

May 4, 2023

Dear Finance Committee of the Minnesota State Senate,

I am Nancy Herington, the wife of duty disabled Minneapolis Fire Captain, Ryan Herington. Today I am writing in opposition of SF1959. My husband became disabled in 2021, after selflessly serving the city for 17 years. He's voluntarily (without the support, assistance, or acknowledgement from the City of Minneapolis) completed 2 rounds, 80 days total, of residential treatment, 6 weeks of intensive outpatient, 10 rounds of ketamine treatments, EMDR, Somatic Experiencing, Neurofeedback, 120 weeks of ongoing trauma therapy, and attempted to return to the fire department unsuccessfully. We made the painful realization, with his medical practitioners, in May of 2022 that he was a risk to his crew, and could no longer perform the duties of a Fire Captain, or any kind of first responder. Our story is long, and traumatic. Painfully filled with shame, anxiety, and loss of a loved career. Disability is not a choice, it's an irreversible diagnosis.

The bill passed the previous committee on false pretenses. The financial impact was not accurately represented to senators who asked questions, and I would like to share some factual figures to consider before you vote. Please consider how these offsets impact a family, an individual, and try for a moment to place yourselves in our shoes. Ask yourself if you are voting to support your caucus, or if you are voting for the people you were elected to represent, and who your vote impacts.

When asked how much impact reemployment earnings have on an individual, Sen. Frentz stated on a \$100,000 salary with \$50,000 reemployment earnings, the offset would be \$10,000. This is incorrect. It is \$10,000 gross income being subtracted from a net pension benefit. Gross and net are not apples for apples. Secondly, this failed to include Offset #1. Because Offset #1 is different for each individual based on age at disability and years of service, I will use my husband. Our Offset #1 is \$3,933. However, if he were 4 years *older* at the time of disability, his Offset #1 would equal \$7,050. What I consistently see being forgotten in the figures are taxes. Reemployment earnings are taxable. So, we pay taxes on the full \$50,000 of reemployment earnings, but we'll focus on the \$10,000 that exceeds 100% of his salary. Let's do the math:

$\$60,000$ (disability pension) - $\$10,000$ (gross earnings over \$100,000) - $\$3,933$ (Offset #1) - $\$2,200$ (estimated tax using 22% tax rate) = $\$43,867$ disability benefit amount. Which means **\$16,133 disability pension penalty, not \$10,000.**

Lawmakers are also not considering the PERA dues (shown here as Offset #1) are deducted PRE-TAX from GROSS income. What this formula should really look like is this:

$\$10,000$ (gross earnings over \$100,000) - $\$3,933$ (Offset #1) - $\$2,200$ (estimated taxes) = **\$3,867 disability pension penalty.**

Doug Anderson also made the statement for someone to see a \$35,000 disability penalty, they would have to have 160%-180% reemployment earnings. **This is not true.** This is met with a 130% reemployment earning (or \$70,000 salary) on a \$100,000 salary.

$\$60,000$ (disability pension) - $\$30,000$ (gross earnings over \$100,000) - $\$3,933$ (Offset #1) - $\$6,600$ (estimated tax using 22% tax rate) = $\$19,467$ disability benefit amount. Which means **\$40,533 disability pension penalty on \$70k, not \$100k.**

I am asking you to look at these numbers. I'm asking you to consider the contract that was presented to all current disabled members, and those in the application process. Consider the months we spent analyzing our finances to see if we would have to fight suicidal thoughts for the rest of his career, or if we could follow the guidance and direction of our trained, educated, and credentialed mental health professionals when they told us he could no longer do the job. PERA is mixing gross and net income as if they are the same, and they are not. The numbers continue to be misrepresented to reduce the perceived impact, but you are being misled. We've done the numbers. We've reviewed the formula. Please, vote NO until a better compromise is met. Let those of us these impact in on the conversation. We are an entire stakeholder group of over 800 members that were left out and not represented.

Sincerely,
Nancy Herington