



CITY OF DULUTH  
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LISA POTSWALD  
Chief Administrative Officer

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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 and recalculate retirement benefits. While this data collection and analysis takes place, the City has an obligation to inform its PERA members of the impact this could have on pension retirement benefits.

During the first quarter of 2009, the following will occur:

- For inactive (deferred members): PERA will issue the refund payments directly to former City employees who have left their contributions with the retirement system to qualify for a deferred pension at retirement age. At the end of the calendar year in which the refund is paid, PERA will send a Form 1099 to the inactive member.
- For benefit recipients: PERA deductions that were taken in error, and that would otherwise be refunded to you, will be applied to any possible overpayment of benefits. The law requires that PERA recover all overpayments. Typically PERA withholds 25 percent of the monthly benefit until the overpayment has been recovered. If a 25 percent reduction will create a hardship for you, PERA has agreed to work with you to find a mutually agreeable repayment plan.

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 with questions and live locally, you can call 730-5333. If you live out of town, call 1-888-635-2537.

Sincerely,

Lisa Potswald  
Chief Administrative Officer, City of Duluth