Table of Contents
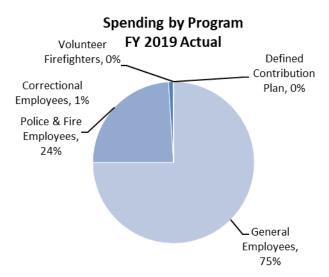## Public Employees Retirement Association

mnpera.org/

AT A GLANCE

- The Public Employees Retirement Association (PERA) was established in 1931.
- In accordance with Minnesota Statute, PERA administers:
  - Three multi-employer, cost sharing, defined benefit retirement plans;
  - One multi-employer agency, defined benefit plan;
  - One defined contribution retirement plan; and,
  - One agency fund to account for a limited number of local governments' Other Post Employment Benefit (OPEB) contributions.
- During fiscal year 2019, PERA:
  - Collected approximately $1.3 Billion in member and employer contributions;
  - Earned approximately $2.2 Billion on its investments;
  - Paid more than $2.1 Billion in benefit payments;
  - Returned more than $71 million in lump-sum refund payments to terminated members; and
  - Made defined contribution payments of almost $6 million.
- PERA has over 2,000 total participating employers including townships, cities, counties, schools, and other miscellaneous local governments as defined in Minnesota Statute.
- PERA had 169,858 defined benefit fund members, 198,356 inactive members, and 117,592 annuitants receiving benefits at the end of fiscal year 2019.
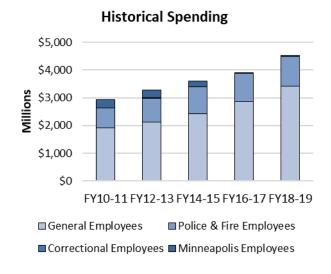
PURPOSE

PERA's goal is to ensure that contributions collected from members and employers and the investment earnings on those contributions will be sufficient to provide promised benefits to its members. PERA benefits assist members to have a financially secure retirement without relying on other forms of public support. Investment income accounts for about 64 percent of PERA's annual revenues. Member contributions account for another 16 percent and employer contributions from local governments make up the remaining 20 percent.

BUDGET

Source: PERA 2019 Comprehensive Annual Financial Report

Source: PERA 2019 Comprehensive Annual Financial Report

State non-employer contributions: In fiscal year 2019, the three State non-employer contributions below totaled $ 29.5 million and represented approximately 0.002% of contributions from all sources:

- Under Minnesota Statute 353.505, the State of Minnesota will contribute $16 million annually until September 2031, to help pay off the unfunded liability that existed when Minneapolis Employees Retirement Fund (MERF) was consolidated into PERA in 2010.
- Under M.S. 353.65, PERA also received $4.5 million of "direct state aid" for the Police and Fire Plan each year in fiscal years 2019 and 2020. This aid increased to $9 million per year in fiscal year 2021 and continues through the earlier of fiscal year 2048 or when the reaches a 100% funded ratio based on the actuarially determined value of the plan's assets.
- Finally, under M.S. 423A.022, PERA receives $9 million per year in "supplemental aid" for the Police and Fire Plan. This aid terminates at the earlier of July 1, 2048 or December 1 of the year after the fiscal year-end in which the values of *both* the State Patrol retirement plan and the PERA Police and Fire Plan assets equals or exceeds 90% of actuarially determined liabilities.

STRATEGIES

PERA's core functions include collecting, recording, and maintaining the accounting of retirement contributions; collecting and managing member information; issuing benefit and refund payments; and delivering education and training through counseling, workshops and publications.

Benefit payments have a positive financial impact on the state's economy and provide benefit recipients and their families the opportunity to lead healthy, productive lives during their retirement years.

Over the past 30 years, the State Board of Investment has reported an average annualized rate of return of 9.1 percent, allowing contribution rates to remain relatively stable. PERA's administrative costs are less than 0.05% of assets under management.

RESULTS

The most important result is that PERA be financially healthy. The most common measure of pension plan financial health is the funded ratio (the ratio of assets to the actuarially estimated pension liability). The funded ratio for PERA's three multi-employer, cost-sharing, defined benefit plans over the past four years is outlined in the chart below. The higher the ratio, the better positioned the retirement plan is to pay future benefits when they become due.

PERA Funded Status by Plan				
Plan	**2016**	**2017**	**2018**	**2019**
General	75.52%	77.75%	77.97%	78.58%
Police and Fire	87.74%	85.23%	87.10%	87.41%
Local Corrections	95.67%	94.52%	95.58%	96.22%

Individual Economic Impact: PERA pays over $170 million each month in annuity benefits to 110,000 benefit recipients. For members drawing benefits, the most important result is that they receive a regular benefit that supports a stable, independent lifestyle after retirement. For the past four years the average benefit has been as follows, with average benefit payment amounts stable or increasing slightly.

PERA Average Yearly Benefit by Plan				
Plan	**2016**	**2017**	**2018**	**2019**
General	$14,703	$14,686	$14,706	$14,840
Police and Fire	$48,500	$48,959	$49,540	$50,278
Local Corrections	$10,247	$10,753	$ 11,574	$12,251

Note: Police and Fire members do not pay into, or receive benefits from, Social Security (Old Age, Survivors, and Disability Insurance).

State Economic Impact: for the State, the retirement benefits paid by PERA have positive economic and fiscal benefits. Approximately 90% of the benefits paid by PERA are paid to individuals living in the State of Minnesota. PERA beneficiaries spend their benefits to buy food, housing, medical-care, and other goods and services. Each purchase made by a PERA beneficiary becomes income for the persons supplying goods or services. As the spending ripples through the economy, resulting in an annual economic benefit of over $2 billion to the State of Minnesota each fiscal year.

Each dollar of PERA pension payments creates between 32 to 50 cents of additional economic activity. Pension payments contribute to the growth and stability of the State's economy. Extrapolating the results of various pension income studies shows the positive impact of PERA pensions on the state's economy:

Economic Impact from PERA pension payments (dollar amounts in thousands)				
	2016	**2017**	**2018**	**2019**
Benefit payments to retirees	$1,867,165	$1,936,860	$2,012,101	$2,099,151
(Less) amounts saved	$(224,060)	$(232,423)	$(241,452)	$(251,898)
Net pension benefit consumed by beneficiaries	$1,643,105	$1,704,437	$1,770,649	$1,847,253
Economic multiplier[1]	1.41	1.41	1.41	1.41
Economic impact (Increase to State of Minnesota Gross Product from PERA Pensions)	$2,316,778	$2,403,256	$2,496,615	$2,604,627

[1]Lubov, Andrea (2008) and National Institute on Retirement Security

PERA is governed by Minnesota Statutes Chapters 353, 353D, and, 353E (https://www.revisor.mn.gov/statutes).

Public Employees Retirement Association

Agency Expenditure Overview

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY18	**FY19**	**FY20**	**FY21**	**FY22**	**FY23**	**FY22**	**FY23**
Expenditures by Fund								
7100 - Public Employees Retirement	1,413,332	1,510,141	1,602,430	1,725,731	1,747,583	1,769,720	1,747,583	1,769,720
7110 - Police and Fire	531,571	551,699	572,514	578,471	585,706	593,032	585,706	593,032
7120 - PERA Correctional Plan	14,613	17,667	20,375	20,948	21,211	21,478	21,211	21,478
7130 - Minneapolis Employee Ret Plan	119,202	114,480	109,974					
7140 - Volunteer Firefighter Ret Plan	4,367	5,012	7,623	6,001	6,180	6,363	6,180	6,363
7190 - PERA Defined Contribution Plan	4,464	5,978	4,293	6,494	6,688	6,889	6,688	6,889
7401 - Retirement System Building	1							
Total	**2,087,549**	**2,204,977**	**2,317,209**	**2,337,645**	**2,367,368**	**2,397,482**	**2,367,368**	**2,397,482**
Biennial Change				362,327		109,996		109,996
Biennial % Change				8		2		2
Governor's Change from Base								0
Governor's % Change from Base								0
Expenditures by Program								
Publc Employee Retirement Asn	2,087,549	2,204,977	2,317,209	2,337,645	2,367,368	2,397,482	2,367,368	2,397,482
Total	**2,087,549**	**2,204,977**	**2,317,209**	**2,337,645**	**2,367,368**	**2,397,482**	**2,367,368**	**2,397,482**
Expenditures by Category								
Compensation	9,504	9,656	9,894	9,492	9,771	10,061	9,771	10,061
Operating Expenses	5,390	6,922	5,518	5,650	5,848	6,051	5,848	6,051
Capital Outlay-Real Property		111						
Other Financial Transaction	2,072,655	2,188,289	2,301,797	2,322,503	2,351,749	2,381,370	2,351,749	2,381,370
Total	**2,087,549**	**2,204,977**	**2,317,209**	**2,337,645**	**2,367,368**	**2,397,482**	**2,367,368**	**2,397,482**
Full-Time Equivalents	**98.37**	**98.89**	**96.15**	**92.30**	**94.00**	**96.00**	**94.00**	**96.00**

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY18	**FY19**	**FY20**	**FY21**	**FY22**	**FY23**	**FY22**	**FY23**
7100 - Public Employees Retirement								
Open Appropriation	1,414,091	1,510,905	1,603,191	1,726,497	1,748,351	1,770,488	1,748,351	1,770,488
Transfers Out	759	765	761	766	768	768	768	768
Expenditures	**1,413,332**	**1,510,141**	**1,602,430**	**1,725,731**	**1,747,583**	**1,769,720**	**1,747,583**	**1,769,720**
Biennial Change in Expenditures				404,689		189,142		189,142
Biennial % Change in Expenditures				14		6		6
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	98.37	98.89	96.15	92.30	94.00	96.00	94.00	96.00
7110 - Police and Fire								
Open Appropriation	531,571	551,699	572,514	578,471	585,706	593,032	585,706	593,032
Expenditures	**531,571**	**551,699**	**572,514**	**578,471**	**585,706**	**593,032**	**585,706**	**593,032**
Biennial Change in Expenditures				67,715		27,753		27,753
Biennial % Change in Expenditures				6		2		2
Governor's Change from Base								0
Governor's % Change from Base								0
7120 - PERA Correctional Plan								
Open Appropriation	14,613	17,667	20,375	20,948	21,211	21,478	21,211	21,478
Expenditures	**14,613**	**17,667**	**20,375**	**20,948**	**21,211**	**21,478**	**21,211**	**21,478**
Biennial Change in Expenditures				9,043		1,366		1,366
Biennial % Change in Expenditures				28		3		3
Governor's Change from Base								0
Governor's % Change from Base								0
7130 - Minneapolis Employee Ret Plan								
Open Appropriation	119,202	114,480	109,974	0	0	0	0	0
Expenditures	**119,202**	**114,480**	**109,974**					
Biennial Change in Expenditures				(123,708)		(109,974)		(109,974)
Biennial % Change in Expenditures				(53)				
Governor's Change from Base								0
Governor's % Change from Base								

Public Employees Retirement Association

Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY18	FY19	FY20	FY21	FY22	FY23	FY22	FY23

7140 - Volunteer Firefighter Ret Plan

Open Appropriation	4,367	5,012	7,623	6,001	6,180	6,363	6,180	6,363
Expenditures	**4,367**	**5,012**	**7,623**	**6,001**	**6,180**	**6,363**	**6,180**	**6,363**
Biennial Change in Expenditures				4,245		(1,081)		(1,081)
Biennial % Change in Expenditures				45		(8)		(8)
Governor's Change from Base								0
Governor's % Change from Base								0

7190 - PERA Defined Contribution Plan

Open Appropriation	4,464	5,978	4,293	6,494	6,688	6,889	6,688	6,889
Expenditures	**4,464**	**5,978**	**4,293**	**6,494**	**6,688**	**6,889**	**6,688**	**6,889**
Biennial Change in Expenditures				346		2,790		2,790
Biennial % Change in Expenditures				3		26		26
Governor's Change from Base								0
Governor's % Change from Base								0

7401 - Retirement System Building

Balance Forward In	5,409							
Expenditures	**1**							
Biennial Change in Expenditures				(1)		0		0
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

(Dollars in Thousands)

	FY21	FY22	FY23	Biennium 2022-23
Open				
Fund: 7100 - Public Employees Retirement				
FY2021 Appropriations	1,695,727	1,695,727	1,695,727	3,391,454
Base Adjustments				
Forecast Open Appropriation Adjustment	30,770	52,624	74,761	127,385
Forecast Base	**1,726,497**	**1,748,351**	**1,770,488**	**3,518,839**
Total Governor's Recommendations	**1,726,497**	**1,748,351**	**1,770,488**	**3,518,839**
Fund: 7110 - Police and Fire				
FY2021 Appropriations	600,923	600,923	600,923	1,201,846
Base Adjustments				
Forecast Open Appropriation Adjustment	(22,452)	(15,217)	(7,891)	(23,108)
Forecast Base	**578,471**	**585,706**	**593,032**	**1,178,738**
Total Governor's Recommendations	**578,471**	**585,706**	**593,032**	**1,178,738**
Fund: 7120 - PERA Correctional Plan				
FY2021 Appropriations	15,191	15,191	15,191	30,382
Base Adjustments				
Forecast Open Appropriation Adjustment	5,757	6,020	6,287	12,307
Forecast Base	**20,948**	**21,211**	**21,478**	**42,689**
Total Governor's Recommendations	**20,948**	**21,211**	**21,478**	**42,689**
Fund: 7130 - Minneapolis Employee Ret Plan				
FY2021 Appropriations	130,000	130,000	130,000	260,000
Base Adjustments				
Forecast Open Appropriation Adjustment	(130,000)	(130,000)	(130,000)	(260,000)
Forecast Base	**0**	**0**	**0**	**0**
Total Governor's Recommendations	**0**	**0**	**0**	**0**
Fund: 7140 - Volunteer Firefighter Ret Plan				
FY2021 Appropriations	7,000	7,000	7,000	14,000
Base Adjustments				
Forecast Open Appropriation Adjustment	(999)	(820)	(637)	(1,457)
Forecast Base	**6,001**	**6,180**	**6,363**	**12,543**
Total Governor's Recommendations	**6,001**	**6,180**	**6,363**	**12,543**
Fund: 7190 - PERA Defined Contribution Plan				
FY2021 Appropriations	6,494	6,494	6,494	12,988
Base Adjustments				
Forecast Open Appropriation Adjustment		194	395	589

(Dollars in Thousands)

	FY21	FY22	FY23	Biennium 2022-23
Forecast Base	**6,494**	**6,688**	**6,889**	**13,577**
Total Governor's Recommendations	**6,494**	**6,688**	**6,889**	**13,577**
Revenue Change Summary				
Non-Dedicated				
Fund: 7100 - Public Employees Retirement				
Forecast Revenues	**2,570,648**	**2,651,034**	**2,749,995**	**5,401,029**
Total Governor's Recommendations	**2,570,648**	**2,651,034**	**2,749,995**	**5,401,029**
Fund: 7110 - Police and Fire				
Forecast Revenues	**913,165**	**947,716**	**989,217**	**1,936,933**
Total Governor's Recommendations	**913,165**	**947,716**	**989,217**	**1,936,933**
Fund: 7120 - PERA Correctional Plan				
Forecast Revenues	**50,881**	**53,121**	**56,047**	**109,168**
Total Governor's Recommendations	**50,881**	**53,121**	**56,047**	**109,168**
Fund: 7140 - Volunteer Firefighter Ret Plan				
Forecast Revenues	**19,000**	**19,000**	**19,000**	**38,000**
Total Governor's Recommendations	**19,000**	**19,000**	**19,000**	**38,000**
Fund: 7190 - PERA Defined Contribution Plan				
Forecast Revenues	**12,000**	**12,000**	**12,000**	**24,000**
Total Governor's Recommendations	**12,000**	**12,000**	**12,000**	**24,000**