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Agency Purpose

Established by legislative act in 1931, the Public Employees Retirement Association (PERA) of Minnesota administers four public employee retirement plans and one agency fund in accordance with Minnesota Statute (M.S.) sections 353, 353A, 353D, 353E, 353G and 356. PERA's membership includes employees and benefit annuitants from over 2,100 separate governmental entities including townships, cities, counties, schools, and other miscellaneous local governments as defined in M.S. 353.01 subd. 6. PERA's mission is to create opportunities for members to achieve a successful and secure retirement by providing the benefits and services of the highest quality that members will value and trust.

At a Glance

PERA is the administrator of three cost-sharing multiple-employer defined benefit plans, one agent multiple-employer defined benefit plan, and one multiple-employer defined contribution plan. PERA also administers Other Post Employment Benefit (OPEB) Trust Funds for governmental entities. The following statistics are from fiscal year 2010 unless otherwise indicated.

PERA General Employees Plan (FY 10 Statistics)

- Active Membership: 140,550
- Benefit Recipients: 72,811
- Deferred Members: 45,255
- Benefits Paid: $1 Billion
- Refunds Paid: $29 Million
- Net Assets: $12.2 Billion

PERA Police & Fire Plan (FY 10 Statistics)

- Active Membership: 11,003
- Benefit Recipients: 7,542
- Deferred Members: 1,315
- Benefits Paid: $326 Million
- Refunds Paid: $1.5 Million
- Net Assets: $4.5 Billion

Defined Contribution Plan (as of 6/30/10)

- 7,200 members
- Net Assets: $30 Million

PERA Correctional Plan (FY 10 Statistics)

- Active Membership: 3,522
- Benefit Recipients: 441
- Deferred Members: 1,894
- Benefits Paid: $3.3 Million
- Refunds Paid: $714,000
- Net Assets: $276 Million

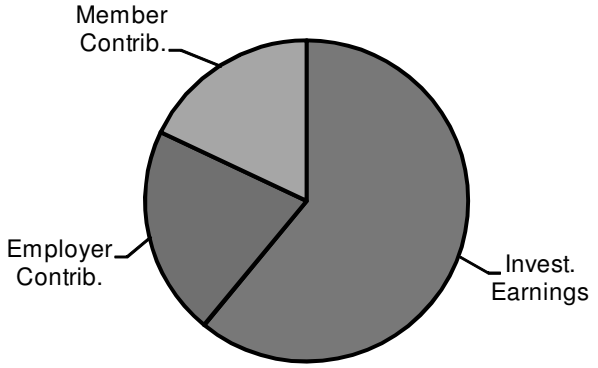
Statewide Volunteer Firefighter Plan (Began 1/1/10)

- Six fire departments
- 125 volunteer firefighters
- Net Assets: $780,000

OPEB Trust Funds (As of 6/30/10)

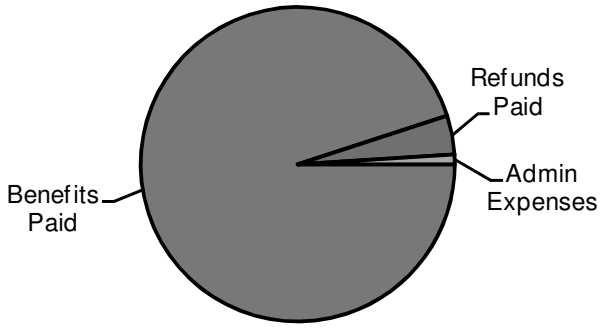
- 19 governmental entities
- Net Assets: $230 Million

Est. FY 2010-11 Expenditures by Revenue Source



Source: Consolidated Fund Statement.

Est. FY 2010-11 Expenditures by Type



Source: Minnesota Accounting and Procurement System (MAPS) as of 09/15/10.

Strategies

PERA is under the direction of an Executive Director, who is responsible to a policy-setting 11-member Board of Trustees. Core functions include:

- collecting and managing retirement contributions;
- collecting and managing member information;
- issuing benefit and refund payments; and
- delivering education and training through counseling, workshops and publications.

Operations

PERA administers six separate funds. Each has specific membership, contribution, benefit, and pension provisions.

- The General Employees Retirement Fund (GERF) includes the assets from three plans. The Basic plan includes employees who are not covered by Social Security and was closed to new members in 1968. The Coordinated plan, created in 1968, provides retirement and other benefits in addition to those supplied by Social Security. The third plan, the Minneapolis Employees Retirement Fund, was consolidated into the GERF on 6/30/10.
- The Public Employees Police and Fire Fund (PEPFF), established in 1959 for police officers and firefighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980.
- The Local Government Correctional Service Retirement Fund (PECF), created in 1999, covers correctional officers serving in county and regional adult and juvenile correctional facilities.
- The Public Employees Defined Contribution Plan was established in 1987 to provide a retirement plan for ambulance service personnel but has been expanded to encompass physicians, elected officials (except county sheriffs), city managers, and volunteer fire fighters.
- The Account for Local Government Post Employment Benefits, created in 2007 and 2008 allows local governments to establish a trust fund to be used only to fund and pay for the post employment benefits owed to retired employees.
- The Statewide Volunteer Firefighter Retirement Plan was created in 2009 and first made available 1/1/10 to fire departments interested in joining. The plan is a defined benefit lump sum plan.

PERA's staffing is organized around customer groups. The Account Information Management (AIM) division works with employers to collect information about active members and to collect contributions as members are paid. The Pension Services division works directly with members. Staff in that division counsel and educate members via phone, counseling sessions, workshops and publications; calculate and produce benefits and refunds; and keep member data up to date. PERA's Internal Services staff support the other two divisions by providing I.T., financial, document and mail services. Although most work is done out of the St. Paul office, PERA operates satellite offices in Duluth and Mankato.

Key Activity Goals & Measures

PERA's mission is to create opportunities for members to achieve a successful and secure retirement by providing the highest quality benefits and services. PERA's overarching goal is to ensure that contributions collected from members and employers and the investment earnings on those contributions will be sufficient to provide the promised benefits to benefit recipients. The two most important measures of the health of a defined benefit retirement system are (1) the level of funding and (2) whether contribution rates are sufficient to earn enough assets to cover pension liabilities over the life time of the members. The following charts show the funded ratio, by plan, and the contribution sufficiency/(deficiency) as a percent of payroll over the past eight years.

PERA General Plan	Funding Ratio	Sufficiency / (Deficiency)
Fiscal Year 2010	76.4%	0.79%
Fiscal Year 2009	70.0%	(2.67)%
Fiscal Year 2008	73.6%	(1.59)%
Fiscal Year 2007	73.3%	(1.06)%
Fiscal Year 2006	74.7%	(1.14)%
Fiscal Year 2005	74.5%	(1.67)%
Fiscal Year 2004	76.7%	(1.60)%
Fiscal Year 2003	81.3%	(1.24)%

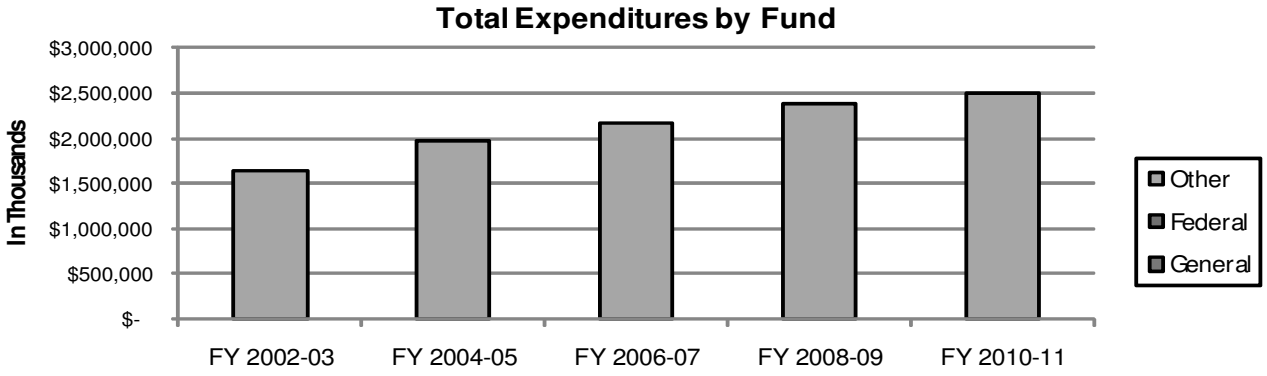
PERA Police & Fire Plan	Funding Ratio	Sufficiency / (Deficiency)
Fiscal Year 2010	87.0%	(1.77)%
Fiscal Year 2009	83.2%	(6.49)%
Fiscal Year 2008	88.4%	(5.91)%
Fiscal Year 2007	91.7%	(7.98)%
Fiscal Year 2006	95.4%	(7.07)%
Fiscal Year 2005	97.2%	(7.74)%
Fiscal Year 2004	101.2%	(6.55)%
Fiscal Year 2003	107.3%	(4.02)%
PERA Correctional Plan	Funding Ratio	Sufficiency / (Deficiency)
Fiscal Year 2010	97.2%	1.37%
Fiscal Year 2009	94.9%	0.55%
Fiscal Year 2008	100.2%	1.08%
Fiscal Year 2007	98.4%	2.22%
Fiscal Year 2006	94.4%	1.90%
Fiscal Year 2005	90.1%	1.53%
Fiscal Year 2004	88.1%	1.58%
Fiscal Year 2003	90.3%	0.45%

PERA's vision is to provide on-demand access to reliable pension information and superior customer service; the following are two goals that are being worked on this biennium:

- Extend PERA's ability to deliver core retirement planning services on-demand to members. PERA measures the number of members accessing My PERA via PERA's website, and continues to increase the number of services and calculations available on My PERA.
- Expand reporting options for employers to allow their agencies and PERA to more effectively and efficiently fulfill our shared administrative duties. PERA has increased the methods available to employers for reporting contribution and service credit information, and measures the number of employers taking advantage of the new technology, along with the time saved by PERA staff by doing so.

Budget Trends Section

PERA does not receive any direct appropriations from the State of Minnesota. PERA's revenue is derived from investment earnings and contributions from PERA's members and employers. 99% of PERA's expenditures are for benefits and refunds paid to members and their beneficiaries.



*Source data for the previous chart is the Minnesota Accounting and Procurement System (MAPS) as of 9/21/2010. * FY 2010-11 is estimated, not actual MAPS data is adjusted for cancelled warrants.*

External factors that affect PERA include demographics, the economy and public perception. Demographic changes are directly affecting PERA's work load. Baby boomers are reaching retirement age and are retiring in greater numbers. Both members and employers are asking for phased retirement provisions for this growing group of members eligible to retire. The economy drives investment returns, and investment returns drive the financial stability of PERA's funding structure. The economy also affects the ability of PERA's employers to hire workers and to pay the contributions required to support promised benefits for those workers. Public sentiment toward public sector pensions is growing more negative as the private sector sheds defined benefit plans in favor of defined contribution plans, threatening the existence of defined benefit plans altogether.

Contact

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Phone: (651) 296-7460
Toll Free: (800) 652-9026
Website: http://www.mnpera.org

Dollars in Thousands

	Current		Governor Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
Expenditures by Fund					
Open Appropriations					
Public Employees Retirement	947,708	912,680	980,000	1,000,000	1,980,000
Pera Correctional Plan	20,489	29,500	4,500	4,500	9,000
Minneapolis Employees Ret Fund	0	160,000	150,000	150,000	300,000
Volunteer Firefighter Ret Plan	26	1,000	500	500	1,000
Police And Fire	328,514	375,000	360,000	375,000	735,000
Statutory Appropriations					
Pera Defined Contribution Plan	4,930	1,600	2,000	2,000	4,000
Other Post Employement Benefit	45,171	6,000	6,000	6,000	12,000
Retirement System Building	759	1,353	1,353	1,353	2,706
Total	**1,347,597**	**1,487,133**	**1,504,353**	**1,539,353**	**3,043,706**
Expenditures by Category					
Total Compensation	7,060	7,545	7,604	7,604	15,208
Other Operating Expenses	4,248	6,598	6,599	6,599	13,198
Other Financial Transactions	1,336,289	1,472,990	1,490,150	1,525,150	3,015,300
Total	**1,347,597**	**1,487,133**	**1,504,353**	**1,539,353**	**3,043,706**
Expenditures by Program					
Publc Empl Retr Asn	1,347,597	1,487,133	1,504,353	1,539,353	3,043,706
Total	**1,347,597**	**1,487,133**	**1,504,353**	**1,539,353**	**3,043,706**
Full-Time Equivalents (FTE)	**93.5**	**93.5**	**93.5**	**93.5**	

Dollars in Thousands

	Actual FY2010	Budgeted FY2011	Governor's Recomm. FY2012	Governor's Recomm. FY2013	Biennium 2012-13
Non Dedicated Revenue:					
Other Revenues:					
Pera Defined Contribution Plan	3,062	4,000	4,000	4,000	8,000
Public Employees Retirement	646,949	660,000	680,000	700,000	1,380,000
Pera Correctional Plan	23,613	25,000	25,000	25,000	50,000
Minneapolis Employees Ret Fund	0	44,000	57,000	57,000	114,000
Volunteer Firefighter Ret Plan	790	1,000	1,000	1,000	2,000
Police And Fire	178,802	190,000	200,000	200,000	400,000
Total Non-Dedicated Receipts	**853,216**	**924,000**	**967,000**	**987,000**	**1,954,000**
Dedicated Receipts:					
Other Revenues:					
Other Post Employement Benefit	45,979	6,000	6,000	6,000	12,000
Retirement System Building	732	1,425	1,425	1,425	2,850
Total Dedicated Receipts	**46,711**	**7,425**	**7,425**	**7,425**	**14,850**
Agency Total Revenue	**899,927**	**931,425**	**974,425**	**994,425**	**1,968,850**