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The **PERA**phrase

The employer newsletter of the Minnesota Public Employees Retirement Association

PERA's Police and Fire Plan Bill Passes Legislature, Signed Into Law

Legislation (Senate File 489) designed to place the Police and Fire Plan on a firmer financial footing was signed by Governor Mark Dayton May 23, 2013. All current and future stakeholders in the plan will be affected by some aspect of the legislation.

Contribution Rates

Active members of the Police and Fire (P&F) Plan and their employers will be affected by higher contribution rates over the next two years.

The current member contribution rate of 9.6 percent of salary will rise to 10.2 percent on all earnings paid on or after January 1, 2014 and to 10.8 percent on January 1, 2015.

The employer contribution rate of 14.4 percent of salary will increase to 15.3 percent of salary paid on or after January 1, 2014, and to 16.2 percent on January 1, 2015.

Police & Fire Contributions

	2013	2014	2015
Member	9.6%	10.2%	10.8%
Employer	14.4%	15.3%	16.2%

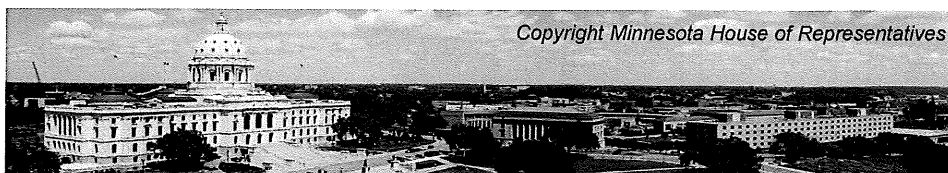
No change was made in contribution rates for the General Employees Plan (Basic or Coordinated), the Correctional Plan, or any of the Defined Contribution Plans. The 2014 member and employer contribution rates for those plans remain at the 2013 level. For a breakdown of all contribution rates, please refer to the Contributions section of the PERA website.

Retirement Benefits

Current and future members and retirees of the P&F will be affected by one or more aspects of the legislation, whether it's longer vesting periods, greater reductions in benefits for early retirement or delayed and reduced pension increases. PERA staff is working to revise various P&F publications and our website to incorporate the following modifications.

- ♦ Vesting requirements for members enrolled in the plan after June 2014, move to 50 percent after 10 years of service, and increase 5 percent each

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Police and Fire Plan

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year thereafter until a member is fully vested after 20 years of service;

- ♦ The early retirement reduction factor changes from 1.2 percent per year (2.4 percent for post-June 2007 members) to 5 percent per year, phased in over five years starting July 1, 2014;
- ♦ Initial retirement benefits are capped at 99 percent of average salary (equivalent to 33 years of service) for employees first enrolling in the plan after June 30, 2014;
- ♦ The benefit recipients’ annual increases are set at 1 percent until the plan is 90 percent funded for two consecutive years; and
- ♦ The first retirement increase paid to new retirees is delayed for three years.

Other Legislative Changes

The law also repeals the little-used Pre-Age 62 Supplement pension option. This option was created more than 40 years ago as a way to make retirement easier for individuals who retire before they are eligible to receive Social Security benefits.

When retiring members choose the Pre-Age 62 Supplement, they receive a larger PERA benefit

until they reach age 62. The amount of the temporary increase depends upon the age of the member at the time of retirement. Although the increase varies, the permanent reduction in the PERA benefit at 62 is always at least \$100. In 2012, only 10 percent of the retiring members took this option.

The repealer is effective January 1, 2014, which means that this option will not be available to any members with a benefit effective January 1, 2014, or later.

Employer Training Sessions Placed on Hold for Now

Due to a staffing vacancy at PERA, there will not be any employer training sessions this spring. Mark Lindner, PERA’s Information Officer for the last 12 years, recently accepted a position with the Teachers Retirement Association and his replacement has not yet been hired.

As part of workforce and succession planning, PERA management is undertaking an internal review of all of its employer and member communication and education programs in order to develop a long-range strategy for meeting those needs. We appreciate your patience as we work through this process and want to remind you of the many informational resources that are available to you.

Payroll or human resource staff who are new to PERA reporting, or who would like a refresher on membership eligibility, may use our online tutorials. These videos provide good information on the membership eligibility requirements of the Defined Benefit and Defined Contribution plans.

Additionally, the Employer Manual is a comprehensive guide that is available on the PERA website to help answer most questions relating to reporting procedures. And finally, your representatives may call PERA during business hours to discuss their reporting questions.

Are you a do-it-yourselfer?

If you or your employees are, PERA has you covered with our online retirement tool kit. Everything you need to retire in one easy location.

Check it out at www.mnpera.org.

