

TEACHERS RETIREMENT INFORMATION BULLETIN

Retiree Edition ■ Fall 2016



2% COLA effective Jan. 1

A post-retirement increase of 2 percent will go into effect on Jan. 1, 2017. Members who started receiving a benefit on or before July 1, 2015, will receive a 2 percent increase.

Members who started receiving a benefit between July 2, 2015, and June 1, 2016, will get a prorated increase.

If you are eligible for a post-retirement increase, you will receive a letter in December with details.

Board weighs options to strengthen TRA fund

The TRA Board of Trustees met on Sept. 21 to discuss whether to return to the state capitol for the 2017 legislative session with the same financial proposal crafted last fall and winter or expand it to offset the financial impact of a poor investment year and the one-year delay in implementing a plan.

The board has requested additional actuarial analyses and plans to make a final decision at a special meeting on Oct. 24.

The original legislative package proposed by TRA to the Legislative Commission on Pensions and Retirement (LCPR) reflected a shared-responsibility approach and included a reduction of the retiree cost-of-living adjustment (COLA) from 2 percent to 1 percent for five years and then to 1.75 percent in subsequent years. (Retirees will receive a 2 percent COLA in January 2017 as per current law.)

The board's proposal also called for an
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Make your voice heard — be a TRA trustee

The TRA Board of Trustees is seeking candidates to fill one retired-member seat on the board. The term of retiree representative Martha Lee Zins expires June 30, 2017. The new four-year terms for these positions begin July 1, 2017. There are no term limits on board positions.

Trustees meet about seven times a year to oversee the administration of the pension fund. Special meetings might be held at the call of the board

president or any three members. Board members act as fiduciaries of the TRA plan in accordance with Minnesota statute and are subject to state economic interest disclosures.

To request an election application, call TRA at 651-296-2409 or 800-657-3669. Applications must be received in our office by 4:30 p.m. on Fri., Dec. 23.

In February 2017, eligible retired members will receive election infor-

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Important dates

Dec. 23, 2016: Candidate application deadline.

March 24, 2017: Voting deadline.

April 12, 2017: Results announced at Board of Trustees meeting, www.minnesotatra.org, Facebook/Twitter.

July 1, 2017: New trustees begin four-year term.

President's c o r n e r

Maitha Lee Jones
TRA Board



The art of negotiation

If you teach or taught middle school, high school or college, or have a civic-minded young person in your life, you are probably familiar with the Model United Nations (Model UN) program. The program gives students the opportunity to develop solutions to international problems.

Each student “delegate” conducts research and formulates positions that they debate with their peers while staying true to the position of the member nation they represent. The goal is to foster diplomacy and cooperation, teamwork and compromise. Students must work together and “learn how to compromise between an ideal solution and a practical one,” according to Baylor University’s Model UN website. After debate and negotiation, the team arrives at a resolution.

The work of the TRA Board of Trustees looks a lot like this. We have people representing active and retired teachers, school boards, the state’s department of Management and Budget (MMB), and the Minnesota Department of Education. Each comes at an issue from a different perspective, and each tries to be sensitive to his or her own “member nation” while performing the paramount fiduciary duty of safeguarding TRA’s financial integrity.

TRA board meetings are often filled with spirited debate as our stakeholders voice diverse opinions and concerns. TRA staff and actuaries bring research

and data to facilitate decision-making. (The actuaries are Switzerland.)

Right now the TRA board is researching, debating and negotiating solutions to funding challenges brought about by demographic and economic changes that have already negatively impacted the TRA fund and might further impact the fund down the road. Each of us brings to the table the sensitivities of particular constituencies, but in our role as fiduciaries we must also consider the big picture – preserving the fund for present and future generations of retired teachers.

Doing the best we can to serve our constituencies while keeping an eye on TRA’s big picture is difficult. We actively debate. We disagree. We get frustrated with circumstances we can’t control. In the end, we must craft a legislative proposal that will probably make no one happy but that aims to keep the 100-year-old TRA fund going for another 100 years (and more).

Our work is never “done.” We’ll come back to the next meeting and do it again, because continually monitoring the financial status of the fund and making adjustments is an ongoing task.

United. That’s ideally where the TRA board will end up once every member has a say and it’s time to vote on a way forward on TRA’s 2017 legislative proposal. As in the broader world, our diversity of viewpoints is our strength. The work continues.

TRA news briefs

Protecting your data: Income verification documents

Are you buying a home, refinancing, or buying a car? Your loan provider might need income verification or account balances. The security of your private information is critical to TRA. These documents can be mailed or faxed to you, and soon you will be able to print documents from the new online My-TRA account system.

Benefit adjustments for newbies

If you have recently retired, a preliminary estimate is used to determine your initial payment. This estimate uses anticipated salary and service for the current year, normally assumed to be the same salary and service that you earned the previous year. After retirement, your account will be reviewed to verify that all salary and service credit have been received, and a new calculation of benefits will be produced. If an adjustment to your monthly payment is required, you will be notified and the adjustment will be made retroactive to your benefit effective date.

1099-R forms go out in January

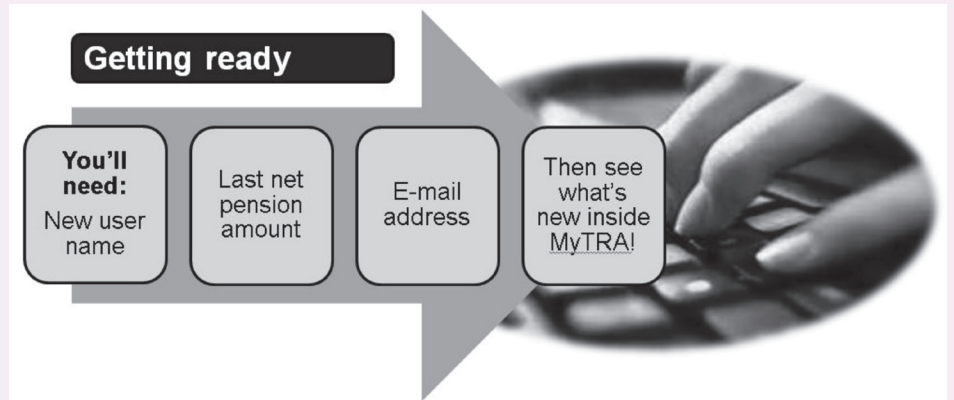
TRA will mail 1099-R tax forms in late January. This form discloses the total amount and taxable portion of your annuity payments plus federal and state income tax withheld for 2016. You will need this information for your tax returns. To get an e-mail alert when the forms are available online, you must set up an online 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 your online MyTRA account to update your home and e-mail addresses.

New and improved MyTRA online account system

Have you checked out the new MyTRA online account management system at www.minnesotatra.org?

Accessing and maintaining your account is now easier and more secure than ever. You get the same online functions and account information, but in a new format.

If you don't have an online account with TRA and don't want one, no worries – it's not mandatory! Your payment will arrive as usual.



If you do have an online account, you will need to re-register in the new system. You'll need to create a new user name. You will also need the net

amount of your last pension check and e-mail address and other personal data to enable us to verify your identity.

Board seeks remedies to strengthen TRA fund

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increase in TRA employer contribution rates from 7.5 percent to 8.5 percent, accompanied by increased state aid through the school aid formula to offset those increased costs, estimated at \$43 million annually.

All of TRA's stakeholder groups – active teachers, retired teachers and school districts – supported the original proposal with the stipulation that the cost of the employer rate increase be offset by an increase in state aid

formula for schools to avoid negative impacts on school programs.

These measures were designed to address the financial deficiency created by an increase in member life expectancies, among other demographic changes. However, the package – as well as legislation to lower TRA's long-term assumed rate of return on investments from 8.5 percent to 8 percent – failed to gain approval from legislators and the governor during the 2016 legislative session.

Meanwhile, the short-term (10-year) outlook on investment performance, based on an analysis by the Minnesota State Board of Investment (SBI), indicates that TRA's current investment assumption might need to be lowered.

Since investment returns account for about 70 percent of the fund's revenue stream, lowering the assumed rate of return on those investments would have a significant negative financial impact on TRA and likely require further benefit cuts, contribution rate increases, and/or state aid to address the resulting funding deficiency.

Rather than arbitrarily lowering the investment assumption, the TRA board first wants to see a thorough, data-driven study to determine the appropriate long-term (60 years) investment return assumption and to evaluate alternative methods and governance structures for setting that assumption. This type of study likely would take several months to complete and would not be ready for the start of the 2017 session in January.

Before deciding on whether to return to the capitol with the legislative proposal already supported by TRA stakeholder groups, the board wants to review the financial impact of additional increases in the employer contribution rate, phased in over time, and the effect of lowering the retiree COLA.

While acknowledging that the assumed rate of return on investment might need to be lower than 8 percent, TRA will not support a rate change until a comprehensive study is completed. The TRA board will continue to review benefit and contribution options to ascertain how various scenarios affect the plan's funded status.

TRA trustee election

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mation, including a biography of each candidate. Only retired members are eligible to vote for retired member board positions. Voting begins in mid-February and ends March 24, 2017. Election results will be reviewed and certified by the Board of Trustees on April 12, 2017, and published on www.minnesotatra.org. Results also will appear in the summer issue of this newsletter.



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	

Understanding the survivorship ‘bounceback’

If you are among the retirees who chose a survivorship plan (100, 75 or 50 percent) that provides coverage for a survivor after your death, you must contact TRA if your optional joint annuitant (OJA) predeceases you. There is a “bounceback” provision that permits your monthly payment to be increased to the higher single life (No Refund) annuity amount.

TRA is only authorized to make a one-year retroactive change to the benefit from the date we receive the death certificate, so contact TRA as soon as possible so an adjustment can be made to your benefit without delay.

If you are divorced, your annuity can be changed to the higher single life plan if you and your former spouse go to court to revoke the OJA election

and your former spouse waives all rights to a survivorship benefit. Legislation in 2013 expanded this to allow a member and non-spousal OJA to revoke the OJA election and waive any rights to a survivorship annuity. The plan bounces back to the higher single-life amount.

Contact TRA for more information.

Attention, snowbirds!
Providing TRA with your temporary address will ensure that you receive important documents without delay. You may store both a permanent and temporary address on your record by calling us or entering it in your online account at www.minnesotatra.org.

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.

Board of Trustees, Statutory Members

Brenda Cassellius, Commissioner
Department of Education

Myron Frans, Commissioner
Minnesota Management & Budget

Tiffany Rodning, Deputy Executive Director
Minnesota School Boards Association

Board of Trustees, Elected Members

Martha Lee Zins President Retiree Representative 17509 Saddlewood Ln Minnetonka MN 55345	Robert J. Gardner Active Representative 3002 Virginia Ave N Crystal, MN 55427
Mary Broderick Vice President Active Representative 1003 - 31st Ave N St. Cloud, MN 56303	Mary B. Supple Active Representative 7300 Oakland Ave Richfield, MN 55423
Marshall Thompson Active Representative 7421 W. Lake St. St. Louis Park, MN 55426	