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Public Employees Retirement Association

Agency Profile 1

<https://www.mnpera.org/>

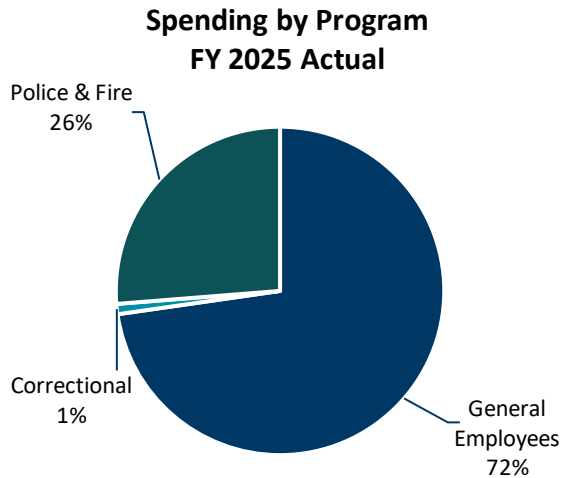
AT A GLANCE

- The Public Employees Retirement Association (PERA) was established in 1931.
- PERA is governed by an 11-member board of trustees.
- In accordance with Minnesota Statute, PERA administers:
 - Three cost-sharing multiple-employer defined benefit retirement plans;
 - One agent multiple-employer defined benefit plan;
 - One defined contribution plan;
 - One agent multiple-Employer defined contribution Plan; and,
 - One agency fund to account for a limited number of local governments' Other Post Employment Benefit (OPEB) contributions.
- During fiscal year 2025, PERA:
 - Collected approximately \$1.7 Billion in member and employer contributions;
 - Earned approximately \$4.7 Billion on its investments;
 - Paid almost \$2.7 Billion in benefit payments;
 - Returned almost \$81 million in lump-sum refund payments to terminated members; and
 - Made defined contribution payments of over \$12.6 million.
- PERA has over 2,800 total participating employers including townships, cities, counties, schools, and other miscellaneous local governments as defined in Minnesota Statute.
- PERA had 191,711 defined benefit fund members, 174,461 inactive members, and 139,863 annuitants receiving benefits at the end of fiscal year 2025.

PURPOSE

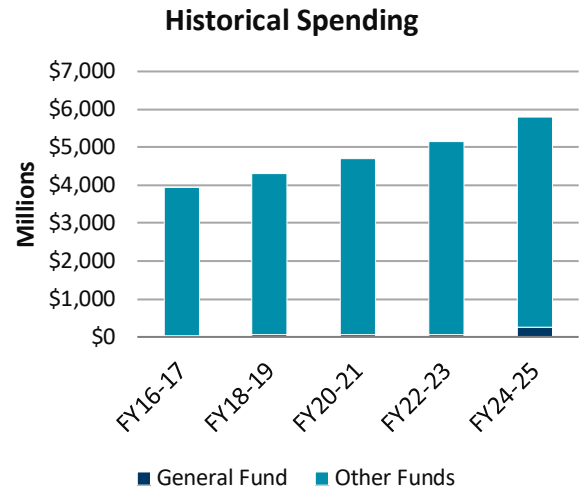
The Public Employee Retirement Association's (PERA) mission is to administer and promote sustainable retirement plans and provide services our member's value. PERA does this by providing secure retirement benefits members can count on at affordable rates for public employers, with member-focused service delivery.

BUDGET



Notes: (1) The Statewide Volunteer Firefighter Plan and the Defined Contribution Plan spending represents less than one percent of the total spending. (2) Spending includes retirement benefits, refunds of contributions, and administrative expenses.

Source: PERA 2025 Comprehensive Annual Financial Report



Notes: (1) Although indiscernible on the bar chart, General Fund appropriations finance some retirement benefits for the General Employees and Police & Fire Employees Plans. (2) Other Funds includes PERA's pension trust funds.

Source: PERA 2025 Comprehensive Annual Financial Report

PERA administers four defined benefit retirement plans:

- 1) General Employees Retirement Plan (General Employees Plan)
- 2) Public Employees Police & Fire Plan (Police & Fire Plan)
- 3) Public Employees Local Government Correctional Service Retirement Plan (Correctional Plan)
- 4) Statewide Volunteer Firefighter Defined Benefit Plan (SVF DBP)

PERA also administers two defined Contribution plans:

- 1) Public Employees Defined Contribution Plan (Public Employees DCP)
- 2) Statewide Volunteer Firefighter Defined Contribution Plan (SVF DCP)

The Legislature created a new plan which will be effective January 1, 2027. The new plan will apply to probation officers and telecommunicators. The members are currently in the General Employees Retirement Plan. The new plan will cover both past service and future service benefits for these members. Assets will be transferred from the General Plan to cover past service benefit costs.

PERA receives annual General Fund appropriations. In fiscal year 2025, PERA received General Fund appropriations totaling \$34 million as listed below:

- Under M.S. 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 and fully merged in fiscal year 2015. MERF employers will be contributing \$21 million to the General Employees Fund each year until September 2031.
- Under M.S. 353.65, PERA received \$9 million of "direct state aid" for the Police and Fire Plan in fiscal year 2025. This aid continues through the earlier of fiscal year 2048 or when the plan reaches a 100% funded ratio for its third consecutive year 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 third fiscal year-end in which both the State Patrol retirement plan and the PERA Police and Fire Plan actuarial value of assets equals or exceeds 100% of actuarially determined liabilities.

PERA’s expenditure consists primarily of retirement benefit payments and refunds of contributions. PERA’s administrative expense for these funds continue to be less than 1/10 of 1% of plan net assets.

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.

RESULTS

Part A: Performance Data

Three measures of a defined benefit plan’s financial health are:

- Funded Ratio** – This ratio is the percent of a retirement fund’s net assets, calculated for actuarial purposes, that is available to pay the present value of benefits that employees already earned. The higher the ratio, the better positioned the retirement plan is to pay future benefits when they become due.
- Contribution Sufficiency/(Deficiency) Rate** – This rate is the difference between the actuary’s computation of required employer and employee contributions rates and the statutory contribution rates, expressed as a percent of payroll. A sufficiency indicates that the plan is on target to reach a 100% funded ratio before its full funding date; conversely, a deficiency means the retirement system is not collecting enough contributions to its full funding target date.
- Unfunded Actuarial Accrued Liability** – This is the difference between the actuarial value of assets and the present value of member’s future benefits.

Type of Measure	Performance Measure – Market Value of Assets	06/30/25	6/30/24
Result	PERA General Plan Funding Ratio	90.78%	89.08%
Quality	PERA General Plan Contribution Sufficiency/(Deficiency)	3.3%	2.8%
Quality	PERA General Plan Unfunded Actuarial Accrued Liability	\$3.3 billion	\$3.7 billion
Result	PERA Police & Fire Plan Funding Ratio	91.78%	90.17%
Quality	PERA Police & Fire Plan Contribution Sufficiency/(Deficiency)	1.4%	-1.6%
Quality	PERA Police & Fire Plan Unfunded Actuarial Accrued Liability	\$1.1 billion	\$1.3 billion
Result	PERA Correctional Plan Funding Ratio	105.18%	97.54%
Quality	PERA Correctional Plan Contribution Sufficiency/(Deficiency)	4.8%	-2.0%
Quality	PERA Correctional Plan Unfunded Actuarial Accrued Liability (Asset)	\$(66) million	\$30 million

Part B: Evidence of Effectiveness

PERA administers defined benefit and defined contribution retirement plans which cannot be evaluated using randomized control trials or quasi-experimental design studies.

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