

Probation Officers and 911 Telecommunicators Pension Plans Work Group

Summary of the Report

Establishment and Purpose

The 2025 Omnibus Pension and Retirement Bill established the Probation Officers and 911 Telecommunicators Pension Plans Work Group.

- The Work Group was to recommend legislation that would create new pension plans for probation officers and 911 telecommunicators.
- The Work Group was to consider multiple topics and determine the features of each pension plan.
- Any legislation recommended by the Work Group must require the Minnesota State Retirement System (MSRS) and the Public Employees Retirement Association (PERA) to have the new plan or component plan operational by January 1, 2027.

Work Group Members

- The Work Group consisted of:
 - the executive directors and designated staff from MSRS and PERA;
 - individuals designated by the Commissioner of Corrections and the Commissioner of Public Safety; and
 - the representatives of various unions, county and city associations, and other organizations that represent employees and employers in probation or telecommunication fields.
- The Work Group elected co-chairs Anne Finn and Scott Vadnais at the first meeting.

Work Group Considerations

CONSIDERATION

1. Any other public safety adjacent positions that should be included in the new pension plans
 - Forensic scientist professionals, law enforcement administrative professionals, evidence technicians, and transit control center supervisors requested to be included in the new pension plans.

DETERMINATION

1. Transit control center supervisors should be included in the new plans
 - These are telecommunicators and employees of Metropolitan Council and would be in the new MSRS subplan.

Work Group Considerations

CONSIDERATION

2. Financial impact resulting from the cessation of benefit accruals and contributions for members that transfer to the new pension plans
 - PERA raised the concern that the PERA General Plan will be \$33 million worse off if a new plan is created and the group of eligible employees leaves the PERA General Plan to participate in the new PERA plan.
 - MSRS did not have this concern because the MSRS General Plan is nearly 100% funded.

DETERMINATION

2. Transfer the assets and liabilities in the PERA General Plan that are attributable to the probation officers and public safety telecommunicators who become members of the new PERA plan to the new PERA plan
 - Because the PERA General is not fully funded, the assets transferred will be less than liabilities for this group of members, resulting in the new PERA plan having unfunded liability from day 1.

Work Group Considerations

CONSIDERATION

3. Balance of employee and employer contributions

DETERMINATION

3. City and county employees agreed to a 2.32% of pay employee contribution increase.

City and county employers agreed to keep employer contributions at 7.5% of pay.

State employees agreed to a 2.71% of pay employee contribution increase. (This percentage was higher before the Work Group received an updated cost estimate from MSRS.)

The DOC and the DPS did not support the proposed 2% of pay employer contribution increase unless there was an appropriation to fund the costs.

Metro Transit supported a 2% of pay employer contribution increase.

Work Group Considerations

CONSIDERATION

4. Option for members to purchase credit for past service, including the method for purchasing credit for past service

DETERMINATION

4. One-time opportunity to purchase credit for past service in any amount elected by the member
 - The bill has a blank appropriation to help offset the cost of purchasing credit for past service.

Work Group Considerations

CONSIDERATION

4. Mixed service vs. combined service for when a person is eligible to receive annuities from multiple pension plans

DETERMINATION

4. Allow for the use of the mixed service approach, but can still choose to use the combined service annuity or coverage by more than one plan provisions
 - It is likely that the mixed service approach will provide for a higher benefit.

Recommended Plan Features

for the PERA Local Government Probation and Telecommunicator Retirement Plan

- **Eligibility:** Individuals whom the employers certify perform certain probation or public safety job duties, except a person who first became a public employee or a member of a pension fund before July 1, 1989, is not eligible to participate as a member of the new plan.
- **Vesting:** 3 years
- **Normal Retirement Age:** 60
- **Early Retirement Age:** 55
- **Benefit Formula Multiplier:** 1.9%
- **COLA:** 100% of Social Security COLA, with a 1% minimum and 1.75% maximum
- **Employer Contribution Rate:** 7.5%
- **Employee Contribution Rate:** 8.82%

Note: Disability pension benefits, surviving spouse and child benefits, and refunds will be treated the same as the PERA General Plan.

Recommended Plan Features

for the MSRS Probation and Telecommunicator Retirement Subplan

- **Eligibility:** Individuals in certain job classifications or whom the employers certify perform certain probation or dispatch job duties, except employees who are age 60 or older with three years of service in the MSRS General Plan when the new subplan commences will remain in the MSRS General Plan.
- **Vesting:** 3 years
- **Normal Retirement Age:** 60
- **Early Retirement Age:** 55
- **Benefit Formula Multiplier:** 1.9%
- **COLA:** 1.75%
- **Employer Contribution Rate:** 8.25%
- **Employee Contribution Rate:** 8.71%

Note: Disability pension benefits, surviving spouse and child benefits and refunds will be treated the same as the MSRS General Plan.

Estimated Costs

PERA PLAN: NO COST TO EMPLOYERS

MSRS SUBPLAN: COST TO STATE EMPLOYERS
FOR 2% EMPLOYER CONTRIBUTION INCREASE

- Total cost is **\$707,540**
 - Probation (DOC): \$505,680
 - Telecommunicators (DPS): \$146,500
 - Dispatch (Met. Council): \$55,360

FOR BOTH PLANS: COST TO OFFSET
PURCHASE OF CREDIT FOR PAST SERVICE

- No specific amount was discussed by the Work Group.
- Amount would be put into an account and each member that decided to purchase credit for past service would get \$___ to offset the cost until the account was depleted.
- Separate accounts for members of new MSRS subplan and members of new PERA plan.

	PERA General	PERA Police & Fire	PERA Correctional	PERA Probation & Telecommunicator	MSRS General	MSRS State Patrol	MSRS Correctional	MSRS Probation & Telecommunicator
Vesting Period	3 years	Vested 50% after 5 years, increasing 10% each year thereafter	Vested 50% after 5 years, increasing 10% each year thereafter	3 years	3 years	10 years	Vested 50% after 5 years, increasing 10% each year thereafter	3 years
Multiplier	1.7%	3%	2.2%	1.9%	1.9%	3%	2.2%	1.9%
Normal Retirement Age	66	55	55	60	66	55	55	60
Early Retirement Age	55	50	50	55	55	50	50	55
COLA	100% CPI 1% min. 1.75% max	1%	100% CPI 1% min. 2.5% max	100% CPI 1% min. 1.75% max	1.75%	1.25%	1.5%	1.75%
Employer Contribution Rate	7.5%	17.7%	10.25%	7.5%	6.25%	30.1%	18.85%	8.25%
Employee Contribution Rate	6.5%	11.8%	6.83%	8.82%	6%	15.4%	9.6%	8.71%