



# Public Employees Pension Service Association



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

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

**FALL 2019**

## **PRESIDENTS COLUMN BY RANAE WHITBECK**

I would like to take this opportunity to thank all our PEPSA members for your continued support. The dues you pay are vital to our mission of not only protecting and improving PERA pensions, but to act as a watchdog for dollars invested in PERA.

PEPSA has an active political fund; and we are non-partisan. We support the legislators who advocate for our public pensions. Our agenda includes continued improvements to the pension plan; protecting our plan from those groups who would seek to borrow from it; keeping our members informed of potential changes and advocating with elected officials as to the needs of our members. We also offer scholarships to PEPSA members and their families.

We continue to look for new members and would support any assistance you could give us. It is important that we grow our membership with both retirees and those still employed. Secondly it is vital that we keep our current members.

We have an extremely dedicated volunteer Board and an excellent administrative staff. If you have questions, concerns or need further information please contact one of us. We welcome hearing from you.

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## **EXECUTIVE DIRECTOR/LOBBYIST MESSAGE TO MEMBERS**

Greetings PEPSA Members – this is the time of year retirement and heading south for a while has some appeal for many!!!! Welcome to our many new members, most recently retired. We are happy to have you with us and on behalf of the Board of Directors, I want to wish you all the best that retirement has to offer. If you have other retired friends who would like to keep up on pension developments encourage them to join you as a member of PEPSA.

You will see in the newsletter the latest update for the PERA Executive Director.

I was at the PERA Trustees meeting last week and they are working diligently to maintain the integrity of the PERA pensions for all present and future recipients. Under Doug Andersons leadership they are addressing tough issues while there is time to develop alternative solutions to assure the best result for all.

It appears at this time that there will not be any major legislative initiatives during the 2020 session but there is still time for proposals to be developed and pursued. Until the legislature adjourns each year there is always time to pass legislation so I will continue to monitor activity at the Capitol on your behalf.

A dues invoice is included with this newsletter for those of you owing for 2020. Your support is

critical to our mission and each dollar is appreciated and treated with respect. Thank you for your continued support.

Sincerely,



*Luci R. Botzek, JD*  
*PEPSA Executive Director/Lobbyist*

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## **PEPSA Board would like to introduce new Region 2 Director Brad Johnson**



Brad Johnson is the Purchasing Manager for the Metropolitan Airports Commission and is responsible for the solicitation, acquisition and disposal services at MAC. He manages the staff of Purchasing and is

responsible for procuring services, equipment and minor repairs. Brad has thirty-two years of experience in state, county and local government and nineteen years in procurement. He holds the Certified Purchasing Manager (C.P.M.) certification from the Institute for Supply Management and the Certified Professional Public Buyer (CPPB) certification from the Universal Public Purchasing Certification Council. He holds a master's degree in Public Administration (MPA) from Minnesota State University, Mankato.



## **PERA UPDATE – Executive Director Doug Anderson**

### **2020 Retiree Postretirement Increases**

Monthly benefit payments to retired members of the PERA General Employees Retirement Plan will increase by 1% in January. Police & Fire Plan retiree benefit payments will also increase by 1% while Correctional Plan retirees will receive a 1.6% increase. Annual retiree postretirement increases, often referred to as Cost of Living Adjustments (COLAs) for PERA's

General and Correctional members are tied to the same Consumer Price Index used by the Social Security Administration (SSA) to determine the annual Social Security benefit increase. The SSA recently announced that the January 2020 Social Security benefit increase will be 1.6%. PERA General retirees receive 50% of the Social Security increase, but not less than 1.0% or greater than 1.5%. Since 50% of the Social Security increase is 0.8%, the 1.0% minimum will apply in 2020. PERA Correctional retirees receive 100% of the Social Security increase, but not less than 1.0% or greater than 2.5%. Correctional retirees will receive the full Social Security adjustment of 1.6% since neither the 1% minimum, nor the 2.5% maximum apply. The annual increase for PERA Police & Fire retirees will be 1% because their increase is a fixed rate not currently tied to an inflation index.

PERA moved to tie annual increases to a Consumer Price Index as part of the 2018 legislative package. The goal is to more closely connect increases to actual inflation during both lower and higher inflationary periods. This can help ensure more equitability from one generation to another. Past attempts to tie increases to investment returns or fixed rates have resulted in measurable intergenerational inequities. The use of minimums, maximums, and varying percentages were all a result of what each plan was considered able to afford.

A common question from many members is, "Why do annual increases differ for retirees in other plans?" In addition to different rates between PERA's plans, plans administered by both MSRS and TRA also have different COLA structures in place (both systems use the fixed rate approach). The answer lies in the fact that each pension plan has unique plan provisions, including different contribution rates, benefit amounts, and retirement eligibility dates. Each plan also has a long history of different changes occurring at different periods of time. Finally, a plan can cover a unique mix of individuals with differing expectations of future retirement and life expectancies. All these changes result in plans in varying states of funding status. For example, the PERA General Plan is only 80% funded while the Correctional Plan is close to 100% funded.

Providing annual cost-of-living adjustments to retirees is relatively costly, particularly for public safety plans. As a result, trying to achieve uniform increases for members of all plans is extremely challenging. Even a small adjustment to an annual COLA would either significantly increase contribution requirements or decrease the funding status. The 2018 Omnibus Retirement Bill did include a provision for a COLA study in late 2020 for consideration by the 2021 Legislature. One of the motivators for that study is to explore feasibility of uniform

provisions between retirees of different plans. Whether this may change the COLA structure for any of the PERA plans, is uncertain. Given that the General Plan is still only about 80% funded, and the Police & Fire Plan is 90% funded, significant increases from the current structure for those plans is unlikely. However, the both plans are heading on a positive path towards full funding. Once long-term plan sustainability is ensured, perhaps there will be an opportunity to reconsider the annual cost-of-living-adjustment metrics.

### **PEPSA BOARD OF DIRECTORS**

#### **President**

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#### **Region 14**

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**If you live in one of these counties and have interest in serving on PEPBA Board of Directors call Luci at 651-224-8146 or email [info@pepsa.org](mailto:info@pepsa.org) or [luci@capitolconnections.com](mailto:luci@capitolconnections.com)**

**\*Region 9: Clearwater, Kittson, Lake of the Woods, Marshall, Pennington, Red Lake, Roseau**

**\*Region 11: Big Stone, Chippewa, Grant, Kandiyohi, Lac Que Parle, Renville, Stevens, Swift, Traverse, Yellow Medicine**

**\*Region 12: Cottonwood, Jackson, Lincoln, Lyon, Murray, Nobles, Pipestone, Redwood, Rock**

### **2020 PEPBA SCHOLARSHIP**

\$1000 IN SCHOLARSHIPS AVAILABLE SCHOLARSHIP DEADLINE APRIL 30, 2020

To request an application, please give PEPBA administrative office a call at (651) 224-8146 or go to PEPBA website <http://www.pepsa.org> and click on [apply for scholarship](#). - Applications available after January 1, 2020  
Applicant must be a current PEPBA member in good standing or a spouse/child/grandchild/step

## 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, EMAIL 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)**

### Moving?



### Change of Address Form

Name \_\_\_\_\_

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

City \_\_\_\_\_

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

Email \_\_\_\_\_

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

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!)

### New Membership Form and/or PAC 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

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

**This is not an invoice**

