

TEACHERS RETIREMENT INFORMATION BULLETIN

Retiree Edition ■ Winter 2020



Post-retirement increase was effective Jan. 1



A post-retirement increase of 1 percent was effective on Jan. 1.

Each January, eligible TRA benefit recipients receive an increase in their monthly payment amount. TRA increase notification letters typically are mailed in December. You can view your annual increase letter by logging in to your MyTRA account at www.MinnesotaTRA.org.

Pension legislation passed in 2018 contained a provision changing the retiree cost-of-living adjustment to 1 percent beginning Jan. 1, 2019, through 2023.

From 2024 to 2028, the COLA will increase by 0.1 percent per year until reaching 1.5 percent.

Going south for the winter?

If you are migrating to a warm spot for the winter, don't forget to let TRA know where you are.

It's important to provide us with your temporary address to ensure that you get important mail without delay. You may manage permanent and temporary addresses by calling us or entering it in your MyTRA online account.

TRA makes more headway toward funding goals

An average investment year and the continuing positive impact of 2018 sustainability legislation combined to make fiscal year 2019 a solid one for TRA's finances.

The TRA investment portfolio earned a return of 7.3 percent for the 12-month period ending June 30, 2019. The TRA assets at fair value that are used to pay benefits increased during the period from \$22.4 billion to \$22.9 billion, as of June 30, 2019. More information is available in TRA's 2019 Comprehensive Annual Financial Report. View it at MinnesotaTRA.org/financial/annual-reports.

TRA ANNUAL REPORT

Investments: All TRA assets are invested by the Minnesota State Board of Investment (SBI). During fiscal year 2019, domestic stocks returned 8.5 percent and international stocks provided a return of 1.1 percent. The fixed income (bond) portfolio rose 8.2 percent. The private markets class, including real estate and private equity, posted a return of 10.4 percent for the fiscal year.

Revenue: The TRA investment portfolio produced net income for the fiscal year of \$1.6 billion. Total employee and employer contributions were \$827.5 million. Total net operating revenue was \$2.4 billion.

(Continued on page 3)

President's c o r n e r

Maitha Lee Jones
TRA Board



Member outreach efforts for '20

TRA has some exciting new things in development for members this year. These features will be launched with the hope that they will help make it easier for teachers to understand their TRA benefits and give you additional ways to connect with us.

One of the goals behind the new features is to offer more options for face time and more educational videos so teachers can make well-informed decisions.

Staff are hoping to launch eight new high-quality videos for you to access on MinnesotaTRA.org soon. These educational videos will be designed with particular age groups in mind, including younger active teachers, those over 50 who are starting to think about retirement, and retirees.

The video library update is part of TRA's continuing effort to add value to the content on MinnesotaTRA.org, which got a redesign a year ago.

The video topics are: pension basics, planning for retirement, TRA's six annuity plans, whether it makes sense to take a refund of contributions, the facts about early retirement, how to read your online estimate, and what TRA needs to know about your major life changes such as job change, moving, marriage, children, or divorce.

Whether you are a young teacher,

mid-career, nearing retirement or retired, TRA is a quiet partner in your life—and it's good to know when to touch base with us.

TRA recently created an outreach coordinator position and will be able to ramp up visits to benefit fairs and staff development events at schools. We're just getting started, and offering webinars is a flexible way for us to meet active teachers where they are and give informative presentations about TRA benefits.

Naturally, the MyTRA secure online account system will continue to evolve in 2020, offering enhancements big and small to improve your experience when you log in to maintain your records with us or view documents such as 1099s.

One important strategic plan goal for TRA is to improve engagement with our members by making sure our materials are clear, accurate, accessible and presented in innovative ways for all age groups.

We want to empower members to be informed and engaged about how the TRA plan is administered and why a defined-benefit plan is such a valuable part of your financial future.

We are excited about all the opportunities that lie ahead this year to better serve our members. Stay informed—bookmark www.MinnesotaTRA.org.

TRA news briefs

Watch for your 1099-R form

TRA mails 1099-R tax forms in late January. This form discloses the total amount and taxable portion of your annuity payments plus federal and state income tax withheld for 2019. You will need this information for your tax returns.

To get an e-mail alert when the forms are available online, you must set up a MyTRA account.

If you have moved or plan on moving, please update your address with TRA. The post office will not forward tax forms.

Call us at 651-296-2409 or 800-657-3669 or log in to MyTRA to update your home and e-mail addresses.

Privacy 101: Your account

TRA takes seriously its responsibility for protecting your personal information. You can help by using strong passwords to protect your account and by not sharing your TRA number. For more information about protecting your data, we urge you to read up on the issue at www.identitytheft.gov.

In addition, no one is authorized to receive information about your account unless you do one of the following.

- If you give permission to our phone counselors and you are available to speak with us at that time, we're happy to help.
- Another option is a power of attorney allowing another party to handle your account. Call 1-800-657-3669 for assistance.

TRA FUND FACTS

Member stats



ACTIVE members	82,984
HIRED before July 1, 1989	7,308 (9%)
HIRED after July 1, 1989	75,676 (91%)
FEMALE	61,623 (74%)
MALE	21,361 (26%)
AVERAGE age	43.7
AVERAGE TRA service	12 years
NOT currently teaching	51,436



Retiree stats



BENEFIT recipients	65,227
OLDEST benefit recipient	114 years
DURATION of longest retiree benefit payment	49.5 years
AVERAGE number of years a member retiring in 2020 will receive benefits	28 years
AVERAGE lifetime benefits paid to a member retiring in 2020	\$789,600



Then & now

	1931*	2020
BENEFIT recipients	710	65,227
TOTAL membership	18,226	198,598
ANNUAL benefit payments	\$65,000	\$1.88 billion
FUND assets	\$74,000	\$23.14 billion

*TRA established in its present form
Updated December 2019

powered by
PIKTOCHART

TRA makes more headway toward funding goals

(Continued from page 1)

Expenses: Benefit payments for the year were \$1.9 billion. During the fiscal year, TRA paid refunds of member contributions of \$14.1 million to members who left teaching and chose to withdraw their contributions plus interest. Total administrative expenses for the year were \$15.2 million.

Funding Status: The 2018 legislature enacted significant changes to TRA actuarial assumptions and plan provisions. TRA's long-term investment return assumption was lowered from 8.5 percent to 7.5 percent. Other economic assumptions were modified. Several plan provisions, such as a permanent reduction in the retiree cost of living adjustment and increased reductions for retiring prior to normal retirement age also were enacted. Employer contribution increases, phased in over six years, began July 1, 2018, and an employee increase will begin in 2023.

On June 30, 2019, the market value of TRA assets was \$22.9 billion. Actuarial liabilities were \$29.2 billion, producing a funded ratio of 78.2 percent. This was a slight improvement from the prior year funding ratio of 78.1 percent.

The contribution deficiency was calculated at 0.45 percent of active member payroll. However, future contribution rate increases passed by the 2018 legislative are not considered in this calculation until they are implemented. If those contribution rate increases are considered, the contribution deficiency would have reversed and produced a contribution rate sufficiency of 0.63 percent.

At current projections and if all actuarial assumptions are met, TRA will achieve a 100 percent funded ratio in 2042.

How to change a beneficiary designation

If you selected a no refund, guaranteed refund or 15-years guaranteed plan when you retired, you may change your beneficiary designation at any time. Call to request a Post Retirement Beneficiary Designation form.

If you selected a 100 percent, 75 percent or 50 percent plan at the time of retirement, you cannot change your beneficiary. Contact TRA as soon as possible if your beneficiary predeceases you so an adjustment can be made to your benefit. If you named a spouse as your beneficiary and divorce after retirement, the beneficiary designation may be rescinded if court-ordered. If you named a non-spouse, the beneficiary designation may be rescinded if mutually agreed upon.

HELP US KEEP IN TOUCH WITH YOU

Moving? Changing email providers? Update your physical and email addresses by logging in to your MyTRA account at MinnesotaTRA.org or by calling Member Services at 651.296.2409 or 800.657.3669.



TRA's annual audit of benefit recipients begins soon

TRA is required to verify the accuracy of our member records periodically.

TRA soon will be sending out an Affidavit of Personal Information form to a selected group of members.

These personal information verification forms must be signed in the presence of two witnesses, notarized, and returned to TRA expeditiously in order to avoid any unnecessary interruption in your benefit.

Teachers Retirement Association

Jay Stoffel, Executive Director

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

Board of Trustees, Statutory Members

Mary Cathryn Ricker, Commissioner
Department of Education

Myron Frans, Commissioner
Minnesota Management & Budget

Joel Stencel, Director of Association Finance
Minnesota School Boards Association

Board of Trustees, Elected Members

Martha Lee Zins President Retiree Representative 17509 Saddlewood Ln Minnetonka MN 55345	Will Baumann Active Representative 15104 Cty Rd 5 NW New London, MN 56273
--	--

Marshall Thompson Vice President 7421 W. Lake St. St. Louis Park, MN 55426	Mary B. Supple Active Representative 7300 Oakland Ave Richfield, MN 55423
---	--

Luke V. Olson
Active Representative
205 MacArthur St. East
South St. Paul, MN 55075