2023 LEGISLATIVE RECAP: WHAT TO KNOW
Post-Retirement Adjustments, Lower Retirement Age, and More...

On May 22, the 2023 Minnesota legislative session concluded. Three bills were enacted that directly impact TRA:
- The Pension Omnibus Budget Bill (Budget Bill)
- The Pension and Retirement Omnibus Policy Bill (Policy Bill)
- The Tax Finance and Policy Bill (Tax Bill)

Here is how it will impact the fund and your benefit:

THE BUDGET BILL

The Budget Bill provides a total of $176 million in direct funding to TRA. $31.1 million of that amount will fund a one-time, lump-sum payment for eligible benefit recipients in early 2024, which will be in addition to the 1.1 percent post-retirement adjustment that will be paid on January 1, 2024.

Eligible benefit recipients with Coordinated benefits will receive a 1.4 percent lump-sum payment and those

PLEAS NOTE

Eligible benefit recipients will receive a one-time lump sum amount in addition to the 2024 1.1 percent annual post-retirement increase. The payment will be made prior to March 31, 2024. See The Budget Bill for details.

ELIGIBILITY

To be eligible a member must have retired on or before July 1, 2022.

TRA Board Welcomes Two New Members

The TRA Board of Trustees has two new active member board representatives after voters selected David Rondestvedt and Kathy Oellerich in the 2023 board election and were certified by the current board at the May 10 meeting.

Rondestvedt teaches special education at Robbinsdale Area Schools. Oellerich teaches science at South Washington County School District.

Voter turnout among active TRA members was 8.7 percent. TRA thanks everyone who participated.

TRA is managed by a board of eight trustees: five elected trustees (four active, one retired) and three statutory members representing the Minnesota School Boards Association, the Commissioner of Education and the Commissioner of Minnesota Management and Budget.

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For up-to-date information, follow us on Facebook and Twitter at MinnesotaTRA
Broadcaster Dan Rather once said, “If all difficulties were known at the outset of a long journey, most of us would never start out at all.” With the end of a whirlwind legislative session, there may not be a victory—but there is a start.

To all the members who participated in TRA board meetings and the legislative process, we hear you, and we appreciate your engagement. Please remember only the legislature has the authority to make changes to the plan.

The TRA Board met numerous times in 2022 to consider inflation’s impact on retirees and the plan’s high normal retirement age on Tier II members.

The initial result of these challenging conversations was a comprehensive legislative proposal. It was both sustainable for the fund and beneficial to our active and retired members, and included:

- Full, unreduced retirement benefits for members who are at least age 60 with at least 30 years of service.
- A one-time, compounded 2.5 percent post-retirement adjustment on January 1, 2024, funded by the State.

We also determined and recommended that the State should contribute a significant portion of the money needed to fund increased contribution rates. Our proposed 75/25 split was intended to utilize the State’s surplus and reduce the impact of contribution rate hikes on school district budgets and teachers’ paychecks.

Under this proposal, the State would have needed to provide $300 million for the increased post-retirement adjustment, and $153 million each year for 30 years to adequately fund the 60-and-30 benefit. Employees would have contributed 0.87 percent more from their paychecks for this change.

Our staff spent many days at the capitol, meeting with legislators and advocating for solutions. Ultimately, while staff presented the proposal three times to the Legislative Commission on Pensions and Retirement (LCPR), the Legislature’s financial commitment to the pension fell short of the amount needed for significant change, and our proposal failed to gain traction.

With frustration, we accepted the offered payment to help pay down the fund’s liabilities and provide a modest one-time payment to retirees.

Then in the last days of the session, we were just as surprised to learn that a modest deal had been brokered by the Governor and leaders of the House and Senate for Tier II teachers.

With the addition to the tax bill lowering the retirement age to 65 in two years, our staff is now working diligently to implement the change and inform members as quickly as possible.

Significant pension reform is very expensive and we know the outcome of the 2023 legislative session is frustratingly minor for many members.

As LCPR Chair Rep. Kaohly Her said in her announcement of the deal, “It’s a starting point.” Now we have a start to what will be an ongoing process. We at TRA will continue to work with and educate the legislators and advocates to do what we can to improve the retirements of you, the educators, who have given so much to Minnesota and her students.

CANDIDATE | VOTES
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David Rondestvedt | 3,552
Kathy Oellerich | 2,903
Wendy Drugge Wiensch | 2,697
Luke Olson | 2,472
Chad Ohl | 1,228
Joyce Ursin | 560
Total Write-Ins | 26
(Continued from page 1)

with Basic benefits will receive a 2.9 percent lump-sum payment. The remaining $145 million will help reduce the fund’s unfunded liability.

The Budget Bill also lowers the investment return assumption from 7.5 percent to 7 percent. This change also lowers the interest rate used to calculate certain payments, such as refund repayments and service credit purchases, from 7.5 percent to 7 percent.

THE POLICY BILL

The Policy Bill makes small, administrative adjustments to TRA’s statutes. The most notable change extends the minimum period of time TRA members have to purchase service credit for military leaves of absence from one year to three years.

THE TAX BILL

The governor signed the Tax Bill into law on May 24, 2023, which makes delayed changes to TRA’s normal retirement age (NRA), employer and employee contribution rates, and the pension adjustment revenue to school districts.

Effective July 1, 2025:

The normal retirement age for active and eligible deferred Tier II members (those hired after June 30, 1989) will be reduced from 66 to 65.

The employer contribution rate will increase by 0.75 percent, for a total rate of 9.5 percent.

The employee contribution rate will increase by 0.25 percent, for a total rate of 8.0 percent.
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:  
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Welcome 2023 Retirees!

WHAT COMES NEXT?

Once you and your employer provide TRA with the required forms and supporting information, you should receive your first pension check within 30 to 60 days of your effective date of retirement.

Due to the large number of educators who retire in June, summer retirement applications may take longer to process. If your effective date of retirement is in June or July, you can expect to receive your first retirement check during the first week of July, August or September and no later than the first week of October depending upon the timely receipt of your required documents.