

2025 Popular Annual Financial Report

For Fiscal Year Ended June 30, 2025



MACCRAY Public Schools, Clara City, MN
Photo by Steve Silverman



A Pension Trust Fund of the State of Minnesota

A Message from the Executive Director

We are pleased to present this Popular Annual Financial Report (PAFR) of the Teachers Retirement Association of Minnesota (TRA) for the fiscal year ended June 30, 2025, our 94th year of service. The PAFR provides a summary of the Annual Comprehensive Financial Report (ACFR).

TRA is managed by a board of eight trustees. Trustees are responsible as fiduciaries to protect the long-term value of the pension fund and provide benefit security for members. Trustees are also obligated to consider the benefit needs of all pension fund participants regardless of any individual constituency that may have been instrumental in their election. The pension fund is also governed by federal laws and state statutes.

TRA continues to strive toward our strategic goals that were developed with input from TRA stakeholder groups, TRA staff, and TRA Board members. These goals include:

- Engagement and education
- Fund integrity balanced with equity in plan provisions
- Engaged, empowered, high-performing workforce
- Risk-intelligent organization

TRA's total plan assets as of June 30, 2025, were \$32.5 billion. Pension benefits paid to retirees and beneficiaries during fiscal year 2025 were \$2 billion. Total liabilities were \$1.2 billion, a decrease of \$85.2 million from the June 30, 2024 liability amount of \$1.3 billion. Association assets exceeded liabilities on June 30, 2025 by \$31.3 billion.

The 2025 Omnibus Pension and Retirement Bill (SF 2884 / HF 1889), signed into law May 23, 2025, impacted retirement benefits, contribution rates, and amortization method. Effective June 30, 2025, eligible members who are age 60 or older with at least 30 years of service are able to retire under a lowered reduction factor, 5% with augmentation, resulting in a higher retirement benefit. This replaces TRA's former early retirement benefit for eligible members aged 62 or older with at least 30 years of service using a 6% reduction factor with augmentation. To fund the benefit improvement: (1) effective July 1, 2025, the upcoming 9.5% employer contribution rate was increased by 0.31% for a rate of 9.81%, and (2) effective June 30, 2025, all new retirees will not receive a postretirement increase until January 1st following the year in which they reach normal retirement age.

The Bill also changed the amortization method for financing TRA's Unfunded Actuarial Accrued Liability (UAAL) from a single base being amortized over the period ending June 30, 2048 to a "layered" amortization approach. Under the new method, the UAAL as of July 1, 2024 and the benefit increases enacted in 2025 will each be amortized over the period ending June 30, 2048, but other bases will be amortized over varying periods depending on the source the UAAL impacts. (see page 6 for details) On June 30, 2025, the funding ratio stood at 81.6%, an increase from 79.9% on June 30, 2024.

Finally, our sincere appreciation is extended to all who assisted in and contributed toward the completion of this publication.



Tim Maurer
Executive Director

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AWARD WINNING REPORTING



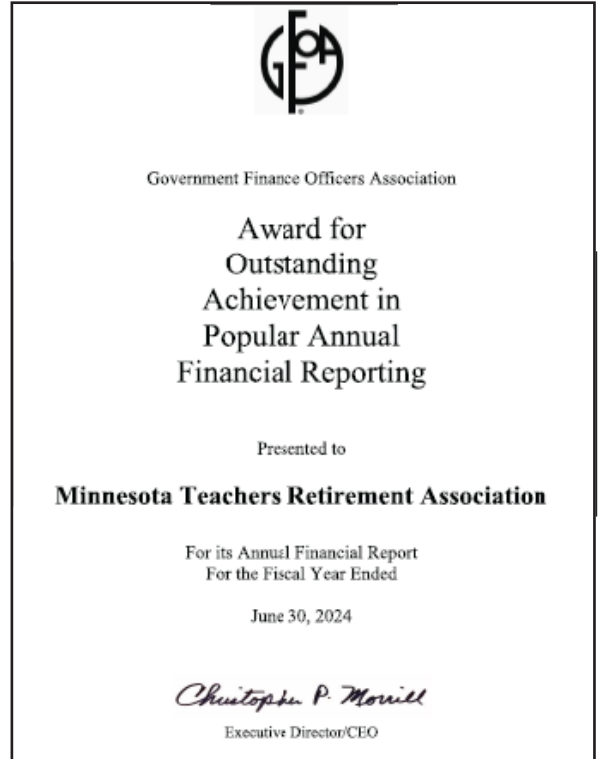
Award Winner



Popular Annual Financial Report

The Government Finance Officers Association (GFOA) is pleased to announce that Teachers Retirement Association of Minnesota has received GFOA's Award for Outstanding Achievement in Popular Annual Financial Reporting (PAFR).

The award represents a significant achievement by the entity. In order to be eligible for the PAFR award, a government must also submit its Annual Comprehensive Financial Report to GFOA's Certificate of Achievement for Excellence in Financial Reporting Program and receive the Certificate for the current fiscal year. Each eligible report is reviewed by judges who evaluate the report based on the following categories: reader appeal, understandability, distribution methods, creativity and other elementals.



Government Finance Officers Association

**Certificate of Achievement
for Excellence
in Financial
Reporting**

Presented to

Minnesota Teachers Retirement Association

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morill

Executive Director/CEO



Award Winner



Annual Comprehensive Financial Report

The Government Finance Officers Association (GFOA) is pleased to announce that Teachers Retirement Association of Minnesota has received GFOA's Certificate of Achievement for Excellence in Financial Reporting for FY2024 Annual Comprehensive Financial Report (ACFR).

The award represents a significant achievement by the entity. In order to be eligible for the ACFR award, the report must satisfy both generally accepted accounting principles and applicable legal requirements. The goal of the program is not to assess the financial health of the participating government, but rather to ensure that users of this report have the information they need in an easy to read, understandable format so they may themselves assess the entity's financial health.

Fiduciary Net Position

June 30, 2025 and June 30, 2024

(Dollars in Thousands)

	2025	2024	Change
Cash and Investments	\$ 32,422,884	\$ 30,331,001	\$ 2,091,883
Receivables	23,024	30,644	(7,620)
Capital Assets	6,486	7,079	(593)
Total Assets	\$ 32,452,394	\$ 30,368,724	\$ 2,083,670
Current Liabilities	\$ 1,189,805	\$ 1,275,251	\$ (85,446)
Long-Term Liabilities	1,214	994	220
Total Liabilities	\$ 1,191,019	\$ 1,276,245	\$ (85,226)
Fiduciary Net Position	\$ 31,261,375	\$ 29,092,479	\$ 2,168,896

The *Statement of Fiduciary Net Position* measures the resources TRA has available to pay pension benefits less liabilities owed by TRA to people and businesses other than members. However, the statement does not include the actuarially estimated pension liability owed to plan members.

Changes in Fiduciary Net Position

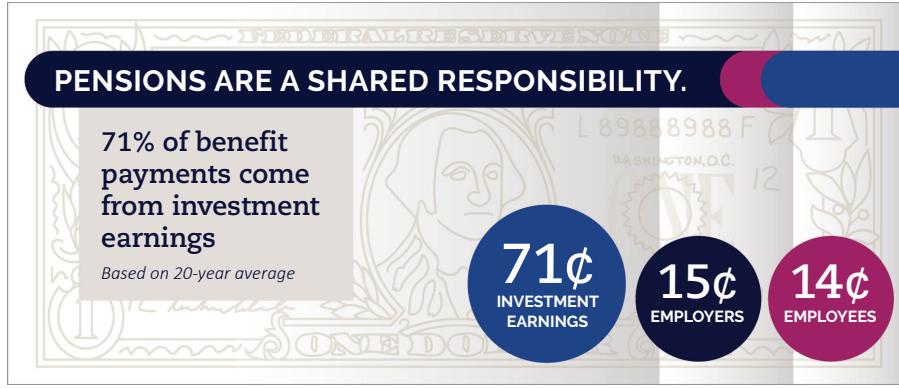
June 30, 2025 and June 30, 2024

(Dollars in Thousands)

	2025	2024	Change
Additions			
Employee Contributions	\$ 503,821	\$ 480,136	\$ 23,685
Employer Contributions	638,430	756,421	(117,991)
Net Investment Gain/(Loss)	3,111,259	3,199,055	(87,796)
Other	912	803	109
Total Additions	\$ 4,254,422	\$ 4,436,415	\$ (181,993)
Deductions			
Monthly Benefits	\$ 2,043,842	\$ 2,059,436	\$ (15,594)
Refund of Contributions	21,951	21,501	450
Administrative Expenses	\$ 19,732	\$ 17,502	\$ 2,230
Total Deductions	\$ 2,085,525	\$ 2,098,439	\$ (12,914)
Change in Fiduciary Net Position	\$ 2,168,897	\$ 2,337,976	(169,079)

TRA is funded through a combination of member contributions, employer contributions, and investment earnings. For fiscal year 2025, the *Fiduciary Net Position* increased \$2.2 billion. The increase is due to investment gains that exceeded the 7% expectation. Deductions to *Fiduciary Net Position* are incurred primarily for the purpose for which TRA was created, the payment of benefits to retirees. In fiscal year 2025, retirement benefits decreased by \$15.6 million. Refunds and withdrawals increased from \$21.5 million in FY24 to \$22 million in FY25. Administrative costs increased by \$2.2 million.

Pensions are a Shared Responsibility



During the member's career, the member and the member's employer make mandatory payroll contributions to TRA. The funds are pooled and managed by the State Board of Investment (SBI) to pay the eventual benefit.

10-Year History Contribution Rates

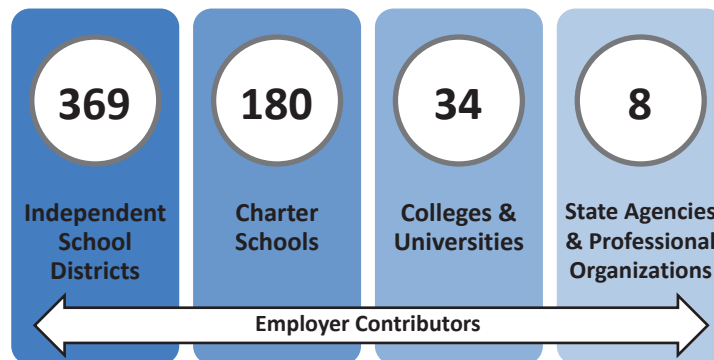
Fiscal Year Ending June 30	Basic Program Employee Contribution Rate	Basic Program Employer Contribution Rate*	Basic Program Total Contribution Rate	Coordinated Employee Contribution Rate	Coordinated Employer Contribution Rate*	Coordinated Total Contribution Rate
2016	11.00%	11.50%	22.50%	7.50%	7.50%	15.00%
2017	11.00%	11.50%	22.50%	7.50%	7.50%	15.00%
2018	11.00%	11.50%	22.50%	7.50%	7.50%	15.00%
2019	11.00%	11.71%	22.71%	7.50%	7.71%	15.21%
2020	11.00%	11.92%	22.92%	7.50%	7.92%	15.42%
2021	11.00%	12.13%	23.13%	7.50%	8.13%	15.63%
2022	11.00%	12.34%	23.34%	7.50%	8.34%	15.84%
2023	11.00%	12.55%	23.55%	7.50%	8.55%	16.05%
2024	11.25%	12.75%	24.00%	7.75%	8.75%	16.50%
2025	11.25%	12.75%	24.00%	7.75%	8.75%	16.50%

*In addition to the rates above, an employer contribution is made to the fund by Special School District No. 1, Minneapolis, is an amount equal to 3.64% of the salary of each teacher who is either a basic or coordinated member.

Basic Program - a member's contributions and benefits are not coordinated with Social Security coverage.

Coordinated Program - a member's benefits are coordinated with Social Security coverage.

Local school districts and other TRA-covered employer units provide contributions of 12.75% of total salary for members in the Basic Plan and 8.75% of total salary for members in the Coordinated Plan. For Coordinated Plan members, the employer unit also makes the required matching contribution to the Social Security Administration.

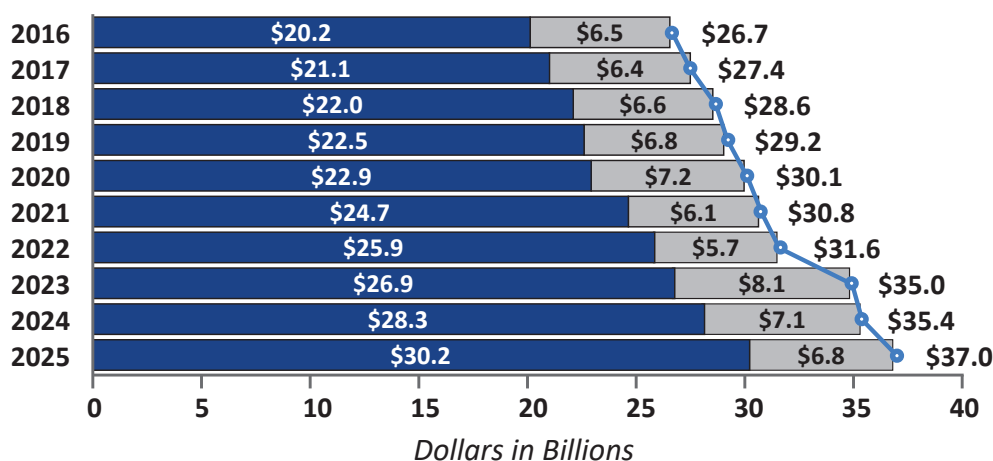


Layered Amortization Summary and Impact

Source	Amortization Period
July 1, 2024 UAAL	Period ending June 30, 2048
Experience gain or loss	15 years
Assumption or method change	20 years
Benefit changes enacted in 2025	Period ending June 30, 2048
Benefit changes for actives	15 years
Long-term benefit changes for inactives	15 years
Short-term benefit changes for inactives	Number of years during which the benefit change will be in effect
Contributions above or below actuarial rate	15 years

	Before Changes	Omnibus Pension and Retirement Bill	Assumption and Method Changes
Unfunded AAL (UAAL)	\$6,386,688	\$6,800,105	\$6,804,734
Impact		413,417	4,629
Funded Ratio	82.5%	81.6%	81.6%
Impact		(0.9)%	0.0%
Total Required Contribution	17.68%	18.04%	18.05%
Impact		0.36 %	0.01 %
Contribution (Deficiency)/ Sufficiency	0.50 %	0.45 %	0.44 %

Assets compared to Actuarial Accrued Liability



Actuarial Value of Assets (AVA)
 Unfunded AAL (UAAL)
 Actuarial Accrued Liability (AAL)

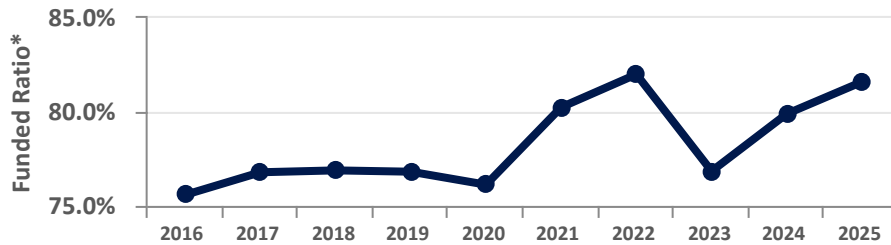
- Actuarial Value of Assets is the value of pension plan investments and other property as of the valuation date.
- Unfunded Actuarial Accrued Liability is the difference between the present value of projected benefits for earned service and the assets set aside to pay the benefits based on the funding policy.
- Actuarial Accrued Liability is the present value of promised pension benefits for service earned as of the valuation date.

The Unfunded Actuarial Accrued Liability (UAAL) on July 1, 2025 is \$6.8 billion as compared to UAAL on July 1, 2024 of \$7.1 billion. We experienced a \$319 million decrease in the UAAL on July 1, 2025. The \$319 million decrease in the UAAL is attributed to the following:

- a net increase of \$106 million from contributions and change to layered amortization method.
- a net decrease of \$843 million due to actuarial gains for salary experience, investment return, and mortality experience; and actuarial losses due to retirement experience and miscellaneous other items.
- an increase of \$413 million due to the 2025 Omnibus Pension and Retirement Bill.
- a net increase of \$5 million due to changes in actuarial assumptions.

Plan Funding

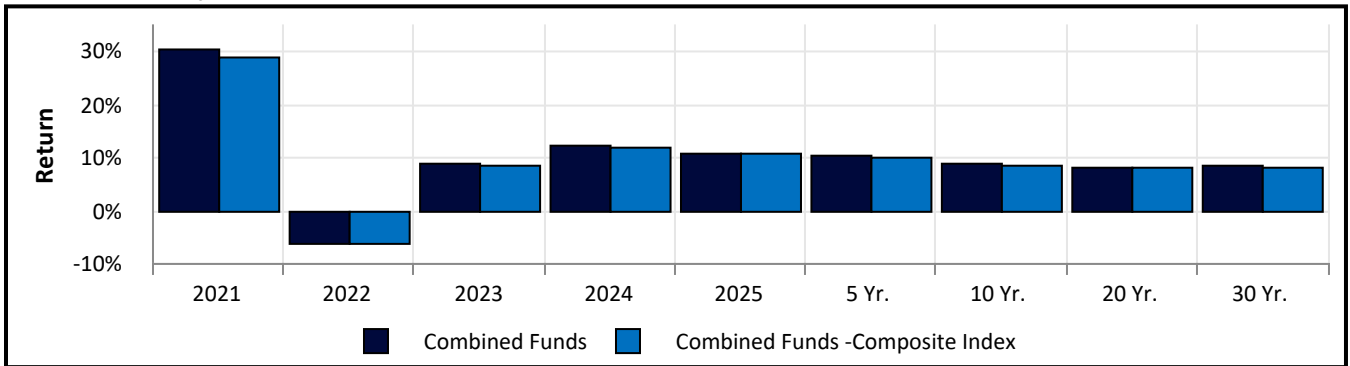
The funded ratio, which is the value of a plan’s assets in proportion to the pension liability, is measured on June 30th of each year. Funding for pension plans consists of investment returns, employee contributions and employer contributions.



*The Funded Ratio uses actuarial value of assets

Investment Performance

as of June 30, 2025



	2021	2022	2023	2024	2025	5 Yr.	10 Yr.	20 Yr.	30 Yr.
Combined Funds	30.3%	-6.4%	8.9%	12.3%	10.9%	10.6%	8.9%	8.3%	8.6%
Composite Index	28.8%	-6.3%	8.7%	11.9%	10.9%	10.2%	8.7%	8.1%	8.3%
Excess	1.5%	(0.1)%	0.2%	0.5%	—%	0.4%	0.2%	0.2%	0.3%

Investment Performance is presented net of investment management fees and the effect of any profit-sharing arrangements. The Combined Funds' performance is evaluated relative to a composite of public market index and private market investment returns. The composite performance is calculated by multiplying the beginning of month Composite weights and the monthly returns of the asset class benchmarks.

Performance (Net of Fees)

The Combined Funds' performance is evaluated relative to a composite of public market index and private market investment returns. The composite performance is calculated by multiplying the beginning of month Composite weights and the monthly returns of the asset class benchmarks.

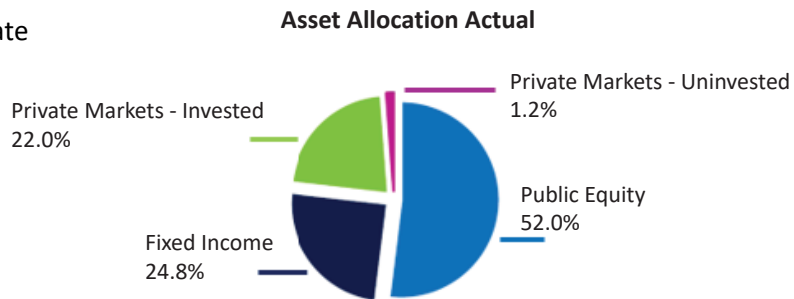
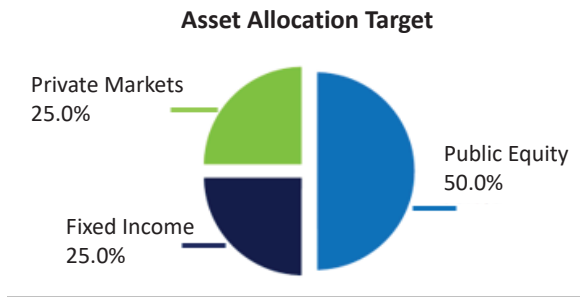
Combined Funds represent the assets for both the active and retired public employees in the statewide retirement systems. The SBI commingles the assets of these plans into the Combined Funds to capture investment efficiencies.

Asset Allocation

Portfolio Distribution: Strategic Asset Policy Target Allocation - Actual Mix

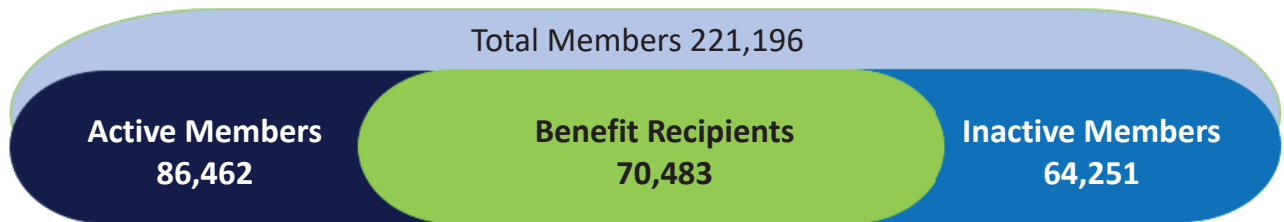
All TRA assets are accounted for within the Combined Funds managed by the SBI. The Combined Funds consist not only of the TRA assets, but also the assets of the Public Employees Retirement Association (PERA) and the Minnesota State Retirement System (MSRS).

To match the long-term nature of pension obligations, the SBI maintains a strategic asset allocation for the Combined Funds that includes allocations to public equity (both domestic and international), fixed income, and private markets.

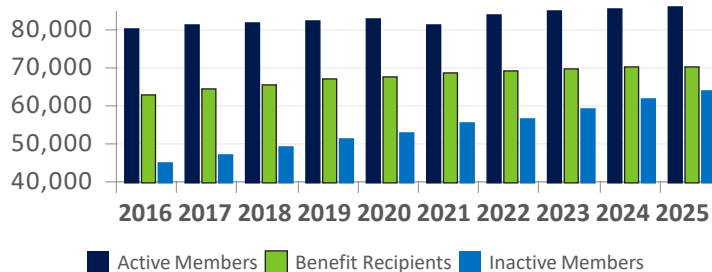


Membership Data

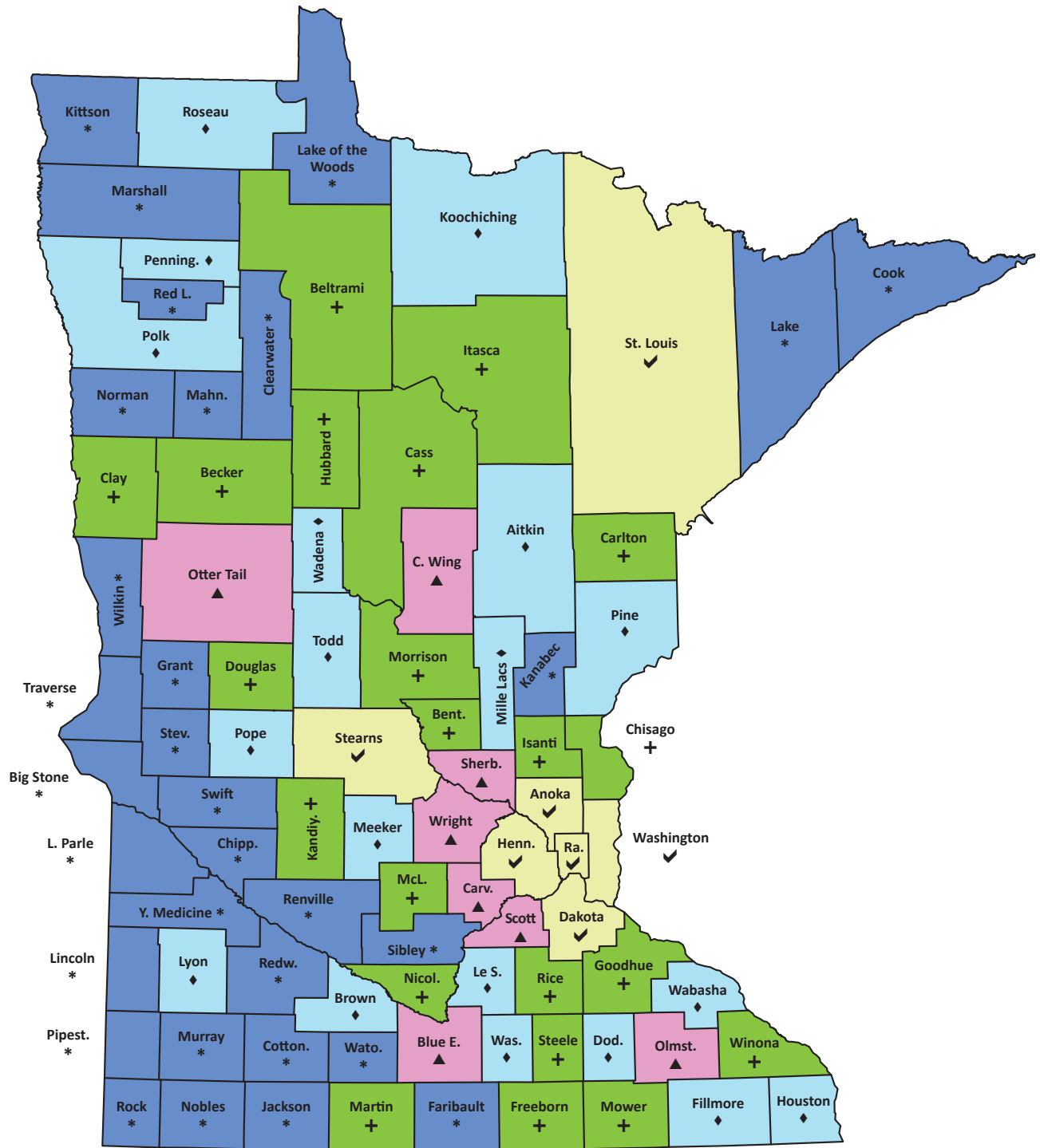
TRA currently serves 591 schools and 221,196 members, ranging from active members, benefit recipients, and inactive members, ensuring the pension fund is healthy and benefits are paid correctly to recipients. Active members are currently working and contributing to the fund. Inactive members are no longer working in a qualified position and are not contributing nor receiving benefits. Benefit recipients are currently receiving pension benefit payments. Below is the current mix of members and benefit recipients, *10 Year Summary of Membership Data*, and *Gross Benefits by County* map. Detailed list of counties and gross benefits on next page.



10 Year Summary Membership Data



Gross Benefits by County



- ✓ Over \$50,000,000
- ▲ \$25,000,000 - \$50,000,000
- ⊕ \$10,000,000 - \$25,000,000
- ◆ \$5,000,000 - \$10,000,000
- * \$0 - \$5,000,000

Detail of Gross Benefits by County (in alphabetical order) and Map

\$0 - \$5,000,000		\$5,000,000 - \$10,000,000		\$10,000,000 - \$25,000,000		\$25,000,000 - \$50,000,000		Over \$50,000,000	
County	Gross in Millions	County	Gross in Millions	County	Gross in Millions	County	Gross in Millions	County	Gross in Millions
Big Stone	1.78	Aitkin	6.20	Becker	15.76	Blue Earth	27.20	Anoka	95.25
Chippewa	4.34	Brown	6.42	Beltrami	23.88	Carver	33.01	Dakota	129.85
Clearwater	3.82	Dodge	5.56	Benton	11.77	Crow Wing	35.50	Hennepin	369.38
Cook	2.99	Fillmore	7.09	Carlton	12.49	Olmsted	42.59	Ramsey	117.72
Cottonwood	4.62	Houston	5.93	Cass	16.87	Otter Tail	28.58	Saint Louis	73.54
Faribault	4.83	Koochiching	5.19	Chisago	16.82	Scott	34.57	Stearns	59.98
Grant	2.61	Le Sueur	8.53	Clay	18.30	Sherburne	29.30	Washington	76.12
Jackson	3.77	Lyon	7.08	Douglas	23.50	Wright	38.83		
Kanabec	4.61	Martin	7.17	Freeborn	10.11				
Kittson	1.79	Meeker	8.79	Goodhue	18.82				
Lac Qui Parle	2.74	Mille Lacs	8.08	Hubbard	13.02				
Lake	4.78	Pennington	5.05	Isanti	12.70				
Lake Of The Woods	1.59	Pine	8.25	Itasca	23.22				
Lincoln	1.81	Polk	9.43	Kandiyohi	22.59				
Mahnomen	1.31	Pope	5.92	McLeod	10.97				
Marshall	3.75	Roseau	5.56	Morrison	10.56				
Murray	2.71	Todd	8.65	Mower	11.70				
Nobles	4.25	Wabasha	7.58	Nicollet	12.57				
Norman	2.61	Wadena	6.00	Rice	24.88				
Pipestone	2.97	Waseca	6.71	Steele	10.74				
Red Lake	1.23			Winona	18.03				
Redwood	4.07								
Renville	3.97								
Rock	3.54								
Sibley	3.68								
Stevens	2.02								
Swift	3.18								
Traverse	0.94								
Watonwan	2.67								
Wilkin	1.44								
Yellow Medicine	4.11								

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2025 Popular Annual Financial Report



A Pension Trust Fund of the State of Minnesota

This Popular Annual Financial Report (PAFR) is derived from the information contained in TRA's Annual Comprehensive Financial Report (ACFR). Both are presented in accordance with Generally Accepted Accounting Principles. TRA does not include footnotes, they can be found in the ACFR.
For a copy of TRA's ACFR, visit: <https://minnesotatra.org/financial/annual-reports>