

TEACHERS RETIREMENT INFORMATION BULLETIN

Retiree Edition ■ Summer 2017



What is a TRA 'stakeholder' group, and what does it do



There are several retiree organizations you may not have heard of that advocate tirelessly for pensions. Here are the main retiree groups:

- ▶ **Committee of 13** (Minneapolis):
www.committeeof13.org; e-mail Info@committeeof13.org.
- ▶ **Education Minnesota Retired**:
retired.mn.aft.org; 800-642-4624.
- ▶ **Retired Educators of Minnesota (REAM)**:
www.mnream.org; 651-429-8009.

TRA financial remedies fail at legislature

2% COLA slated for January

Gov. Mark Dayton vetoed a bill passed by the 90th Minnesota legislature that linked pension-related legislation to language restricting cities and other local governments from setting minimum wage rates or other worker benefit and leave terms for private employers within their jurisdictions.

The governor had warned that the controversial local “pre-emption” bill would get a swift veto, saying that he didn’t believe the legislature should restrict local governments from enacting minimum wage or worker benefit ordinances.

(Continued on page 3)

Three win spots on TRA Board of Trustees

Incumbent active-member representative Mary Supple has won re-election to the TRA Board of Trustees, as has incumbent retiree-member representative Martha Lee Zins.

Joining them as a new active-member representative is Will Baumann. Baumann teaches math at Ridgewater College, which is part of the Minnesota



Mary Supple



Will Baumann



Martha Lee Zins

(Continued on page 3)

President's c o r n e r

Maitha Lee Jones
TRA Board



Another year, no pension bill

We gave it the old college try. But for the second year in a row, TRA's efforts to exercise its fiduciary responsibility to members, employers and taxpayers ended in a legislative stalemate and gubernatorial veto.

In 2016, Gov. Mark Dayton vetoed pension legislation because he said that bill placed the majority of the burden on retirees through a cut in the cost-of-living adjustment. This year, pension legislation was tugged to and fro in the waning days of the session, with TRA's stability measures removed at the last minute for lack of funding to pay for the contribution increases that would have financially affected school districts.

The remaining public pension provisions were bizarrely attached to a controversial bill that would have preempted local governments' ability to set private sector wage and benefit levels. With advocates for a \$15 an hour minimum wage galvanizing followers on social media and holding raucous rallies at the capitol to oppose the "preemption" bill, Dayton telegraphed that it was dead on arrival.

Public pensions were collateral damage.

You might say that no bill is better than a bad bill. However, the TRA Board of Trustees is committed to being responsible stewards of the TRA fund, and we take little comfort in watching another year pass without changes in the law to strengthen TRA. For example, in January TRA is scheduled to pay a 2 percent retiree cost-of-living adjustment – an

expensive benefit at a time when TRA is only 74 percent funded. Our efforts to lower this to 1 percent for five years and 1.5 percent thereafter failed.

We had asked school districts to pay more toward pensions via a state funding offset mechanism that would be separate from monies for the classroom. Dayton included much of the funding in his budget, but the legislature failed to act.

Funding is needed to make up TRA's deficit due mainly to longer member lifespans and a recommendation from actuaries to move from an 8.5 percent assumed rate of return on investments to 8 percent. This key number, when lowered, causes liabilities to increase and funded ratio to decrease. There has been pressure recently to adopt a more conservative target. Thing is, that needs to be paid for through either increased revenue, decreased benefits, or a balanced combination of the two.

The board would prefer that the investment assumption issue be subjected to a rigorous data-driven study to determine what the correct rate should be and who should set it. Meanwhile, with mere weeks remaining in the fiscal year, we hope to book a nice double-digit return on investment that exceeds our target.

When legislators convene in 2018, we will again propose measures to keep TRA strong for decades to come. We can only do our job and propose measures we believe to be fair and responsible. But we never know whether the legislature will take our advice.

TRA news briefs

Do you need an appointment to talk to us in person?

We ask that you make an appointment if you want to see a TRA counselor. Our counselors want to prepare for your visit and ensure that you get the time you need to go through your options. Additionally, our satellite office locations in Greater Minnesota are occasionally closed.

Quick question? Call TRA at 651-296-2409 or 800-657-3669 (7:30 a.m. to 4:30 p.m. Monday through Friday). You can also e-mail info@MinnesotaTRA.org. Please do not include private data in your e-mails.

5 things you can do on your MyTRA online account

- ▶ **Print income verification.** This letter is used to verify your pension amount for a financial institution and can be found under the Payment Information tab.
- ▶ **Change tax withholding.** Submit changes before the last week of the month if you want the change to take effect before the next benefit payment.
- ▶ **Change direct deposit.** These changes may require 30 to 60 business days to process.
- ▶ **Change address.** You can make address changes and update e-mail or phone numbers under the My Profile tab.
- ▶ **View payment details.** Under the Payment Information tab, you can view payment method, annuity plan chosen, net payment amount and more.

TRA financial remedies fail at capitol

(Continued from page 1)

In the days leading up to the end of the 2017 legislative session, TRA sustainability measures proposed by the Legislative Commission on Pensions and Retirement were removed from the pension bill.

As a result, there was nothing in the vetoed bill pertaining to changes in TRA contribution rates, benefit structure, retiree cost of living adjustments, the investment return assumption, or interest rates on refunds. The January 2018 annual post retirement adjustment (COLA) is scheduled to be 2 percent.

LCPR chair Sen. Julie Rosen, R-Vernon Center, said legislative leaders were unable to find the money needed to cover the increased costs for school districts that would have been caused by raising TRA employer contribution rates.

“We are disappointed that despite commitments by lawmakers to prioritize pension system financial stability, our best efforts to strengthen the TRA fund for current and future retired teachers were unsuccessful this year,” said TRA Executive Director Laurie Hacking.

The TRA Board of Trustees likely will renew its proposals for the 2018 legislative session.

‘EFFORTS TO STRENGTHEN THE TRA FUND FOR CURRENT AND FUTURE RETIRED TEACHERS WERE UNSUCCESSFUL.’

—Laurie Hacking

The veto means that all sustainability measures and routine administrative provisions for the retirement systems – TRA, Public Employees Retirement Association (PERA) and Minnesota State Retirement System (MSRS) fail to become law and current state law regarding TRA pension matters is unchanged.

Here are the main provisions affecting TRA members:

- Retired educators will continue to receive an annual 2 percent COLA increase in January 2018.
- Early retirement: Benefits remain the same, Rule of 90 is unchanged, and the normal retirement age for

unreduced benefits is still 66.

- Active teacher payroll deductions (contribution rates) remain at 7.5 percent.
- School district (employer) contribution rates remain at 7.5 percent per employee.
- The assumed rate of return on investments remains at 8.5 percent for TRA, which is higher than its sister systems and most other systems nationally.

In May, Hacking testified regarding the need to have a pension bill this year to address financial problems. She indicated that delay in addressing TRA’s financial challenges will make future solutions more onerous and costly.

She said that while the LCPR bill met the TRA board’s financial stability goal, the bill did not meet the goals of maintaining the recruitment/retention value of pensions and a fair and balanced shared sacrifice commitment among TRA stakeholders (retirees, active teachers and school districts).

In the unlikely event that TRA issues arise during any special legislative session this summer, watch www.minnesotatra.org for news.

Three win spots on TRA Board of Trustees

(Continued from page 1)

State University system with campuses in Willmar and Hutchinson. Supple has been a sixth-grade math teacher at Richfield Middle School since 1988 and has served on the TRA board since 2009.

Zins was director of district media services with Hopkins School District before retiring. She has served on the TRA board since 1989 and assumed the position of board president in 2009. These board members’ new four-year

term begins July 1.

Voters were also asked a poll question to help TRA better understand its members. Out of 4,560 respondents, 83.4 percent of active teachers said that the TRA pension is among the motivating factors for them to continue teaching. Of 15,618 retired respondents, 70.1 percent said that their TRA pension was among the motivating factors that kept them in the classroom.

The current board certified election results April 12. The vote tally was as follows:

RETIREE ELECTION	
Martha Lee Zins	11,743
Karen U. Kilberg	2,917
Peter A. Grant	2,533
Write-ins	20
TOTAL VOTES	17,213



Teachers Retirement Association

60 Empire Drive Suite 400
St Paul Minnesota 55103-4000
800.657.3669 | 651.296.2409

www.minnesotatra.org

Return Service Requested

PRSRT STD
U.S. Postage
PAID
Permit No. 3844
Twin Cities, MN

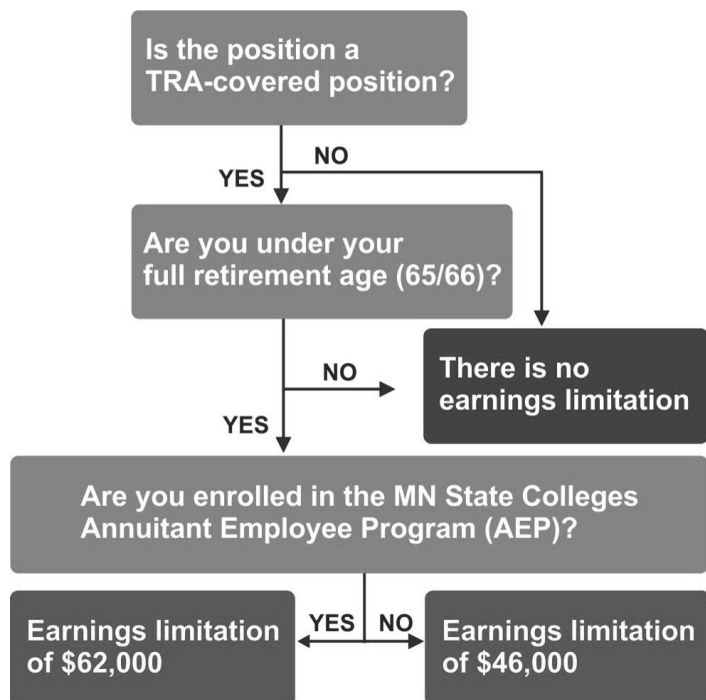
For use ONLY if you wish to report a name, address or email address change. Updates can be made online at www.minnesotatra.org. You also may call TRA Member Services at 651.296.2409 or 800.657.3669, or mail the form below to TRA. Be sure to include the above, printed mailing address with your mailed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

Navigating post-retirement work

TRA retirees may return to work in a TRA-covered position and earn up to \$46,000 during a July to June fiscal year (\$62,000 for Minnesota State Colleges employees in the Annuitant Employment Program) without reducing their TRA pension. Go to www.minnesotatra.org for more about earnings limitation rules. Here's how to determine whether you are affected:



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

Kirk Schneidawind, Executive Director
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
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	