

# TEACHERS RETIREMENT INFORMATION BULLETIN

Active Edition ■ Winter 2019



## Progress made toward funding goals

A favorable investment year and the passage of sustainability legislation during the legislative session combined to make fiscal year 2018 a very good one for TRA's finances.

The TRA investment portfolio earned a strong return of 10.3 percent for the 12-month period ending June 30, 2018. The TRA assets at fair value that are used to pay benefits increased during the period from \$21.25 billion to \$22.35 billion, as of June 30,

### TRA ANNUAL REPORT

2018. More information is available in TRA's Comprehensive Annual Financial Report. View it at [MinnesotaTRA.org/financial/annual-reports](http://MinnesotaTRA.org/financial/annual-reports).

**Investments:** All TRA assets are invested by the Minnesota State Board of Investment (SBI). During fiscal year 2018, domestic stocks returned 15.4 percent and international stocks provided a return of 7.5 percent. The fixed income (bond) portfolio rose just 0.1 percent. The

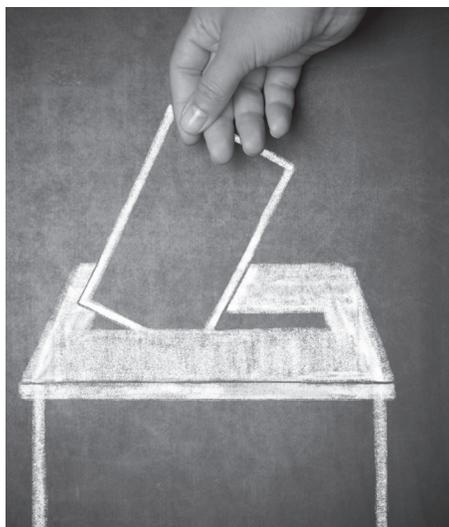
private markets class, including real estate and private equity, posted a return of 14.8 percent for the fiscal year.

**Revenue:** The TRA investment portfolio produced net income for the fiscal year of \$2.16 billion. Total employee and employer contributions were \$791 million. Total net operating revenue was \$2.95 billion.

**Expenses:** Benefit payments for the year were \$1.82 billion or about \$152 million/month. During the

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## 5 candidates run for seats on TRA board



TRA active members soon will choose representatives for the Board of Trustees from a field of five candidates for a four-year term that begins July 1.

Read full bios and statements from the candidates at [MinnesotaTRA.org](http://MinnesotaTRA.org).

Make your voice heard by voting for the person you believe will best represent you on pension matters. You will receive instructions in March for voting by mail or online. Votes must be received by April 26, 2019. Results

will be published on [MinnesotaTRA.org](http://MinnesotaTRA.org) and in the June issue of this newsletter. The candidates are:

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### KEY DATES

**March:** Voting begins.

**April 26:** Voting ends.

**June 12:** Results announced at Board of Trustees meeting and at [MinnesotaTRA.org](http://MinnesotaTRA.org).

**July 1:** New trustees begin four-year term.

# President's c o r n e r

*Martha Lee Zys*  
TRA Board



## Here's to a job well done in '18

The unsung heroes who safeguard pension assets and investments or make sure retirees' checks go out on time don't often get the kudos they deserve, but the turn of the new year provides an opportunity for a look back at the accomplishments that took place in the Retirement Services Building in 2018.

One of our heroes is State Board of Investment Executive Director Mansco Perry. Gov. Dayton proclaimed Dec. 13 Mansco Perry Day, coinciding with an event in New York at which Perry received a Lifetime Achievement award at the annual Chief Investment Officer Innovation Awards dinner.

Perry oversees the investment management of pension and other state assets totaling over \$97 billion. In his proclamation, Dayton mentioned Perry's implementation of operational improvements and development of innovations to enhance investment returns while mitigating risk. Dayton described Perry as a skillful, thoughtful leader and long-term strategic investor.

Perry is president of the National Association of State Investment Officers and a board member of the Minnesota Worker's Compensation Reinsurance Association. He also has served on the boards of William Mitchell College of Law, Minnesota Philanthropy Partners, Catholic Charities of St. Paul and Minneapolis, the Investment Advisory Council of the New York State Teachers Retirement System, the Investment

Committees of the Sisters of St. Joseph Carondelet, and the University of Baltimore Foundation.

For TRA staff, 2018 was about ensuring that the plan is sustainable for future generations of retiring educators as well as completing initiatives to improve the member experience.

- Major bipartisan sustainability legislation passed after three years of effort at the state capitol by agency staff and dedicated stakeholder groups, putting TRA on track to reach full funding in 30 years.
- Staff completed a years-long transition from an antiquated member data system to a secure and highly functional online account management system.
- TRA freshened up its logo and public-facing website to provide members with engaging, relevant content and attractive web pages.
- Experienced staff assumed leadership roles in member services, further enhancing TRA's already top-notch retirement counseling and education efforts.
- TRA security, audit and information tech staff continued implementing new ideas to mitigate risk and keep sensitive data safe.

The TRA Board of Trustees and TRA staff wish you a happy New Year, and we look forward to another year of continuing work together to make your pension plan the best it can be.

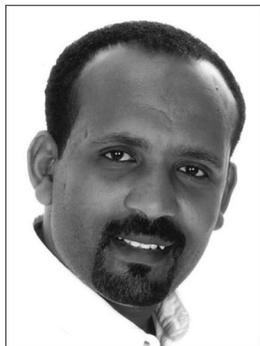
## How to start your pension benefit

Here's what you need to know in order to begin your benefit with TRA:

- **You must submit a TRA Retirement Annuity Application** either on paper or by logging in to MyTRA. Your application may be submitted up to 180 days before your last day of employment.
- **You must officially end employment with all TRA employers** (independent school districts, Minnesota State, charter schools) and submit a Last Day of Employment form, signed by you and your employer.
- **Your application must be submitted within six months after your last day of employment** in order to receive retroactive payments. Otherwise, your pension benefit becomes effective on the date you submit the application.
- If you work for any TRA employer after you have ended your employment, but before you have submitted your application, you may lose pension payments. This includes substitute teaching.
- You cannot have a written agreement to go back to work at a TRA-covered employer prior to ending your employment and submitting your application. One exception: If you are over 62, you and your employer may submit a return-to-work agreement along with your application.

# 5 candidates run for open board seats

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**YOHANNES  
AGEGNEHU**

Yohannes Agegnehu is a member of the Business and Accounting faculty at Inver Hills Community College.



**ANTHONY  
HAUSCHILD**

Anthony Hauschild is a teacher in the Anoka-Hennepin district.



**LUKE V.  
OLSON**

Luke V. Olson is a teacher in the South St. Paul Public Schools.



**MARSHALL  
THOMPSON**  
(Incumbent)

Marshall Thompson is a teacher in the Osseo school district.



**JOE  
WENNER**

Joe Wenner is a teacher in the Milaca public schools.

## TRA makes progress toward funding goals

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fiscal year, TRA paid refunds of member contributions of \$13.1 million to members who left teaching and chose to withdraw their contributions plus interest.

Total administrative expenses for the year were \$15.7 million. Total operating expenses were \$1.85 billion.

**Funding Status:** The 2018 legislature enacted significant changes to TRA actuarial assumptions and plan provisions. TRA's long-term investment 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 stronger 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, 2018, the actuarial value of TRA assets was \$22 billion. Actuarial liabilities were \$28.6 billion, producing a funded ratio of 76.9 percent. This was a slight improvement from the prior year funding ratio of 76.8 percent.

The contribution deficiency was calculated at 1.08 percent of active member payroll. However, future contribution rate increases passed by the 2018 legislature are not considered in this calculation until they are implemented. If those contribution rate increases had been included, the contribution deficiency would have reversed and produced a slight contribution rate sufficiency.

At current projections and if all actuarial assumptions are met, TRA will achieve a 100 percent funded ratio in 30 years.

## TRA news briefs

### Do you have a beneficiary?

As a TRA member, certain benefits are available to your survivor(s) if you die before retiring with TRA. Beneficiary designation options vary for married members and single members, vested and non-vested. Call 800-657-3669 or 651-296-2409 to request assistance with your beneficiary designation.

### Protect your data

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](http://www.identitytheft.gov).

### Member handbook refresh

We've updated the TRA member handbook. Check it out at [MinnesotaTRA.org/resources](http://MinnesotaTRA.org/resources).

**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.



# Counseling road trips: Sessions run through April

**T**here's still time to take advantage of TRA's winter road trips!

TRA counseling staff will visit a city near you in the coming months to provide one-on-one retirement counseling. Log in to your MyTRA account or call to register. (Dates and locations subject to change.)

Can't make it? You can learn about your pension by going to MinnesotaTRA.org and browsing topics of interest. While you're there, log in to your MyTRA account to view your personal account information and make updates to your address and email.

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|----------------------------|------------------------------------|
| <b>ALEXANDRIA</b>          | Tues., Feb. 19                     |
| <b>AUSTIN</b>              | Mon., March 4                      |
| <b>BEMIDJI</b>             | Wed., April 3                      |
| <b>ELY</b>                 | Mon., March 18                     |
| <b>GRAND RAPIDS</b>        | Mon., April 22<br>Tues., April 23  |
| <b>HIBBING</b>             | Thurs., March 7<br>Fri., March 8   |
| <b>HUTCHINSON</b>          | Tues., Feb. 19                     |
| <b>INTERNATIONAL FALLS</b> | Thurs., April 18<br>Fri., April 19 |
| <b>MARSHALL</b>            | Thurs., Feb. 21                    |
| <b>MCGREGOR</b>            | Fri., Feb. 15                      |
| <b>MORA</b>                | Mon., March 11<br>Tues., March 12  |
| <b>ROCHESTER</b>           | Tues., March 12<br>Tues., April 9  |
| <b>VIRGINIA</b>            | Mon., March 25                     |
| <b>WORTHINGTON</b>         | Thurs., March 7                    |

**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 Stencil, Director of Association Finance  
Minnesota School Boards Association

**Board of Trustees, Elected Members**

|   |   |
|---|---|
| Martha Lee Zins<br>President<br>Retiree Representative<br>17509 Saddlewood Ln<br>Minnetonka MN 55345  | Will Baumann<br>Active Representative<br>15104 Cty Rd 5 NW<br>New London, MN<br>56273 |
| Mary Broderick<br>Vice President<br>Active Representative<br>1003 - 31st Ave N<br>St. Cloud, MN 56303 | Mary B. Supple<br>Active Representative<br>7300 Oakland Ave<br>Richfield, MN 55423    |
| Marshall Thompson<br>Active Representative<br>7421 W. Lake St.<br>St. Louis Park, MN 55426            |   |