Update No. 38

Pension deal reached, lowers Tier 2 NRA to 65 in 2025
The Legislature has agreed on a first step toward improving Tier 2 pension benefits for TRA and SPTRFA. In the tax bill, a change is included that would lower the Normal Retirement Age (NRA) from 66 to 65 starting on July 1, 2025. If passed, it will be paid for with a .75% increase to employer contributions (Ongoing funding of $97.4 million over the 2026-27 biennium) and a .25% increase to employee contributions beginning July 1, 2025. This will raise the TRA contributions to 8% for employees and 9.5% for employers. SPTRFA will be raised to 9% for employees and 9.75% for employers. Those increases will also begin on July 1, 2025.

What it is: This is a first step toward making the Tier 2 benefits competitive with surrounding states, more accessible to members and the recruitment and retention tool it should be. Lowering the NRA will lower the accumulated base penalties at each age from 65-55 by 7%. Also, when the current 62/30 provision is applied, it will result in lower penalties for those who qualify at ages 62-64. With this bill, TRA and SPTRFA are the only pension plans this session to receive ongoing funding.

What it isn’t: This isn’t the strong investment that we have been working toward. While this improvement is a first step, it does not address the over-penalization for early retirement, it does not create a threshold for an unreduced benefit based on service and age, it does not stop the soon-to-be-implemented COLA delay and it does not make up for decades of underfunding. The implementation date of the deal is disappointing, too. There is much work to be done.

We know this isn’t enough, but the only reason anything is happening is because of the outreach of thousands of active and retired educators. In order to get the improvements teachers deserve, we must pass this benefit improvement and maintain this level of activism next year, too.

Next steps: Once details have been finalized and the bills are passed, we will begin planning next steps. This will include the work called for in the action item passed at Education Minnesota’s Representative Convention, which lays out specific directives centering on advocating for increases in the state’s investment to cover the cost of making an early retirement rule to all TRA plan participants.
Our legislative work will not stop over the interim. We will be planning in-district meetings with members and key legislators, drafting legislation and meeting with potential authors.

Amazing march at the Capitol

Earlier this week, hundreds of members converged on the state Capitol to march in solidarity and make educator voices heard.

Active teachers, ESPs and retirees, as well as family members and staff, marched from Education Minnesota headquarters into the Capitol building. The power of their voices caused floor sessions to pause and could be heard on livestreams of those sessions. Reps. Kaohly Vang Her and Ethan Cha addressed everyone on the Capitol steps after the march. Rep. Her shared that something was being worked on, it wasn’t everything we wanted but was a first step toward reform. A huge thank you to all the members that traveled to take action!

View more photos on Education Minnesota's Facebook page.
If you've missed any past updates, they're available on our website.

If you have any questions, please email Adam Janiak.

Keep organizing, sharing and talking to your colleagues about our plan. **Sign up and forward this Education Minnesota Pension Updates signup today** or use the QR code below!