



Welcome, new retirees!

Teachers Retirement Association congratulates you on your retirement. You and about 1,800 other members retiring this summer join more than 55,000 TRA retirees and beneficiaries.

You will now receive the retiree edition of the *TRIB* newsletter. Though the newsletter will continue to provide information pertinent to all members, you will now get articles of specific interest to retirees. The same services you had as an active member are still available to you. The TRA website has many account management features retirees can use when accessing an online account.

Questions? Contact TRA Member Services, Monday through Friday, 7:30 a.m. – 4:30 p.m. at 651-296-2409 or 800-657-3669. E-mail us at info@minnesotatra.org. Visit our website: www.minnesotatra.org.

Tell us about it

We would like to hear about your retirement experience with TRA. Did you primarily interact with TRA in person, on the phone, or online? What worked well for you and what could have been improved?

To better prepare the next generation of teachers for retirement, do you have any retirement advice you would give to someone who is just starting out in their career? Go to www.minnesotatra.org and fill out our member survey today!

Gov. Dayton signs off on Duluth-TRA consolidation

Gov. Mark Dayton on May 21 signed into law the 2014 Omnibus Pensions and Retirement Bill, which authorizes the merger of the Duluth Teachers Retirement Fund Association (DTRFA) into the statewide Teachers Retirement Association (TRA) and extends aid to the St. Paul Teachers Retirement Fund Association (SPTRFA).

The bill provides \$14 million in annual ongoing state aid to TRA starting Oct. 1, 2014, to fund the Duluth merger and redirects approximately a half-million per year in existing Duluth state aid to TRA. Additionally, the new law grants \$7 million in ongoing aid to the St. Paul teachers' fund beginning Oct. 1, 2015. The consolidation will move forward after the expected approval of the TRA and Duluth boards and the DTRFA membership.

The pension bill builds on reforms of the past four years and will further help improve the stability and sustainability of Minnesota's public pension plans. Bill author Rep. Mary Murphy, D-Hermantown, said that the measure was "crafted in the spirit of good financial stewardship and accountability to stakeholders – current and future public retirees, local government and school district employers, and taxpayers."

Senate bill sponsor Sen. Sandy Pappas, D-St. Paul, added:

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President's c o r n e r



Martha Lee (Marti) Zins, President

Strength in numbers

With the passage of the 2014 pension bill authorizing the consolidation of the Duluth Teachers Retirement Fund Association (DTRFA) into TRA last month, and the expected approval of the Duluth and TRA boards and the DTRFA membership, our statewide teacher pension fund will soon have some new faces.

How did we get to this point?

DTRFA is over 100 years old and had been financially strong for decades, but a number of damaging events occurred during the last 14 years that were outside the control of the fund. The most significant factor: investment market downturns. The market crash of 2000-01 resulted in three consecutive years of investment returns below the 8.5 percent assumed rate. Then the global economic crisis of 2008-09 hit, causing significant losses in all investment portfolios statewide, including the DTRFA.

Legislative changes also had an impact. In 1995, legislation was passed switching new teaching faculty of Lake Superior College from DTRFA to the TRA/IRAP plans. And in 2002, legislation was passed that removed all charter school teachers in Duluth from DTRFA and transferred them to TRA. That's about 250 teachers, nearly a third of DTRFA's active membership, who were no longer paying into the system.

Meanwhile, dramatic demographic changes were slowly unfolding in Duluth ISD #709. Enrollment has steadily fallen for the last 20 years from over 14,000 students in 1995 to under 9,000 students today. Budgetary pressures caused the school district to downsize the teaching staff over the last several years, further reducing the active contributing membership of DTRFA.

With only 850 contributing members and 1,500 benefit recipients, the Duluth fund was "upside down" and unsustainable. The plan dropped from being 96 percent funded on a market value basis in 2007 to 58 percent funded in 2013.

At the request of legislators and the governor, the boards of TRA, DTRFA and the St. Paul Teachers Retirement Fund Association (SPTRFA) last year undertook a study on the feasibility of merging the two remaining stand-alone teacher funds into TRA. Contained in the study report was a resolution passed by the DTRFA board to merge with the TRA. SPTRFA successfully made its case to remain a separate fund.

Guided by our actuaries' expertise and our experience with the 2006 consolidation of the Minneapolis Teachers Retirement Fund Association, we went to work. The TRA board said it was willing to accept the financial risks and administrative responsibilities of merging DTRFA into TRA

with the condition that financial assistance is provided to TRA through ongoing annual payments that are sufficient to fully fund the Duluth plan.

The TRA board requested a level of financial aid that the actuaries determined will be sufficient to achieve 100 percent funding of Duluth's liabilities. This financial arrangement will protect TRA assets and assure that TRA is not subsidizing the merging fund. This is consistent with the merger study mandate and is consistent with past practice and precedent established with previous mergers.

Once approved by the Duluth and TRA boards and the DTRFA membership, bringing Duluth TRFA members into the fold will happen quickly. Duluth's assets will be transferred to the Minnesota State Board of Investment by this December. Duluth records, member data and administrative functions will begin to be transferred during the coming year so that full consolidation is completed by June 30, 2015. Duluth teachers/retirees will pay the same contribution amounts and receive the same benefits as TRA teachers/retirees, including the 2 percent COLA. TRA will retain DTRFA staff and operate a satellite office in Duluth to serve DTRFA former members as well as all TRA members in northeast Minnesota.

In the end, the governor and legislature thought that saving the Duluth teachers fund was the right thing to do. We agree. If it's true that there's strength in numbers, TRA is about to get another 2,300 members stronger.

2014 Direct Deposit Schedule

Tues., July 1	Wed., Oct. 1
Fri., Aug. 1	Mon., Nov. 3
Tues, Sept. 2	Mon., Dec. 1

Your account: Just a click away

The TRA website provides immediate access to up-to-date information about your account. The site is available 6 a.m. to 11:55 p.m. daily.

To register, go to www.minnesotatra.org and choose MyTRA Login. You'll be asked to create a user ID and password, enter your Social Security number and date of birth, select a security question/answer, and provide your e-mail address.

Your SSN, date of birth and answer to the security question will be used to verify your identity if you forget your user ID or password. Once you have completed the registration process, you will receive a confirmation and can log in.

The sensitive information you provide in online TRA forms is protected with the best encryption software available.

TRA will never ask for your password in an unsolicited phone call or e-mail. Do not divulge your user ID or password to anyone. For your protection, log off after each session.

If you receive a letter or e-mail about your TRA account that seems suspicious, call TRA immediately: 800-657-3669. Do not respond to the request unless you receive verification from a TRA representative that the request is valid.

Dayton signs pension bill

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"This is really an attempt to make sure we have a strong, sustainable teacher retirement system for all teachers."

The teacher fund consolidation continues the longtime trend of consolidating stand-alone funds to make them more sustainable. Merging the DTRFA into TRA follows past practice and precedent by protecting TRA contributing members and school districts. The legislation assures that the unfunded liabilities of the merging system are funded by ongoing state aid, safeguarding the assets of the TRA fund.

The TRA board took the position last fall that it would be willing to accept the financial and administrative responsibilities of merging DTRFA into TRA only if sufficient financial aid were provided to fully fund DTRFA's liabilities. TRA's actuary determined that an additional \$14 million in annual aid is required to protect TRA and that was the amount included in the new law.

Some of the other significant reforms in this year's bill include:

- ▶ Raising employee and employer contribution rates for the Public Employees Retirement Association (PERA) and Minnesota State Retirement System (MSRS).
- ▶ MSRS and PERA changes are being made with the intent that they will help put these plans on the path to achieve 100 percent funding.
- ▶ Spelling out the process by which cost of living adjustments are triggered when the three statewide plans reach 90 percent funding. The plans must be 90 percent funded two years in a row before COLA increases kick in. For TRA, if 90 percent funded, the COLA increases from 2 percent to 2.5 percent.
- ▶ Fixing an amortization date for SPTRFA to achieve full funding.
- ▶ Clarifying membership eligibility requirements for PERA plans and the MSRS correctional plan.
- ▶ Fixing the statutory joint and survivor optional annuity discount rate for all statewide plans, which will reduce system costs and administration.
- ▶ Allowing deferred MSRS members to vote in MSRS board elections.

TRA FUND FACTS		
	1931	2013
Benefit recipients	710	54,703
Total members	18,226	172,958
Annual annuity payments	\$65,033	\$1.52 billion
Fund assets	\$73,996	\$18.0 billion
Annuitant facts (as of 6/30/13)		
Benefit recipients	54,703	
Youngest annuitant	53.8 years old	
Annuitant with most service	56 years	
Annuitant receiving benefits the longest	Since July 1, 1964	
Projected average number of years a member retiring in 2013 will receive benefits	26 years	
Projected average lifetime benefits paid to a member retiring in 2013	\$686,400 (Assumes \$2,200/mo., 0% COLA)	
Member facts (as of 6/30/13)		
Active members	76,760	
Pre-1989	15,554 (21%)	
Post-1989	61,206 (79%)	



Teachers Retirement Association

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For use ONLY if you wish to report a name, address or email address change. Updates can be made online at www.minnesotatra.org. You also may call TRA Member Services at 651.296.2409 or 800.657.3669, or mail the form below to TRA. Be sure to include the above, printed mailing address with your mailed request.

Please check all boxes that apply: Name change Address change Email address addition/change

Present Last Name (Please Print)	First Name	Middle Name	Birth Name
Address			TRA Member Number
City, State and Zip Code		Email Address	

Q. Have ELSA rules changed?

A. The 2014 pension bill changed the earnings limitation rules for Minnesota State Colleges and Universities retirees participating in the Annuity Employment Program (AEP). Under the new law, the amount that a part-time, re-employed MnSCU retiree can earn without triggering benefit reductions is now \$62,000 annually (up from \$46,000 annually).



TRA retirees, including MnSCU retirees not on the AEP, may return to work with a TRA-covered employer and earn up to the \$46,000 earnings limit without deferring their TRA pension benefit. The earnings limitation is applied on a fiscal year basis (July 1 to June 30).

For members under Social Security's normal retirement age, the earnings limit is \$46,000. If you are under Social Security's normal retirement age and retired for only part of the year, the earnings limitation amount will be prorated. The earnings limitation does not apply once you reach Social Security's normal retirement age.

If you earn over the limit, \$1 in benefits will be deducted/offset from your pension for each \$2 of earnings above the limit. The offset amounts are redirected to a separate earnings limitation savings account (ELSA). No interest is earned on account balances. You may apply for a refund of your ELSA account at any age if it has been at least one year after the last amount was redirected to your ELSA account. You may receive direct payment of your refund or have all or a portion of your ELSA refund rolled over to a traditional IRA or an eligible employer plan.

Minnesota Teachers Retirement Association

Executive Director, Laurie Fiori Hacking

The *TRIB* is published three times a year. If differences develop between the information provided and the laws governing TRA, the laws prevail.

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