privatization	1,816	1,806
MERF	1	1
Basic Plan	1	0
Exempt Plan	4,534	4,583
Total	190,440	192,066
Active Membership Counts – Defined Contribution Plan	4,582	4,606

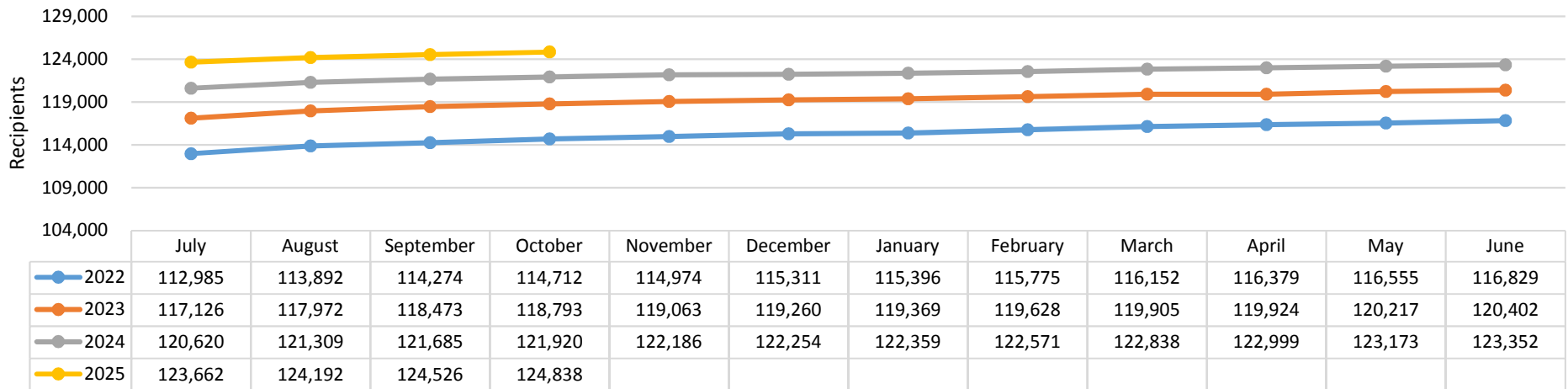
Benefit Recipients (monthly)

This section provides benefit recipient data for each benefit type, as of the first of the month.

Retirement

Recipients increased by 1.0% (1,176 members) during the first four months of fiscal year 2025.

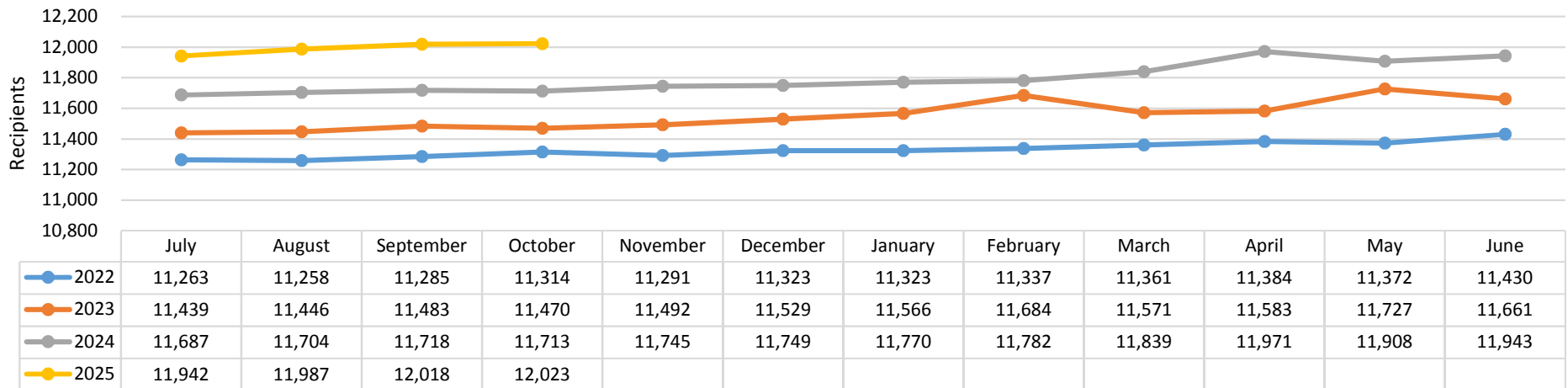
Retirement Recipients



Survivor

Recipients increased by 0.7% (81 members) during the first four months of fiscal year 2025.

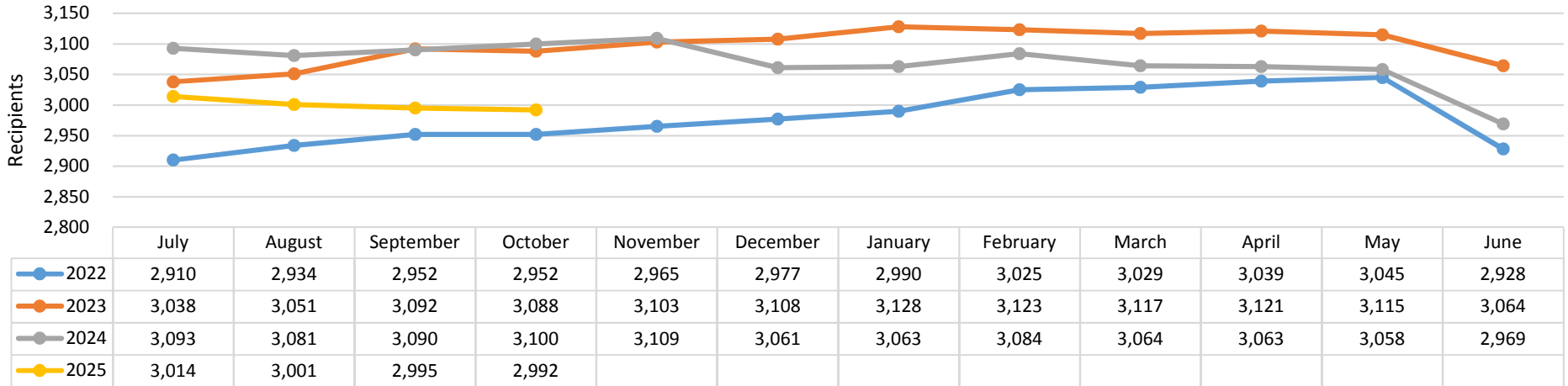
Survivor Recipients



Disability

Recipients decreased by 0.7% (22 members) during the first four months of fiscal year 2025.

Disability Recipients



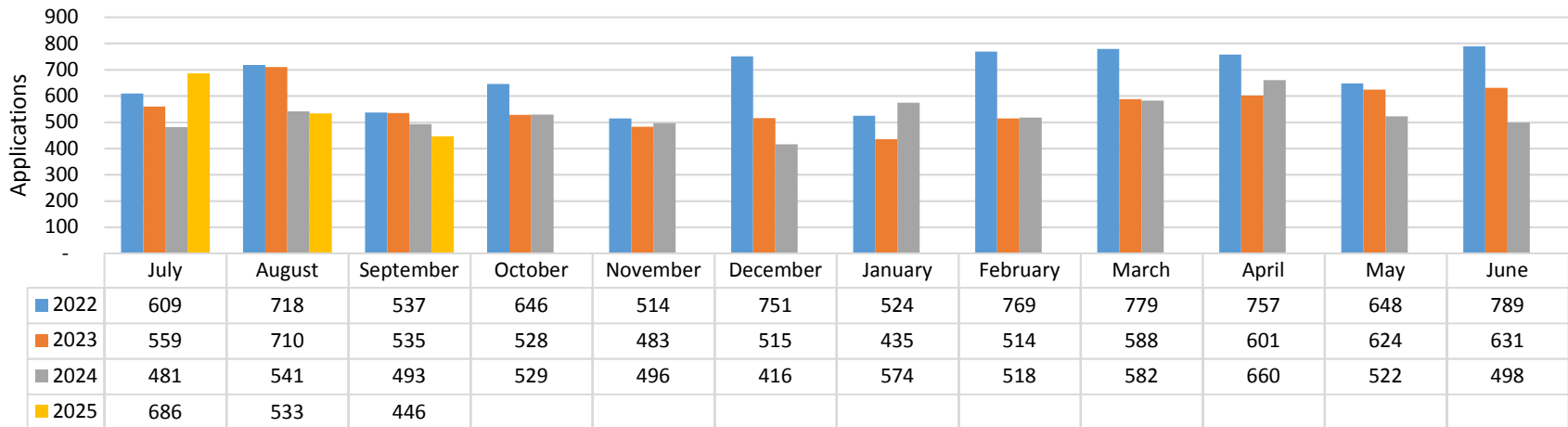
Benefit Applications Received (monthly)

This section provides the monthly benefit application data for each benefit type.

Retirement

Applications steadily decreased during the first quarter of fiscal year 2025.

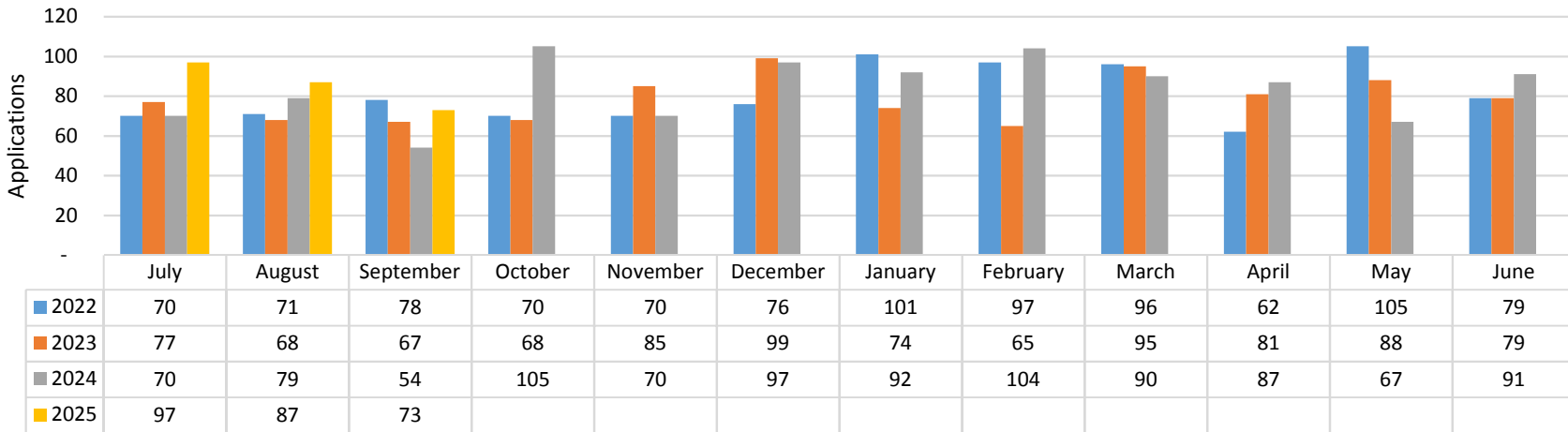
Retirement Applications



Survivor

Applications steadily decreased during the first quarter of fiscal year 2025.

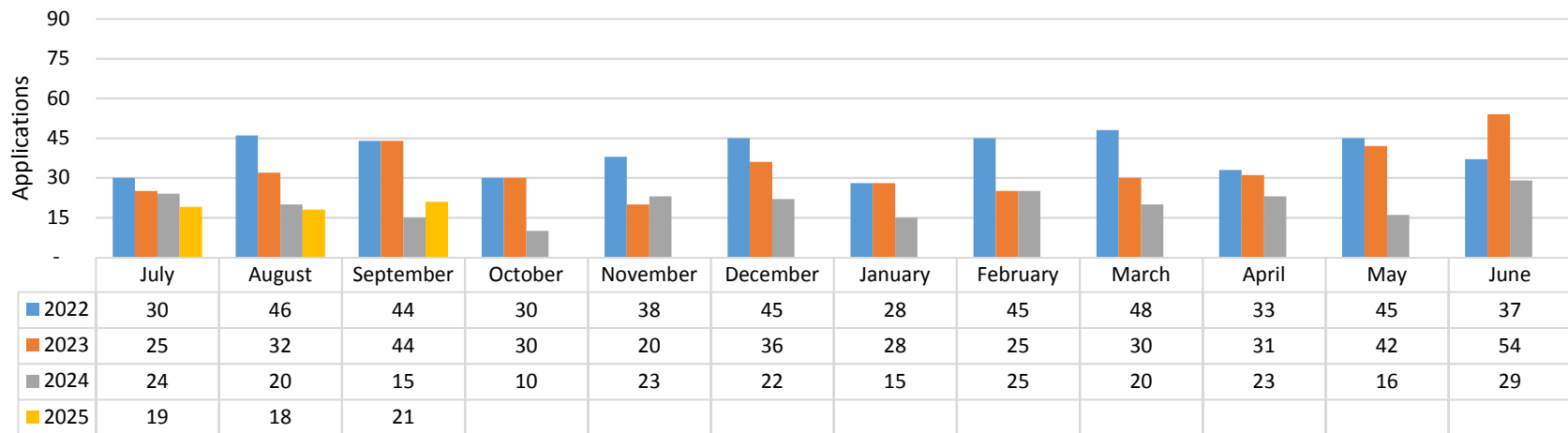
Survivor Applications



Disability

Applications levels remained steady during the first quarter of fiscal year 2025.

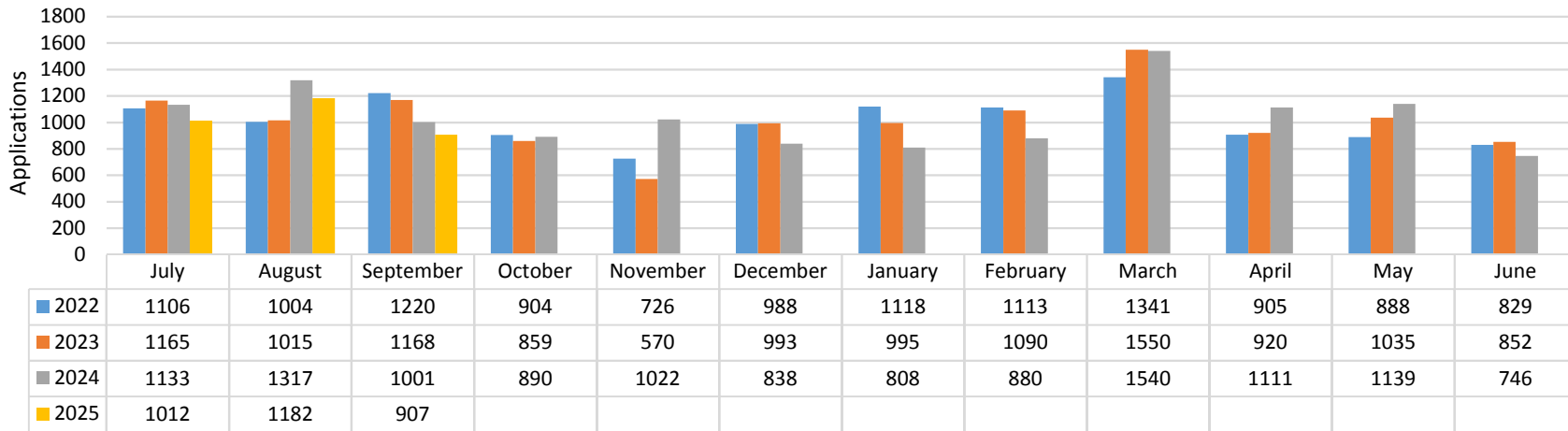
Disability Applications



Refunds Payments (monthly)

Applications varied during the first quarter of fiscal year 2025, averaging a little over 1,000 payments each month.

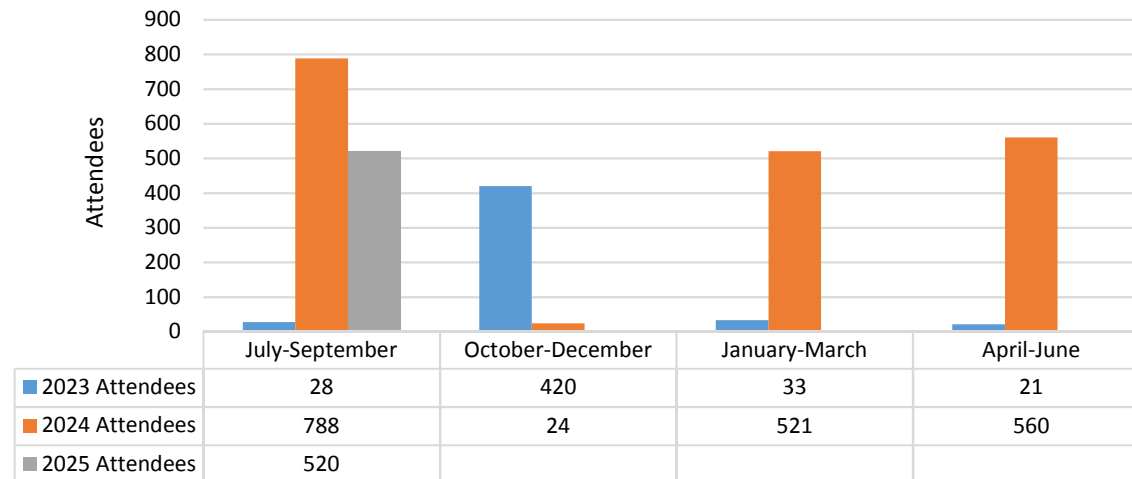
Refunds



Employer Education (quarterly)

We presented the 2024 Legislative Update in July to 520 attendees. We recorded our training webinars for employers to view at their own convenience. The next employer training is planned for October 2024.

Employer Programs

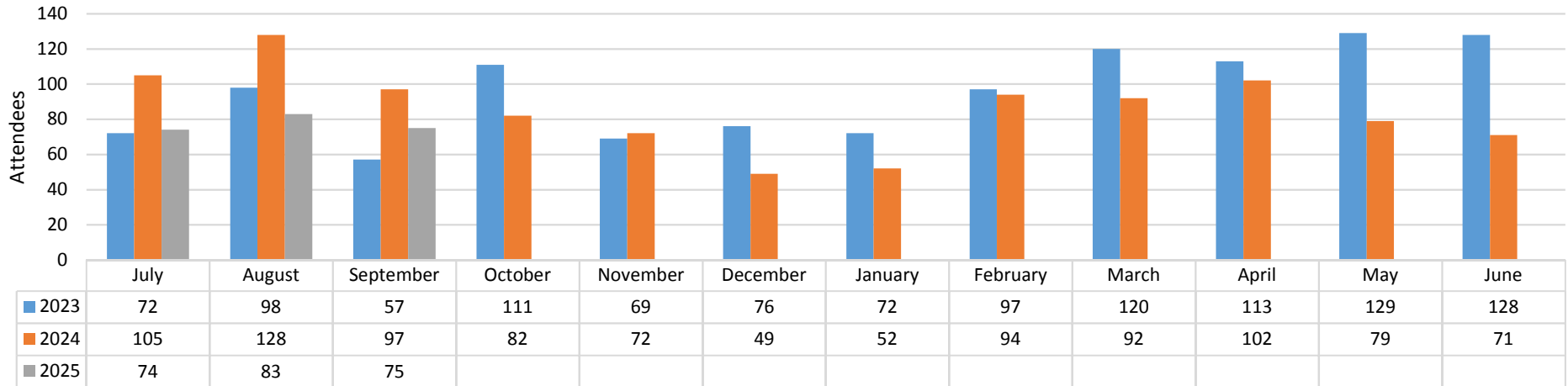


Member Education (per month)

Individual Counseling

Individual sessions remained steady over the summer months. We offer in-person and phone options for individual meetings.

Member Individual Counseling



Group Programs

From April through September, PERA representatives hosted in-person member education programs in various cities throughout Minnesota.

Member Programs

