



Date: June 13, 2024
To: PERA Board of Trustees
From: Doug Anderson, Executive Director
Amy Streng, Policy Coordinator
Subject: Long-Term PERA Board Legislative Positions

Between August 2020 and August 2021, the Board reviewed and modified twelve positions stated in a 2015 document titled *Long Term PERA Board Legislative Positions*. As noted in that document, "These positions are to be reviewed periodically to ensure that they continue to meet the needs of members and employers participating in the plans administered by PERA."

The result of those changes are the ten long-term positions on the attached document. Staff recommends that Trustees review the current document. If a Trustee desires a modification or an addition of a long-term position, staff suggests that the Trustee request the item be added as a decision item during the August or subsequent board meeting.



Long-Term PERA Board Legislative Positions
[Updated August 12, 2021]

The PERA Board of Trustees, as fiduciaries with oversight and governance of the PERA benefits plans and trusts, supports a number of long-term legislative positions. These positions are to be reviewed periodically to ensure that they continue to meet the needs of the members and employers participating in the plans administered by PERA. In the short-term, the Board will continue to advocate for the maintenance of the benefit plans currently in effect, for measures necessary to sustain the funding of the plans, and for improvements only when sufficient funds are available to finance those improvements.

The following is a list of current long standing positions. These positions and other issues brought to the Board are evaluated periodically to determine which positions might become part of the priorities for an upcoming legislative session's agenda to be advocated on behalf of PERA's members.

Long Term Position #1 – Groups/Individuals Entering or Leaving PERA
[Adopted August 13, 2020]

The PERA Board of Trustees opposes providing benefits that add to the actuarial accrued liability for individuals or groups requesting membership in a PERA fund unless the merging group's sponsoring entity agrees to a payment or series of payments sufficient to fully fund the associated unfunded actuarial accrued liability of the merging group.

The PERA Board of Trustees opposes the discontinuation of membership for an individual or group in a PERA fund unless the departing individual or group's sponsoring entity agrees to a payment or series of payments sufficient to fully fund the associated unfunded actuarial accrued liability for the departing group.

Long Term Position #2 – Expanding Classification of Employees Included in the Correctional Plan
[Adopted April 8, 2021]

Absent a purpose statement or any clear criteria defining the types of positions intended to be covered by the Local Government Correctional Service Retirement Plan, the PERA Board of Trustees defers to the Legislature the policy determinations as to which local government correctional employee groups should be included in the Plan.

PERA asks that the Legislature ensure that any groups approved for participation in the Plan either come into the Plan as new members at contribution rates sufficient to fully fund the higher level of benefits, or if members enter the plan with past service credit, the merging group's sponsoring entity agrees to a payment or series of payments sufficient to fully fund the associated unfunded actuarial accrued liability of the merging group.

Long Term Position #3 – Investment Decision Making
[Adopted April 8, 2021]

The PERA Board of Trustees recognizes its role as fiduciaries for its plans' assets and supports the State Board of Investment in fulfilling its fiduciary duties and its statutory purposes that pension assets are "responsibly invested to maximize the total rate of return without incurring undue risk." Minnesota Statute Chapter 11A.01.

Long Term Position #4 – Plan Provision Changes
[Adopted May 13, 2021]

The PERA Board of Trustees opposes any change in benefits or contributions unless they are made consistent with the values stated in PERA's Funding Values document.

Long Term Position #5 – Defined Benefit vs. Defined Contribution Plan
[Adopted May 13, 2021]

The PERA Board of Trustees opposes replacing the existing defined benefit plan with a defined contribution plan, or any other type of plan that places investment and longevity risk entirely on the plan members.

Long Term Position #6 – Legislation Pertaining to Individuals or Groups Purchasing Service
[Adopted August 12, 2021]

The PERA Board of Trustees does not oppose the purchase of service allowed by remedial legislation for an individual or group of individuals provided the service would have been eligible PERA service if reported appropriately; and the service is purchased at the full actuarial value of the increased benefit provided.

Furthermore, the Board opposes the purchase of service that would not otherwise be eligible for coverage in any of the PERA defined benefit plans, and opposes the purchase of PERA defined benefit plan coverage by an individual who elected participation in the PERA Defined Contribution Plan.

Long Term Position #7 – Legislation Pertaining to Individuals or Groups Benefit Eligibility
[Adopted August 12, 2021]

The PERA Board of Trustees generally opposes legislation that provides an exception with respect to the benefits made available to one or a group of individuals, but may review such legislation on a case-by-case basis.

Long Term Position #8 – Diversion of Assets for Other Uses
[Adopted August 12, 2021]

The PERA Board of Trustees opposes diversion of PERA income or assets for uses other than for funding pensions or for administrative and investment related expenses as approved annually by the Board

Long Term Position #9 – Police State Aid
[Adopted August 12, 2021]

The PERA Board of Trustees supports the primary use of the police state aid financed by the tax on automobile insurance premiums for funding the PERA Police and Fire Fund.

Long Term Position #10 – Merger of Statewide Pension Systems
[Adopted August 12, 2021]

The PERA Board of Trustees opposes merger of the three separate, state-wide retirement systems.