

2011 benefit payments

In an effort to stabilize the fund and improve TRA's future sustainability, a number of plan modifications were signed into law by Governor Pawlenty on May 15, 2010. One modification was the temporary two-year suspension of post-retirement increases for calendar years 2011 and 2012.

This change will have an impact on your TRA monthly benefit payment. The temporary suspension of annual increases was part of a shared sacrifice legislative package that included reductions in benefits for inactive teachers and contribution increases for teachers and their employers. Preliminary financial results for FY 2010 indicate that this package is helping stabilize the TRA Fund (see *President's corner* article).

Tax changes also affect your benefit payments beginning January 2011. It remains unclear at this time whether Congress will approve an extension to the current tax rates, or whether they will allow the lower tax rates to expire, which would result in a higher tax liability beginning in 2011.

In late December, all benefit recipients will receive a letter from TRA outlining the effect of these changes on the January 1, 2011 benefit payment.

Taxes

Updated state and federal tax tables for 2011 will be available on our web site as soon as the Internal Revenue Service and State of Minnesota make them available. From past experience, the final tax tables are generally released by early to mid December.

Remember, you may initiate, renew, or revoke your current tax withholding designation at any time.

If you decide to reduce or revoke the amount of income tax withheld, you will be responsible for any penalty incurred under federal tax laws if the amount withheld is inadequate.

TRA can withhold state taxes for Minnesota residents only. Notifying TRA that you have moved to another state is not sufficient authorization for TRA to discontinue withholding Minnesota state taxes. You must file an updated tax withholding designation with TRA.

Payment schedule

Benefit payments are issued on the first business day of the month. If you want the quickest possible access to your monthly retirement payment, sign up for direct deposit. With direct deposit, your money will be credited electronically to your bank account on the first banking day of each month (Monday through Friday).

Tax withholding and direct deposit designations

Go to www.tra.state.mn.us and choose MyTRA Login to initiate or change your direct deposit or tax withholding designations.

Misdirected mail causes delays

Make sure your address is up-to-date to ensure you receive your:

- monthly benefit payment, if you have not chosen direct deposit. The Post Office cannot forward your monthly benefit payment to a different address. Warrants will be returned to TRA, causing a delay in receiving your payment.
- 1099-R tax form. Forms will be mailed by January 31, 2011, and are necessary to file your 2010 tax return.

Contact TRA Member Services at 651.296.2409 or 800.657.3669 if you do not have access to the internet or if you have any questions.

2011 Benefit Payment Dates

January 3	July 1
February 1	August 1
March 1	September 1
April 1	October 3
May 2	November 1
June 1	December 1

✂ *Clip and Save* ✂

President's c o r n e r

Martha Lee (Marti) Zins, President



Classes resume and study underway

As teachers and students returned to the classroom in September, TRA staff were in the process of closing the books on the fiscal year ended June 30, 2010. Overall, the investment performance for Fiscal Year 2010 was very good. The State Board of Investment (SBI) reports a 15 percent return based on preliminary results. While one good investment year does not fill the gap created by deep investment losses from the prior two years, the funding trend is positive and very welcomed news.

Last year, the TRA Board of Trustees reviewed its responsibilities to all members and determined that one of the goals for the 2010 legislative session was stabilization of our funded status. Plan provision changes recently enacted by the Legislature are expected to work in tandem with the previous year's solid investment earnings to do just that. As of last year, the TRA funding ratio — assets divided by liabilities — on a market value basis was about 60 percent. We expect that ratio to improve to about 67 percent this year. The improvement is a result of a good investment year and the financial stability law enacted earlier this year.

A longer term goal of these changes is to achieve plan sustainability, as measured by TRA's funding ratio

projected over several decades. The full effects of the 2010 legislation will take several years to evaluate.

Investment market performance over the next several years is another key influence that will determine the speed at which TRA's funding ratio will recover. The Board of Trustees will continue to monitor these financial results, as they know that retirement security is a major concern for our members. We will keep you informed of the funding progress and any further recommendations needed to support the long-term integrity of TRA's funding status.

Retirement plan study

Another provision of the 2010 Omnibus Retirement Bill was a requirement that the executive directors of the three statewide retirement systems jointly study defined benefit, defined contribution, and other alternative retirement plans for Minnesota public employees.

In general, there are two main types of retirement plans. The TRA Fund is a "defined benefit" plan, characterized by payment of a defined amount upon retirement and payable until death. The monthly amount paid is based on length of service, final High-5 average salary and age of the member at retirement.

"Defined contribution" plans feature an individual account balance, like a 401(k), consisting of member and employer contributions. Individual

participants are responsible for investing these funds during their working years. At retirement, the individual's income from the defined contribution account will depend upon the success of investment choices.

In addition to these two main plans, some states have developed "hybrid" plans, which contain elements of both a defined benefit and a defined contribution plan.

The first public meeting to discuss this mandated, joint-system study was held on September 23. The input of many different stakeholders (members, retired members, employer groups, and the general public) was heard and will be taken into consideration as the executive directors develop and finalize study materials. A second public meeting will be scheduled for sometime in January 2011.

The retirement systems will be working with an actuarial consultant to develop the cost impact of each different plan studied. While the final study will not present recommendations, it will describe retirement plan considerations for legislative review. The report is due to the Legislative Commission on Pensions and Retirement (LCPR) by June 1, 2011.

Active and inactive members, as well as retirees are encouraged to submit comments and express their views about retirement plan coverage. To do so, please see the contact information listed on page 3, under *Retirement plan design study*.

We encourage you to review study-related materials by going to the TRA web site or by contacting TRA Member Services staff for additional information.

In the know

Your opinion matters — As part of an effort to improve customer service, we have begun surveying members who have recently received services from TRA. We understand that your time is valuable. We also know that we need your input and suggestions in order to streamline our processes and to understand what service levels you expect from TRA. So, if you receive a survey from us, please take a little time to provide your honest opinion. All survey responses are anonymous and can be submitted online or by returning the paper survey to TRA in the postage-paid envelope provided.

Detroit Lakes office on the move

— On October 1 the TRA Detroit Lakes satellite office will move to 714 Lake Avenue, Suite 102 in downtown Detroit Lakes. If you are scheduled for an appointment after September 30, your appointment reminder letter will include an updated map and directions.

Earnings limitation: reporting period change

— TRA annuitants who are under normal retirement age (NRA) are subject to an earnings limitation if they return to work and are employed in a TRA-covered employer unit. Salary you earn from a TRA-covered position is considered earnings after retirement, and your employer is required to report these earnings to TRA.

Legislation passed in 2009 changed the review period from a calendar year to a fiscal year. In order to facilitate this reporting period change, the current review period will be adjusted to include only the first six months of 2010 (January 1 to June 30). For this initial six month period, the earnings limit will be \$23,000, with withholdings beginning

January 1, 2011 if salary exceeded the earnings limitation amount.

The next full fiscal year review period began on July 1, 2010 and will end June 30, 2011, with withholdings beginning January 1, 2012 if salary exceeds the earnings limitation amount of \$46,000.

The new 2010 pension law eliminates the 6 percent interest paid on ELSA account balances after January 1, 2011.

For additional information, review the *TRA Responds* article in the Summer 2010 issue of this newsletter, or go to www.tra.state.mn.us and search for “earnings limitations.”

Lawsuit update

On May 17, 2010, several retired members from the three statewide retirement systems filed a class action lawsuit against the State of Minnesota and the three statewide retirement systems, including TRA. This lawsuit challenges plan changes to the post-retirement annual increase provisions, which were enacted during the 2010 legislative session.

On September 15, 2010, the state and the three statewide retirement systems (defendants) sought a motion to dismiss the lawsuit. The Honorable Gregg E. Johnson, Chief Judge, Ramsey County District Court, presided over the hearing. The court provided the Plaintiffs with a period for discovery, not more than 90 days, after which the court will again hear the State's Motion. An update will be provided in the winter issue of this newsletter.

Retirement plan design study

The executive directors of the three statewide retirement systems (Minnesota State Retirement System (MSRS), the Public Employees Retirement Association (PERA), and TRA) have been directed by law to jointly conduct a study of defined benefit, defined contribution and other alternative retirement plans for Minnesota public employees. The report is due to the Legislature by June 1, 2011.

All of the materials developed will be presented on our web site (www.tra.state.mn.us). The information gathered will not only become the basis of the final report to the Legislature, but a valuable learning tool for all members about the pros and cons of defined benefit plans, like TRA, defined contribution plans, and alternative plans, such as hybrid and cash balance plans.

The first stakeholder meeting was held on September 23. Details of that meeting can be found on the TRA web site at www.tra.state.mn.us/legislative/dbstudy2010.html. All meetings are open to the public.

The next meeting is tentatively scheduled during January 2011. We encourage you to submit your questions, comments and concerns by:

Mail

Retirement Plan Design Study
Teachers Retirement Assn.
60 Empire Drive, Suite 400
St. Paul, MN 55103-4000

Email

dbstudy.tra@state.mn.us

This e-mail address should be used to submit Retirement Plan Design Study comments ONLY.

Telephone

651.296.2409 or 800.657.3669



Teachers Retirement Association

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www.tra.state.mn.us

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For use ONLY if you wish to report a name or address change. Updates can be made online at www.tra.state.mn.us. 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

Present Last Name (Please Print)	First Name	Middle Name	Birth Name
Address			Member Number
City	State	Zip	

TRA Responds

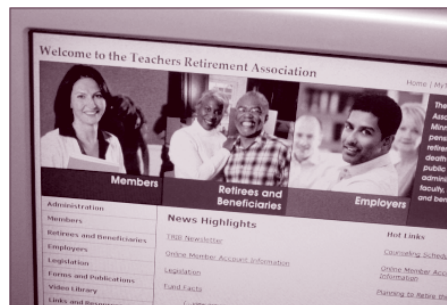
Help, I can't get into MyTRA Login!

If you are having trouble logging in to your online account, the best thing to do is to contact TRA at 651.296.2409 or 800.657.3669.

If you forgot your password or your User ID, a Member Services Counselor will be able to assist you.

Also, on the login page, you will see a link to *MyTRA Account Instructions* just above the Register button. This document provides registration instructions, as well as a list of the online capabilities you can access.

Don't miss out on the wealth of information your online account provides. Contact TRA, and you'll have your account information at your fingertips in no time.



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 of TRA, the laws will govern.

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Minnesota School Boards Association

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