



# Public Employees Pension Service Association



Public Employees Pension Service Association, 1711 West County Rd B #207 South, Roseville, MN 55113

Email [info@pepsa.org](mailto:info@pepsa.org) or [luci@capitolconnections.com](mailto:luci@capitolconnections.com)

Telephone (651) 224-8146

Website [www.PEPSA.org](http://www.PEPSA.org)

## SPRING 2018

### **GREETINGS TO OUR PEPSA MEMBERS!**

*From Don Nikkola, President*

**Thank you to all PEPSA members who have renewed their membership. If you have not renewed, please do so asap!**

**Your membership dues are crucial for the viability of our organization and ensures we have a presence at the State Legislature. I can't emphasize enough what PEPSA does to PROTECT our PERA PENSIONS!**

#### **2018 Election- What's at stake?**

- Federal election: both Senate seats, and all eight congressional districts.
- State election; Governor, Attorney General, Auditor, and Treasurer. All 134 seats in the House.

As I have said before it's crucial whom we elect at the federal level. But it's even more important who we elect at the local level because it has a larger impact on our lives! With that in mind, we need a Governor and House/Senate members, who support public pensions and who are friends of both PERA and PEPSA.

#### **PEPSA's role-**

Luci Botzek is PEPSA's lobbyist. She keeps our members alerted to what's happening regarding issues pertaining to PERA. She brings lobbying experience and has built strong relationships with PERA's Executive office. In addition, she knows who our friends are at the Minnesota House and Senate.

#### **Members role-**

As PEPSA members we need to lobby on our own behalf. Let legislators know you are a PEPSA member and thus have a presence at the legislature. Take the opportunity to quiz the candidates as to where they stand? Do they support PERA; and if so, they can then count on your vote.

To conclude I want to thank the PEPSA's Board for their steadfast efforts on behalf of all our members. I personally want to thank Executive Director/Lobbyist, Luci Botzek, Treasurer, Gloria Watro, and Vice President, RaNae Whitbeck. They have been so helpful to me while I've been recovering and on the mend from some health challenges. As of now, all is good with me.

Respectfully,

Don Nikkola, President



#### **2018 PEPSA SCHOLARSHIP**

\$1000 IN SCHOLARSHIPS AVAILABLE

SCHOLARSHIP DEADLINE APRIL 30, 2018

To request an application, please give PEPSA administrative office a call at (651) 224-8146 or go to PEPSA website <http://www.pepsa.org> and click on [apply for scholarship](#).

Applicant must be a current PEPSA member in good standing or a spouse/child/grandchild/step

child of a PEPSA member in good standing. Applicant must be planning to attend, or already enrolled in an undergraduate program at an accredited educational institution, a private or public college, university, community or technical college

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## **FROM THE DESK OF LUCI BOTZEK**

### **Dear PEPSA Members**

You are receiving a reminder about your dues for 2018 in this newsletter. I know your contribution may seem insignificant, but it is critical to the mission of PEPSA.

If you have already made your dues payment for 2018 – THANK YOU.

We operate on a very lean budget but our mission – which is ONLY to focus on the PERA General pensions and do everything we can to assure their future integrity, would benefit from your support.

There has not been a pension bill for two years – PERA is working hard to secure passage of legislation in the 2018 session that would be consistent with our mission.

You are all aware of the unsettled political world in which we find ourselves and the future is difficult to predict.

Please help PEPSA stay strong so we can be at the table in all conversations that directly impact your pension.

Remember, your pension in its current form is not a guarantee forever. The legislature could make changes and we are staying vigilant to make sure that does not result in an adverse impact on members.

Thank you and feel free to include your 2017 and 2018 dues as well if you have not already submitted them.

Respectfully,

Luci Botzek, JD

Executive Director/Lobbyist



## **MESSAGE FROM PERA**

PERA ended the fiscal year 2017 with a 15.1 percent investment return, above the current assumed 8 percent. Not only did investments exceed the funds' expectations, it was one of the highest returns reported by public pension funds across the country.

While this is great news for the funded status of PERA's plans, the Board continues to support lowering the investment return assumption—the largest driver of plan funding ratios—to 7.5 percent. Lowering the investment return assumption is a more conservative approach and better reflects the actual returns the State Board of Investment (SBI) expects based upon the asset allocation. The national median for public pension funds is also 7.5 percent. Being more realistic with long-term investment expectations is better for members, employers, and taxpayers.

With the 15.1 percent investment return, the General Plan increased from 72 percent funded in 2016 to 76 percent in 2017. While this is positive progress for the fund and good news for plan participants, there is still a need for legislative changes. The present design of the cost-of-living adjustment (COLA) prevents more significant funding progress from this investment return. Under the current structure, the higher than expected investment gains move the date when the Plan expects to pay the 2.5 percent COLA up by 8 years from 2053 to 2045. This in turn increases the liabilities of the Plan and creates a cyclical effect. The Boards' 2018 legislative proposal addresses this issue.

PERA is proposing to eliminate the current COLA trigger structure and replace it with one tied more closely to inflation. Under the proposal, the annual increase would equal 50 percent of inflation with a floor of 1 percent and a cap of 1.5 percent to ensure the adjustment is not below 1 percent, but not higher than 1.5 percent. PERA's legislative proposal also includes:

- Extending the amortization period to 2047
- Eliminating the 1 percent post-retirement increase prior to the full retirement age

- Eliminating augmentation in the early retirement factors
- Eliminating augmentation for deferred members
- Reducing the interest rate on refunded contributions from 4 to 3 percent

The 2018 proposal is a combination of changes that improves the financial position of the

General Plan and is simply good pension policy. The changes result in a more equitable COLA structure that provides certainty for retirees. The changes also eliminate subsidies that only some members receive that retire early. Collectively, the package puts the Plan on a path to be fully funded within 25 years. The proposal does not require additional funding from members, employers, or the State, and is supported by member and employer stakeholder groups.

### **PEPSA Members...Help Us Help You!**

The cost of a paper newsletter and other various mailings is a huge cost to the PEPSA budget. Help us help you protect your pension by sharing your e-mail address with us. This will allow us to send you the newsletter electronically, keep you advised of your membership status, advise you with an alert if there are significant threats to pensions at the capitol requiring you to contact your local legislators quickly before a vote, and reduce the cost of notifying you of the annual meeting and other activities. More and more, our daily lives depend on electronic communication and PEPSA must keep pace. Help our volunteer board keep your membership costs low as we work to protect your PERA pension.

**PLEASE NOTIFY PEPSA IF YOU HAVE A NAME OR ADDRESS CHANGE**

Send us your e-mail address to [info@pepsa.org](mailto:info@pepsa.org) or [luci@capitolconnections.com](mailto:luci@capitolconnections.com)

### **PEPSA BOARD OF DIRECTORS**

#### **President**

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#### **Vice President**

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#### **Treasurer**

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#### **Region 13**

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#### **Region 14**

Chris Jahnke (763)682-7862  
Email: [region14@pepsa.org](mailto:region14@pepsa.org)

#### **Region 9 & 12 - Vacant**

Contact PEPSA office if interested in serving as a board member in these regions





**Please make it a point to give us your email address!**

Ctrl+CLICK to follow link Email: [info@pepsa.org](mailto:info@pepsa.org) or [luci@capitolconnections.com](mailto:luci@capitolconnections.com)  
or call **PEPSA at 651-224-8146**

**PLEASE NOTIFY PEPSA IF YOU HAVE A NAME OR ADDRESS CHANGE**

### Moving?

### Change of Address Form



Name \_\_\_\_\_

New Address \_\_\_\_\_

City \_\_\_\_\_

State Zip \_\_\_\_\_

Email \_\_\_\_\_

County of Employment \_\_\_\_\_

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Please fill out and send or email to the PEPSA Administrative office at:

**Public Employees Pension Service Assoc.  
1711 West County Rd B #207 South  
Roseville, MN 55113**

Ctrl+CLICK to follow link Email:  
[info@pepsa.org](mailto:info@pepsa.org) or call PEPSA at 651-224-8146



Please use this form for you PAC Contribution, or to spread the word about the importance of PEPSA to a co-worker (please encourage them to join – safety in numbers!)

#### Membership Form

Name \_\_\_\_\_

New Address \_\_\_\_\_

City \_\_\_\_\_

State Zip \_\_\_\_\_

Email \_\_\_\_\_

County of Employment \_\_\_\_\_

#### Annual Dues

*Contributions or gifts to PEPSA are not tax deductible as charitable membership dues, the portion allocable to lobbying, is 75%*

Active Employee \$25.00 per year

PERA Retiree \$20.00 per year

Lifetime Membership(retired) \$150.00

PAC Contribution \_\_\_\_\_

This is not an invoice

2/2018

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