Dear members of the Legislative Commission on Pensions and Retirement,

The proposed bill causes a significant disparity between younger and older members. The current law pays each member the same value at age 50.

Using the calculations in the proposed bill:

Age 31	5 years of service	**$13,800** per year of service.
Age 71	48 years of service	**$4,580** per year of service.

Proposed Bill – *Not fully supported by PERA*
Table 1

Age	Service years	Payment today	Value at age 50 *6% growth*	**Value per service year at age 50**
31	**5**	$25,570	$77,343	**$13,800**
40	10	$45,797	$82,014	**$8,200**
50	20	$91,580	$91,580	**$4,580**
71	**48**	$220,972	$220,972	**$4,580**

(Actual numbers vary due to rounding of age and years of service)

Current Law – Managed and fully supported by PERA.
Table 2

Age	Service years	Payment today	Value at age 50 *6% growth*	**Value per service year at age 50**
31	5	$10,169	$29,862	**$5,500**
40	10	$30,772	$55,102	**$5,510**
50	20	$110,800	$110,800	**$5,540**
71	48	$266,895	$266,895	**$5,510**

(Actual numbers vary due to rounding of age and years of service)

Values converge across all ages when projected to age 50.

Five fire departments have dissolved under the current statute since 2019, without issue.

Proposed Bill / Table 1

Table 1 highlights a significant flaw in the distribution of surplus under the proposed bill. Instead of distributing the surplus proportionally, the bill allocates surplus to 'pay up' younger members first—specifically, everyone under age 50. The formula results in younger members, who are farther from age 50, receiving a disproportionately larger share of the surplus. For example, a 31-year-old member receives much more of the surplus than a 40-year-old—not based on years of service, but solely because of their younger age.

When projected to age 50, the distortion is clear: a 31-year-old exceeds $13,800 per year of service, a 40-year-old exceeds $8,200 per year of service, and a 50-year-old receives only $4,500 per year of service. This is a retirement plan designed for age 50, not an employee bonus program defined for today. The value of time and age 50 must be considered.

The result is simple: the younger the member, the larger the gain from the surplus. The 11 most senior members pay the price of over $220,000, as shown in the Distribution Table on page 3.

Table 2 and Distribution Chart

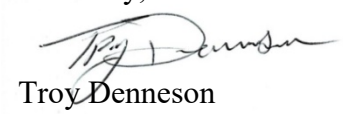
Table 2 demonstrates how the current law distributes surplus. Each member receives the same per-year-of-service benefit, calculated to age 50. The present value calculation ensures that surplus is allocated fairly and equitably to each member. When projected forward, these values converge at $5,500 per year of service, regardless of the member's age today. This distribution is deliberate as surplus is distributed based on service and time to age 50. Current law allows participants to roll funds into a qualified IRA.

> **The Distribution Chart highlights the real impact of the proposed bill:**
>
> Over $220,000 moves from 11 senior members to younger members. Some younger members gain over $34,000; the five senior members lose an average of $36,000 each.

Under the current law, Table 2 shows that the surplus is shared so that all members reach a similar outcome by age 50. Once that principle is abandoned, as in the proposed bill, the surplus is no longer evenly distributed—value is shifted primarily to younger members rather than apportioned equitably to all members.

I urge you to uphold the principle of fair distribution by rejecting the proposed bill and supporting the current law. The data is clear—protect a system that is supported by PERA, ensures equity for all members and withstands legal scrutiny.

Sincerely,



Troy Denneson
Maple Plain Fire Relief Trustee

Distribution Chart*

Member Age	Yrs / Months of Service	Current Law	Proposed Change	Gain / Loss
71	48.25	$ 266,895	$ 220,972	**$ (45,923)**
65	28.92	$ 160,353	$ 132,430	**$ (27,923)**
59	39.33	$ 217,757	$ 180,136	**$ (37,621)**
56	37.67	$ 208,573	$ 172,503	**$ (36,070)**
56	37.50	$ 207,654	$ 171,740	**$ (35,915)**
53	26.33	$ 92,120	$ 78,466	**$ (13,654)**
49	16.00	$ 71,575	$ 63,676	**$ (7,899)**
49	12.42	$ 57,797	$ 51,277	**$ (6,519)**
48	22.58	$ 110,762	$ 103,425	**$ (7,336)**
48	13.00	$ 37,069	$ 36,136	**$ (933)**
47	23.67	$ 109,505	$ 108,387	**$ (1,118)**
45	6.33	$ 26,081	$ 29,005	**$ 2,924**
43	16.08	$ 58,945	$ 73,657	**$ 14,712**
43	6.50	$ 23,822	$ 29,768	**$ 5,946**
41	17.75	$ 57,897	$ 81,290	**$ 23,393**
41	2.67	$ 8,698	$ 12,213	**$ 3,514**
40	13.75	$ 42,311	$ 62,971	**$ 20,660**
40	10.00	$ 30,772	$ 45,797	**$ 15,025**
36	16.00	$ 38,999	$ 73,276	**$ 34,277**
35	12.17	$ 27,977	$ 55,720	**$ 27,743**
33	5.58	$ 11,426	$ 25,570	**$ 14,144**
32	4.58	$ 8,849	$ 20,990	**$ 12,141**
31	11.25	$ 20,491	$ 51,522	**$ 31,031**
31	5.58	$ 10,169	$ 25,570	**$ 15,401**
	433.92	$1,906,497	$ 1,906,497	**$ -220,912**

**Actual numbers vary due to rounding of age and years of service*

Distribution with current law using present value

Name	Age	Years of Service	PV + Surplus	Age50 Value	Value per Year
	71	48.25	$ 265,895.03	$ 265,895.03	$ 5,510.78
	65	28.92	$ 159,353.33	$ 159,353.33	$ 5,510.14
	59	39.33	$ 216,757.26	$ 216,757.26	$ 5,511.24
	56	37.67	$ 207,572.63	$ 207,572.63	$ 5,510.29
	56	37.5	$ 206,654.17	$ 206,654.17	$ 5,510.78
	53	26.33	$ 91,120.05	$ 91,120.05	$ 3,460.69
	49	16	$ 71,574.83	$ 75,869.32	$ 4,741.83
	49	12.42	$ 57,796.87	$ 61,264.68	$ 4,932.74
	48	22.58	$ 110,761.58	$ 124,451.71	$ 5,511.59
	48	13	$ 37,069.44	$ 41,651.22	$ 3,203.94
	47	23.67	$ 109,504.61	$ 130,421.74	$ 5,510.00
	45	6.33	$ 26,080.50	$ 34,901.59	$ 5,513.68
	43	16.08	$ 58,945.12	$ 88,631.67	$ 5,511.92
	43	6.5	$ 23,822.39	$ 35,820.07	$ 5,510.78
	41	17.75	$ 57,897.32	$ 97,816.30	$ 5,510.78
	41	2.67	$ 8,698.19	$ 14,695.41	$ 5,503.90
	40	13.75	$ 42,311.35	$ 75,773.18	$ 5,510.78
	40	10	$ 30,771.90	$ 55,107.79	$ 5,510.78
	36	16	$ 38,998.76	$ 88,172.45	$ 5,510.78
	35	12.17	$ 27,976.71	$ 67,047.81	$ 5,509.27
	33	5.58	$ 11,426.33	$ 30,768.51	$ 5,514.07
	32	4.58	$ 8,848.89	$ 25,257.73	$ 5,514.79
	31	11.25	$ 20,490.57	$ 61,996.26	$ 5,510.78
	31	5.58	$ 10,169.40	$ 30,768.53	$ 5,514.07

The area highlighted in red shows the value per year of service for each member using the current law.

Each member receives an equitable share at age 50.

Distribution with proposed bill not using present value calculations

Name	Age	Years of Service	Proposed Total	Age50 Value (Proposed)	Value per Year @50
	71	48.25	$ 220,971.63	$ 220,971.63	$ 4,578.46
	65	28.92	$ 132,430.32	$ 132,430.32	$ 4,579.64
	59	39.33	$ 180,135.76	$ 180,135.76	$ 4,580.47
	56	37.67	$ 172,502.90	$ 172,502.90	$ 4,580.14
	56	37.5	$ 171,739.61	$ 171,739.61	$ 4,579.72
	53	26.33	$ 78,466.03	$ 78,466.03	$ 2,980.03
	49	16	$ 63,675.57	$ 67,496.10	$ 4,218.51
	49	12.42	$ 51,277.41	$ 54,354.05	$ 4,376.33
	48	22.58	$ 103,425.39	$ 116,214.55	$ 5,147.67
	48	13	$ 36,136.40	$ 40,608.63	$ 3,123.74
	47	23.67	$ 108,386.79	$ 129,087.47	$ 5,453.49
	45	6.33	$ 29,004.90	$ 38,816.65	$ 6,133.57
	43	16.08	$ 73,657.19	$ 110,751.61	$ 6,887.53
	43	6.5	$ 29,768.20	$ 44,761.66	$ 6,886.41
	41	17.75	$ 81,290.08	$ 137,260.47	$ 7,735.53
	41	2.67	$ 12,212.61	$ 20,619.60	$ 7,724.56
	40	13.75	$ 62,971.19	$ 112,739.41	$ 8,199.23
	40	10	$ 45,797.23	$ 81,995.24	$ 8,199.52
	36	16	$ 73,275.57	$ 165,617.77	$ 10,351.11
	35	12.17	$ 55,719.98	$ 133,551.20	$ 10,970.11
	33	5.58	$ 25,570.10	$ 68,851.41	$ 12,340.03
	32	4.58	$ 20,990.38	$ 59,861.16	$ 13,072.31
	31	11.25	$ 51,521.88	$ 155,239.93	$ 13,710.22
	31	5.58	$ 25,570.10	$ 77,019.89	$ 13,802.85

This column shows the distribution when not adjusted for present value.

The values are not equitable at age 50.