

To view this email as a web page, go [here](#).

Pension Updates



THE VOICE FOR PROFESSIONAL
EDUCATORS AND STUDENTS

Update No. 47

Thank you for your continued engagement on pension issues. Based on feedback from members, we're working to make these updates shorter and to the point so you can better share them with your colleagues.

Please share our [pension rally event](#) with your friends and colleagues. We need as many people there as possible to raise our collective voice for pension improvements!

Friday Focus: The Switch to NRA 65

Members have asked us to share information around the lowering of the normal retirement age from the 2023 legislative session.

What the legislation did:

- Lowered the full retirement age for *Tier 2 teachers to 65* as of July 1, 2025.
- A lowering of the retirement age *shifts all reduction factors* (penalties) for Tier 2 members by a year. Total penalties for most TRA Tier 2 members are lowered by 7% at each age under 66, while those who qualify for reduced penalties under 62/30 also see lower penalties by a year at ages 62-64.
- It was 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. With this bill, TRA and SPTRFA were the only pension plans last session to receive ongoing funding.

This chart reflects the percentage of your high-five salary you would receive in pension payout checks, compared to the amount before the implementation of NRA 65. These are examples of TRA Tier 2 members who were hired for a TRA-eligible position in 1990, 2000, or 2006.

Age	Service Credit	1990 Start w/ Tier 2 change NRA 65		2000 Start w/ Tier 2 change NRA 65		After 2006 Start w/ Tier 2 change NRA 65	
55	33 yrs	20.8%	25.0%	21.5%	25.8%	21.9%	26.3%
56	34 yrs	23.9%	28.2%	24.7%	29.2%	25.2%	29.7%
57	35 yrs	27.2%	31.7%	28.1%	32.7%	28.6%	33.3%
58	36 yrs	30.6%	35.2%	31.6%	36.3%	32.1%	36.9%
59	37 yrs	34.2%	38.9%	35.2%	40.1%	35.9%	40.8%
60	38 yrs	40.0%	44.9%	41.2%	46.2%	41.9%	46.9%
61	39 yrs	46.1%	51.0%	47.4%	52.5%	48.2%	53.4%
62	40 yrs	62.3%	65.2%	64.0%	67.0%	63.8%	67.1%
63	41 yrs	66.9%	69.7%	68.7%	71.6%	68.8%	72.0%
64	42 yrs	71.5%	74.2%	73.4%	76.1%	73.8%	76.9%
65	43 yrs	76.0%	78.5%	77.9%	80.5%	78.7%	81.7%
66	44 yrs	80.4%	80.4%	82.4%	82.4%	83.6%	83.6%

While this improvement is a first step, it does not make up for decades of underfunding. Legislators understand that this isn't the end of the work.

Why wait until 2025?

- The deferred implementation date was not what we advocated for and disappointing.
- Waiting until 2025 made the proposal less expensive to implement for employees and employers last year, and required less ongoing funds from the tax budget. If not for the deferred implementation, they likely would have had to raise the employee-side contribution even higher to pay for the benefit.

It's meaningful that this change was the first benefit improvement to teachers' pensions across the country in decades, and changes the momentum for public sector pensions toward improvements rather than cutting of benefits.

We're clear that in the future, improvements need to be made without increasing the employee-side contribution, and instead should be funded by state investment.

Pension Advisory Group Meeting

The Pension Advisory Group will be meeting for eight hours this Saturday to discuss many ideas for pension priorities next legislative session, share plans for local organizing and speak with TRA Executive Director Jay Stoffel and staff. Notes from the meeting will be sent out in the next pension update.

Resources:

Organizing and Action	General Information
-----------------------	---------------------

Tips for contacting your legislators	Education Minnesota pensions webpage
Find your legislators	EdMN Capitol Connection e-newsletter
LCPR members	TRA document on pension basics
Education Minnesota Pension Advocacy Network	PERA member resources
Get involved flyer to share with colleagues	Public pension terminology

If you've missed any past updates, they're [available on our website](#).
 If you have any questions, please email pensions@edmn.org.



Education Minnesota, 41 Sherburne Ave., St. Paul, MN 55103 | 651-227-9541 | 800-652-9073
 Education Minnesota is an affiliate of the American Federation of Teachers,
 National Education Association and AFL-CIO.

www.educationminnesota.org | [Update email](#) | [Privacy policy](#) | [Contact us](#) | [Unsubscribe](#)