

## **Resolution #2026-6**

### **COMPENSATION FOR RETIREMENT**

#### **BACKGROUND**

The public employee retirement system has experienced periods, in the past, from not being actuarially sound. The Legislature has continued to discuss reducing the amortization of MPERA system at substantial cost to local governments and ending the defined benefit plan. In 2023, the Legislature ended the defined benefit plan for the smaller public pension systems. During the 2023-2024 interim, the State Administration and Veteran's Affairs (SAVA) interim committee advanced a committee bill to extend the previously expired 0.1% annual employer contribution increase. This interim committee bill became SB 56 and was passed during the session that provided a 0.1% annual employer contribution increase through 2035. However, HB 924 also included a 0.1% annual employer contribution increase and notably extended it through 2047. HB 924 also included a coordination instruction that voided SB 56 upon its passage.

Some public employee bargaining groups continue to advocate for including factors such as overtime, insurance premium payments, and other special benefits as part of the "total compensation" used in determining retirement benefits upon retirement. MPERA has recently required local governments to reimburse the retirement system for millions of dollars in estimated retirement contributions upon separation of services from the local government entity. Any of these types of policy changes increase the cost to the public employer for paying the employer portion of retirement withholding.

The League supports ensuring the actuarial soundness and fair and equitable modernization of the public employee retirement systems.

#### **ACTION**

1. Support proposals to maintain the 0.1% annual employer contribution increase through 2047
2. Support proposals that provide additional funding to support employer contributions to retirement benefits.

#### **MLCT will oppose bills that:**

1. Oppose legislation that, other than set forth above, increases the local government contribution to any public employee retirement system, including but not limited to redirecting entitlement share, increasing local government employer contributions, requiring payment of estimated contributions upon local government restructuring, or adding employee benefits and overtime as part of the compensation for purposes of determining retirement benefits.