



CITY OF DULUTH
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LISA POTSWALD
Chief Administrative Officer

October 20, 2008

The City of Duluth has discovered an error in the payroll calculation for PERA contributions that has occurred over a period of recent years. During this time, salaries of City of Duluth employees were over-reported to PERA.

This error does not affect social security benefits – however, it does affect all PERA-eligible members' retirement benefits. The City is working with PERA to correct the problem. By law, both public employers and PERA are obligated to correct all errors and inaccuracies that are discovered.

The City of Duluth's Finance Department is working in conjunction with PERA's Finance Division to collect and update individual member data. While data collection and analysis takes place, the City has an obligation to inform its employees of the impact this could have on previously reported pension retirement benefits.

PERA will issue a refund to the City of all invalid employee deductions. The City will then pay the amounts of overpayment back to each employee as income and withhold the appropriate income taxes. We hope to complete this process by the end of the year.

Please be advised that the City of Duluth has implemented controls to prevent this error from recurring. Enclosed with this letter is a question and answer sheet prepared by the City of Duluth and PERA.

At this time, PERA is working diligently to update member records and has requested that members not contact the local Duluth PERA office. If you are contemplating retirement within the next three months, please contact the PERA main office at 1-800-652-9026. If you wish to contact the City of Duluth and live locally, you can call 730-5333. If you live out of the area, call 1-888-635-2537.

Sincerely,

Lisa Potswald
Chief Administrative Officer, City of Duluth