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retro pay and summer pay is prorated. Minnesota State service credit is determined by the full-time equivalent as defined in the Minnesota State bargaining agreement. For example, if a Minnesota State employee works 0.5 FTE during the fiscal year, 0.5 (one half) year of service credit is earned.

HIGH-FIVE SALARY. Monthly benefits are based on the average of your highest annual salary over five successive years of service credit.

FORMULA MULTIPLIER. Monthly benefits are calculated by multiplying the high-five salary by a formula multiplier, which is a cumulative percentage for each year of service credit. The current multiplier is 1.9 percent for each year of service after July 1, 2006.

REDUCTION FACTOR. You can retire as early as age 55, but a reduction factor for early retirement may be applied to your monthly benefit.

NORMAL RETIREMENT AGE. Tier II members (those hired after June 30, 1989) who retire before July 1, 2025 have a normal retirement age of 66. Beginning July 1, 2025, the normal retirement age for all active and eligible deferred TRA members will be 65. The law change will not apply retroactively to benefits started before July 1, 2025.



This publication was created and provided to you by the Teachers Retirement Association. It serves as a summary of the applicable state statutes in effect as of the date this publication was issued. In the event that there is a discrepancy between information in this publication and the governing laws and policies, the laws and policies shall apply. Plan provisions are subject to change. No information in this publication should be construed as tax, financial, or legal advice.

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Your plan for life

PENSION BASICS



Pension basics for TRA members

TRA is a Defined-Benefit (DB) pension plan that provides retirement, survivor and disability benefits to over 200,000 current and former Minnesota educators—including about 84,000 active teachers and 70,000 retirees.

	DEFINED-BENEFIT PENSION	DEFINED-CONTRIBUTION SAVINGS PLAN: 401(k), 403(b)
Who bears the investment risk?	Plan bears investment risk.	You bear investment risk.
Who pays the investment fees?	Fees divided among members.	You pay investment fees.
Who manages my assets?	Minnesota State Board of Investment professionals manage assets.	You manage your assets.
Can I take it with me?	If you change careers, you may request a refund or leave your contributions with TRA until you're ready to retire.	If you leave the teaching profession, you take your account with you.
What determines my benefit amount?	Predictable benefit based on age, length of service and high-five average salary.	Balance at retirement determines payments. You might outlive your funds.

During your career

You and your employer make mandatory payroll contributions to TRA that are pooled into one large fund managed by the Minnesota State Board of Investment. Here's how we translate the statistics of your career into retirement income.

Pension math

CONTRIBUTION RATES. During your teaching years, a percentage is deducted

from every paycheck for your retirement. The current employee contribution rate is 7.75 percent. Your TRA contributions are pretax, reducing your current taxable income. Your TRA paycheck deductions are determined by Minnesota law and subject to change.

VESTING. You are vested when you have earned enough service credit to be eligible for a monthly lifetime retirement benefit, or pension. Vested members are also eligible for disability and survivor benefits. Current members are vested

with at least three years of TRA service credit.

SERVICE CREDIT. Service credit is used for vesting and to calculate monthly benefits. Paid sick leave, vacation days and required attendance days count toward service credit. You cannot earn more than one year of service during any fiscal year. Service credit for part-time teaching, extracurricular pay,

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