

# TRA Pension Pointers

## What is TRA?

The Teacher's Retirement Association is an eight-member state board that oversees the **defined-benefit pension plan** for most Minnesota public education teachers, licensed school staff and some administrators.

## What is Tier 2?

More than 95% of current teachers are TRA Tier 2 members. In 1989, the state created a **two-tier system** based on whether or not a teacher first worked in a TRA eligible position before July 1, 1989. Tier 2, both initially and through later legislative changes, provides a much different benefit than Tier 1, with **harsher penalties for early retirement and less retirement flexibility** for its members.

## What are penalties?

Penalties (technically called 'discounts') are reductions in your retirement payout based on the year you decide to retire before your normal retirement age (NRA). The earlier you retire, the greater the reduction. The TRA Tier 2 benefit is reduced by **7% for each year down to age 59 and 4% to age 55**, with some relief coming for those at least age 62 with at least 30 years of service (62/30 provision). Under Tier 1, teachers who retired early without meeting the Rule of 90 (the enhanced benefit for Tier 1 members) only had a **3% penalty per year**.

## How do we achieve improvements?

The state has underfunded worker pensions for decades and it's time they make an investment. Drastic reductions by the state/employer are a big part of what led to the deficiencies and deterioration of the fund's stability that we see today. To make improvements, we need **significant investment from the state**, along with the revenue to fund that investment.


## Who makes the decisions?

In Minnesota, many decisions on pension improvements have to be made through **legislative action**. The Legislative Commission on Pensions and Retirement discusses, considers and recommends pension legislation. The LCPR is the cornerstone for pension discussions, and members are looked to by the full Legislature for recommendations. Legislators on the LCPR and legislative leadership including the Speaker of the House, Majority Leader of the Senate and Governor are the most important decision-makers in the movement for improvement.

## What did the change to NRA 65 do?

Because of the strong advocacy from teachers across the state, TRA received \$97.4 million of ongoing funds from the legislature for an NRA improvement. The NRA will be lowered from 66 to 65 on July 1, 2025. The total penalties are **lowered by 7%** at each age under 66. The impact to those with 30-plus years of service is a lowering of the penalties that result from the current 62/30 provision in TRA.

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Education Minnesota is an affiliate of the American Federation of Teachers, the National Education Association and AFL-CIO.  3988



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