



Date: April 20, 2026
To: Chair Frentz and Members of the Legislative Commission on Pensions and Retirement
Cc: Susan Lenczewski, LCPR Executive Director
From: Doug Anderson, Executive Director
Amy Strenge, Policy Coordinator
Subject: SF1122(Frentz) / HF139(O'Driscoll) PERA Police & Fire Postretirement Increases

Chair Frentz and Commission Members,

The purpose of this letter is to inform you of the PERA Board of Trustees conditional support for SF1122/HF139. The Board's support is dependent upon full funding of the increases described in the bill.

The bill contains two initiatives that would improve postretirement increases (cost-of-living adjustments) for Police & Fire Plan retirees. The first initiative eliminates a one-year waiting period for commencement of postretirement increases. The second initiative modifies the current fixed 1.0% cost-of-living adjustment to an approach more directly tied to inflation. The bill would provide an annual increase equal to 50% of inflation, with a minimum of 1.0% and a maximum of 1.5%. The two changes combined would more closely align Police & Fire Plan member increases with General Plan member increases.

Combined the two initiatives have an annual cost starting at \$42 million. Full funding of these benefits means continuation of the annual funding until 2048. Alternatively, if paid over a 15-year period the cost would initially be \$50 million per year. Full funding also requires these amounts to increase at the rate of 3% per year during the payment period.

PERA's Board has identified better inflation protection for retirees as a priority for both the Police & Fire Plan. However, the Plan is not in position at this time to absorb increased costs. These increases, if fully funded, would be a meaningful step towards better inflation protection for retirees without having an adverse impact on the plans.