ANNUAL FINANCIAL REPORT RELEASED

Annual Comprehensive Financial Report illustrates TRA fund status

Despite lower than expected investment returns for fiscal year 2022, TRA’s outlook remains positive.

The investment return of -6.4% for fiscal year 2022 was significantly lower than the statutory assumed rate of return of 7.5%. Investment returns were weak during the fiscal year as markets reacted to a high inflation economy. Even with these weak returns, the actuarial value of TRA assets increased as of June 30, 2022, compared to the previous year-end. For actuarial purposes, investment gains and losses over or under the assumed return are recognized over a five-year period.

Candidates announced for TRA Board

Active TRA members will soon choose two representatives for the Board of Trustees in 2023. The two members will be selected for four-year terms. The terms of the elected members will begin on July 1, 2023.

Read full bios and statements under the Board of Trustees tab on the TRA website.

For up to date information, follow us on Facebook and Twitter at MinnesotaTRA
Your Voice Matters

It is a new year, and with that comes a new state legislature as well as an election for the TRA Board of Trustees.

Looking to the board election, consider the importance of your voice in choosing who is seated. The two seats open are for active members. Only active members are eligible to vote for active member board positions.

The board oversees the administration of the pension fund. We hope to see high voter turnout to reflect the commitment and interest of our membership.

In 2021, voter turnout for the active election was 5.18 percent. Just 20 years prior in 2001, we saw 21.8 percent. For retirees, those numbers fell to 28.34 percent from 47 percent, respectively.

As board members, we owe a fiduciary duty to the active and retired members of TRA, to the taxpayers of the State, and to the State of Minnesota. We act as intermediaries to guide lawmakers to what we have carefully discussed to be the most prudent steps forward.

We appreciate the input we receive from members. Ultimately, it is our goal to find the best balance in benefits and maintaining a stable plan. We need to keep the plan solvent for both the retirees of today as well as future generations.

With a new session underway, our focus is to be prepared to present and share any information that will be helpful to lawmakers. TRA—the Public Employees Retirement Association, Minnesota State Retirement System and the St. Paul Teachers’ Retirement Fund Association—provide the Legislative Commission on Pensions and Retirement (LCPR) with any expertise needed.

The board works together to find compromises, solutions, and ideas to present to legislators that we determine are the most effective ways to administer and improve our pension fund for all members. Ultimately, any changes to benefits, post-retirement increase adjustments, and contribution rates must go through the LCPR and to the legislature for final pension bill passage of the full house and senate. The governor must then sign the bill into law.

Your vote is an important step in this process.

Active members, please visit the Board of Trustees tab on the TRA website to review the candidates and choose who you believe will help TRA put its best foot forward into the future.

Election packets will be mailed to active members in March. If you would like to receive a ballot by email, be sure your email address is in your myTRA account.

There are two easy ways to vote—by mail or online.

Simply follow the instructions in your election packet. To vote online, you will need the Election Code and Voting PIN that is printed in your packet.

YesElections, an independent election administrator, is conducting the board election for TRA.

Retirees, the next retiree representative position election is in 2025.

For now, you can check in on the work we as a board are currently doing with the LCPR at lcpr.mn.gov.
The market value of assets as of June 30, 2022 was $25.6 billion. The five-year smoothing of investment gains and losses produced an accumulated deferred investment loss of $334 million as of June 30, 2022. The deferred investment losses will flow through the smoothing method over the next four years.

The unfunded actuarial accrued liability was $5.7 billion, a decrease of $397 million from the previous year.

As of June 30, 2022, the funded ratio using actuarial value of assets stood at 82.0%, an increase from 80.2% the previous year. The market value funded ratio stood at 80.9%, a decrease from 92.0% the previous year. Using actuarial value of assets there is currently a contribution sufficiency of 1.10%.

Future scheduled increases of the statutory contribution rates will increase the contribution sufficiency to 1.55%. This sufficiency means that if all assumptions are exactly met in the future, the unfunded actuarially accrued liability will be fully amortized ahead of the scheduled statutory date of June 30, 2048.

More detailed information is available in TRA’s 2022 Annual Comprehensive Financial Report and Popular Report. These reports can be found under the Financial tab, Annual Reports, on the TRA website.

### INVESTMENTS

All TRA assets are invested by the Minnesota State Board of Investment (SBI). During fiscal year 2022, public equities returned -15.5%. The fixed income (bonds) portfolio returned -10.5%.

The private markets class, including real estate and private equity, posted a return of 24.8% for the fiscal year.

The TRA investment portfolio produced a net loss of $1.7 billion for the 2022 fiscal year.

### ADDITIONS

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<td>Employee Contributions</td>
<td>$429 Million</td>
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<tr>
<td>Employer Contributions</td>
<td>$483 Million</td>
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<tr>
<td>Investment Income (Loss)</td>
<td>-$1.7 Billion</td>
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<td>Direct Aid</td>
<td>$36 Million</td>
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Fiscal year 2022 additions to net position saw investments return a loss of $1.7 billion to the fund. Employee contributions totaled $429 million with employers adding $483 million. Additional direct payments (state/city/county) were $36 million.

### DEDUCTIONS

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<tr>
<td>Benefit Payments</td>
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<td>Refunds</td>
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<td>Administrative Expense</td>
<td>$15.7 Million</td>
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Pension benefits paid to retirees and beneficiaries during the fiscal year totaled $2.0 billion, an increase of $35.8 million from the previous year. Additionally, TRA paid $16.5 million in refunds to members who left teaching service and chose to withdraw their contributions. Total administrative expenses for the fiscal year were $15.7 million.
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

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<td>TRA Member Number</td>
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Email Address

Planning to retire?

Here’s what to do:

- You can apply for retirement benefits through your myTRA online account or by completing a paper application. Your application may be submitted up to 180 days before your last day of employment.
- Familiarize yourself with your benefit options by visiting MinnesotaTRA.org and watching our educational videos.
- Attend a Planning for Retirement webinar. Sessions are March 16, April 20, and May 18. Register by calling us or logging in to your myTRA account.
- You must terminate all TRA covered employment and submit a Last Day of Employment form, signed by you and your employer.
- Your application must be received by TRA within six months after your last day of employment in order to receive retroactive payments. Otherwise, your pension benefit becomes effective on the date your application is received.

There could be a change to your anticipated benefit effective date if you return to work at a TRA-covered school prior to submitting your application to TRA.