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Update No. 9

This is our last Pension Update for this year. See you in 2023!
If you've missed any past updates, they're [available on our website](#).

Keep working on our new call to action

Before Jan. 1, share [the link](#) to sign up for the Pension Updates email with every member in your worksite and your local.

Once you know it's been shared, follow up and ask if they have signed up. Tell them why it's important to you that they are a part of our pension advocacy plan.

If you need talking points, reference our [December/January resource for taking action](#).

[Forward the Education Minnesota Pension Updates signup today!](#)

TRA tier differences explained

There are frequent questions about the differences between the two TRA tiers, which have different designs. The information below is an overview.

- Whether someone is Tier 1 or Tier 2 depends on when they began eligible employment. If they began employment prior to July 1, 1989, they are Tier 1.

TRA discounts/reductions if retiring before Normal Retirement Age (without an early retirement provision):

Tier 1 reductions: <ul style="list-style-type: none"> • 3% from age 65 	Tier 2 reductions: <ul style="list-style-type: none"> • Approximately 7% per year from age 59 to 66 • Approximately 4% per year from age 55 to 59
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TRA - [Rule of 90](#)

Rule of 90 is available for Tier 1 TRA members who were first hired before July 1, 1989. Rule of 90 eliminates the early retirement reduction when age plus years of service are equal to or greater than 90. The Rule of 90 is in the Tier 1 benefit calculation, but an eligible member receives the higher of the Tier 1 or Tier 2 benefit formula.

TRA - [62/30 provision](#)

On July 1, 2013, legislation went into effect implementing a new early retirement provision, known as "62 and 30." This change was in response to teacher concerns about the disparity between Tier 1 and Tier 2. This provision lowered the reduction factors used to calculate a benefit when a member retires early (i.e. before the normal retirement age). To be eligible for the 62 and 30 provision, a member must meet both of these milestones in their career:

- Attain at least 62 years of age AND
- Attain at least 30 years of eligible public service with a Minnesota public pension fund.

If a member meets the above criteria, the reduction factors applied to a benefit calculation will be smaller:

- Approximately 3% per year from age of retirement to age 66.
- For comparison, without the age 62 and 30 provision criteria, reduction factors are:
 - Approximately 7% per year from age 59 to 66.
 - Approximately 4% per year from age 55 to 59.

How this all plays out

Here's a chart estimating how a hypothetical 22-year-old would have different levels of benefit at retirement based on when they started working and when they retired. This is a comparison of the tier designs.

The percentage listed is the approximate formula percentage of a high-5 salary.

Age	Service Credit	1980 Start Date (Tier 1 & Rule of 90)	1988 Start Date (Tier 1 & Rule of 90)	1990 Start Date (Tier 2)	2000 Start Date (Tier 2)	2006-after Start Date (Tier 2)
56	34 yrs	54.4%	56.0%	24.0%	25.0%	25.2%
60	38 yrs	62.0%	63.6%	40.0%	41.0%	41.9%
62	40 yrs	65.8%	67.4%	62.3%	64.0%	63.7%
66	44 yrs	73.4%	75.0%	80.4%	82.4%	83.6%

Comparing the formula examples, Tier 1 with the Rule of 90 creates a higher percentage earlier and Tier 2 creates a higher percentage toward the NRA of 66.

Important events/dates

- PERA board meetings – [Dates](#)
- TRA board meetings – [Dates](#) (upcoming is Jan. 18)
- SPTRFA board meetings – [Dates](#)
- LCPR meetings – [Dates](#)

Resources

[Education Minnesota pensions webpage](#)

[TRA document on pension basics](#)

[PERA member resources](#)

[Public pension terminology](#)

[Find your legislator here](#)

If you have any questions, please email [Adam Janiak](#).

