



Amendment S2884-13A: Benefit Increases for Public Safety and the Teachers Retirement Association

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Introduction

Affected Plan(s):	Minnesota State Retirement System (MSRS) State Patrol Retirement Plan Public Employees Retirement Association (PERA) Police and Fire Plan Teachers Retirement Association (TRA)
Laws Amended:	Statutes in Chapters 126C, 352B, 353, 354, and 356
Attachment(s):	General Fund Appropriations for S2884-13A from Senate Counsel, Research and Fiscal Analysis

General Summary

Amendment S2884-13A includes the following benefit increases, direct state aid, and appropriations:

- All benefit increases enacted in 2025 for MSRS State Patrol, PERA Police & Fire, and TRA must be amortized over a period that ends June 30, 2048
- PERA Police & Fire:
 - Decreases COLA delay by 1 year
 - Increases COLA to 3% just for calendar year 2026; COLA is 1% in 2027 and thereafter
 - Provides direct state aid in the amount of \$17,700,000 annually
- MSRS State Patrol:
 - Increases COLA to 1.25%
 - Provides direct state aid in the amount of \$2,300,000 annually
- TRA:
 - Increases the pension adjustment revenue and employer contributions by 0.31%
 - Lowers the age for the enhanced early retirement reduction from 62 to 60 and lowers the reduction percentage from 6% to 5%
 - Deletes all exceptions to the COLA delay
 - Appropriates money to various agencies to fund the increased employer contributions

Line- by- Line Summary

Lines 1.3 to 1.8 add language to the amortization statute, stating that the unfunded actuarial accrued liability resulting from benefit increases enacted in 2025 for MSRS State Patrol, PERA Police & Fire, and TRA must be amortized over a period that ends June 30, 2048.

Lines 1.17 to 1.22 decrease the COLA delay for PERA Police & Fire by 12 months.

Lines 2.6 to 2.13 increase the COLA for MSRS State Patrol from 1% to 1.25%.

Lines 2.22 to 2.31 provide a one-time COLA increase for PERA Police & Fire, such that beginning January 1, 2026, and ending December 31, 2026, the COLA is 3% for PERA Police & Fire.

Lines 3.5 to 3.9 provide an annual direct state aid to MSRS State Patrol in the amount of \$2,300,000. This aid expires July 1, 2048.

Lines 3.10 to 3.26 provide an additional annual direct state aid to PERA Police & Fire in the amount of \$17,700,000. This aid expires July 1, 2048.

Lines 4.18 to 4.19 increase the pension adjustment revenue for all districts, besides St. Paul, from 2.0% to 2.31%.

Lines 5.14 to 5.19 increase employer contributions to TRA from 9.5% to 9.81% for each coordinated member and from 13.5% to 13.81% for each basic member.

Lines 7.28 to 7.30 lower the age for the enhanced early retirement reduction from 62 to 60 and lower the reduction percentage from 6% to 5% (which is further reduced by the 2.5% or 3% augmentation per current law). This change means that if a member has reached age 60 (instead of 62) with 30 years of service, the member's retirement benefit is reduced by approximately 2-2.5% (or as stated in the amendment, 5% less augmentation).

Line 8.3 lowers the age for the early retirement reduction from 62 to 60. This change means that the current reductions of 7% and 4% that apply to specific age ranges now apply to members who retire before age 60 (instead of 62) or have fewer than 30 years of service.

Lines 9.3 to 9.12 delete obsolete paragraphs that provided the COLAs for TRA for 2019 through 2023.

Lines 10.31 to 10.34 deleted the paragraph that exempted certain members of TRA who retired prior to the normal retirement age early from the COLA delay.

Lines 11.4 to 11.26 appropriates money from the general fund to various state agencies to fund the increased employer contributions. Eric Nauman and Andrew Ericson, from Senate Counsel, Research and Fiscal Analysis, provided the attached document which gives the dollar amounts used in lines 11.4 to 11.26.