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# Pension Updates



THE VOICE FOR PROFESSIONAL  
EDUCATORS AND STUDENTS

## Update No. 52

If you've missed any past updates, they're [available on our website](#).

### LCPR Listening Session - Fergus Falls

Thank you to the educators from Fergus Falls and surrounding locals for showing up and raising your voices last Thursday on the pension improvements we need. If you weren't able to join in or tune in to the livestream, the recording of the session can be watched [here](#). Six LCPR legislators were in attendance, as well as one local state representative.

[Here's an article](#) from the local news source on the hearing.



## Education Minnesota's 2024 Legislative Agenda

We're happy to announce that our state-wide union has set our [legislative agenda](#) for the 2024 session. This document is created through member-led processes with the Legislative Action Committee and the Governing Board. The following is the pension-focused piece of the legislative agenda:

"Educator pensions are not the recruitment and retention tool they were created to be. Our teachers' top priority is reforming their pension plan. With some of the highest educator contribution levels to their own pensions compared to other states, direct state investment is required. We support legislation that:

- Reduces penalties and increases flexibility for educator retirement, so educators can choose when they're ready to retire without losing a significant amount of their pension benefit.
- Supports improving the retirement plans for higher education faculty, including better pensions and increasing the Supplemental Retirement Plan statutory maximum."

Read more about the LAC and Governing Board [here](#).

## TRA Update

Thank you to everyone on our [EdMN Pension Advocacy Network Facebook page](#) that were able to send a message to TRA board members asking for them to direct TRA to define short-term and long-term goals for needed Tier 2 improvements. President Specht, Vice President Byron and Secretary-Treasurer Rodney Rowe submitted [this letter](#) to the board and staff.

The TRA meeting focused on an actuarial review of their funding ratio, an overview

of requested actuarial costing of proposals voted on during the December meeting, a review of the 2013 TRA pension changes and a discussion on how to approach the 2024 legislative session and beyond. They spoke but didn't commit to setting long-term goals for improvements at their August retreat. You can find the full meeting packet [here](#).

The TRA board voted to advocate for accelerating NRA 65, the lowering of the full retirement age from last year's session, from 2025 to 2024 with one-time money. They also granted TRA staff the flexibility to work as needed this session, able to weigh-in on proposals without needing a vote from the board. This is a disappointing outcome from TRA, and will mean that we more than likely will not be able to collaborate on the same bill for Tier 2 improvements this session.

### **Pension Advisory Group Update**

Our member-led Pension Advisory Group is still hard at work - defining priorities, organizing members and advocating with legislators. You can find previous meeting notes [here](#). After TRA came back with costing, but chose a legislative proposal that does not address the inequities in the Tier 2 benefit before age 62, they will be discussing improvement options for our EdMN priority bill at their in-person, 8-hour meeting this Saturday, Jan. 20. You can find the agenda for this Saturday's meeting [here](#) or on the [Pension Advocacy Network](#).

### **Why focus below age 62?**

Members have asked why our advocacy conversation is increasingly about penalties before age 62. Many members believe that they have no realistic options besides working until 66 (or 65 in 2025). Based on benefit paid, a Tier 2 member retiring at 63 has a higher benefit than a Tier 1 member who retired at 63. 62 is close to this number as well, but the penalty cliff for long-career educators between age 62 to age 61 is large, and if we want the most effective proposal to that uses any state funding we can achieve in a policy year, the 7% penalties from age 59-61 are a prime place to have that conversation. However, this doesn't take into account that Tier 1 members paid less of their paycheck towards their benefits, or that some Tier 1 members may have had lower salaries compared to some Tier 2 teachers now.

If you're a member who's planning to retire after age 62, or can defer drawing your benefit until age 63, your benefit amount is equitable with Tier 1. When reaching out and talking with legislators to advocate for improvements, it's important that we focus in on the biggest flaw in the Tier 2 plan, the high penalties that make drawing your benefit before 62 a non-starter for many educators.

### TRA Tier 2 – Identifying the Inequity

Age	Service Credit	1988 Start Tier 1 and Rule of 90	1990 Start Tier 2 NRA 66	1990 Start Tier 2 NRA 65	2000 Start Tier 2 NRA 66	2000 Start Tier 2 NRA 65	After 2006 Tier 2 NRA 66	After 2006 Tier 2 NRA 65
55	33 yrs	*41.5%	20.8%	**25.0%	21.5%	25.8%	21.9%	26.3%
56	34 yrs	56.0%	23.9%	**28.2%	24.7%	29.2%	25.2%	29.7%
57	35 yrs	57.9%	27.2%	31.7%	28.1%	32.7%	28.6%	33.3%
58	36 yrs	59.8%	30.6%	35.2%	31.6%	36.3%	32.1%	36.9%
59	37 yrs	61.7%	34.2%	38.9%	35.2%	40.1%	35.9%	40.8%
60	38 yrs	63.6%	40.0%	44.9%	41.2%	46.2%	41.9%	46.9%
61	39 yrs	65.5%	46.1%	51.0%	47.4%	52.5%	48.2%	53.4%
62	40 yrs	67.4%	62.3%	65.2%	64.0%	67.0%	63.8%	67.1%
63	41 yrs	69.3%	66.9%	69.7%	68.7%	71.6%	68.8%	72.0%
64	42 yrs	71.2%	71.5%	74.2%	73.4%	76.1%	73.8%	76.9%
65	43 yrs	73.1%	76.0%	78.5%	77.9%	80.5%	78.7%	81.7%
66	44 yrs	75.0%	80.4%	80.4%	82.4%	82.4%	83.6%	83.6%

This chart reflects the percentage a member would multiply by their high-five salary.

### How does the educator shortage interact with our need for pension improvement?

As our officers stated in their letter above, the educator shortage is more concerning by the month, with thousands of unfilled positions in schools across the state. [9 out of 10 schools](#) are significantly affected by the educator shortage, which makes educators have more duties than ever, and harms students of color, students in rural areas and students with disabilities the most.

Many mid-career educators consider leaving this essential profession for higher pay in other sectors and retirement flexibility.

Pensions act as the *quintessential recruiting and retention tool* for public jobs. If we want to continue to have quality educators in Minnesota, and address the educator shortage, we need to combat the problems in our pension that are driving folks out.

### Get everyone you know to the Pension Rally!

To have the best chance possible to achieve state funding to cover Tier 2 improvements, we need as many folks as possible to come to the Pension Rally on Feb. 29. If we show up in thousands, we'll get the media and legislator attention we need to address the inequities in the Tier 2 pension. Invite friends and colleagues on our [Facebook event](#), and post this flyer where your colleagues will see it!

Education Minnesota is reimbursing the cost of 2 full-day subs per local, or 4 half-day subs per local. Members who are interested should coordinate with their local president. Education Minnesota is also reimbursing all members for the cost of mileage and parking, and reimbursement forms will be available at the event.

NEW: We ask that members who plan to come to the rally and/or either of our optional prep sessions RSVP using [this form](#). We'll reach out to members on this form regarding updates on the rally, helpful hints for getting around the Capitol, share materials, and more!

## Political Conference 2024

More than ever, we need legislators at the Capitol who will fight for educators, including the fair pensions educators deserve. The Political Conference on Feb. 2-3 is Education Minnesota's bi-annual kick-off in election years, preparing educators to stand up for what they need during the election season. This year, there's a breakout session called "We're Worth More" that will tie educators' issues around pay, pensions and healthcare into our election strategy. Registration closes on Jan. 29, [sign up here](#) before it's too late!

## Action Items

As we approach legislative session, we'll continue to post our growing list of resources at the end of each pension update. As you communicate about pension advocacy in your workplace, please share these resources with members who wish to get engaged.

- [Sign up](#) for the pension update newsletter, and read previous pension updates [here](#).
- [Sign up to be a Pension Action Leader](#) and we'll contact you about action items and advocacy to your state legislators. We need a PAL in every local and legislative district!
- Use our [easy-action form](#) to contact legislative leadership asking for their support of state investment for pension improvements.
- Join the [member-only Pension Advocacy Network Facebook page](#), which is the best place to get updates, stay involved and ask questions.
- Watch our Pension 101 and Informational Update session on [MEA Online](#).
- We encourage all members to [make an appointment](#) with TRA to discuss what your benefit currently looks like, and what options you have.
- Use [this flyer](#), [this flyer](#), and [this flyer](#) to communicate with your colleagues about the pension movement.
- Request a stack of [pension postcards](#) from your field staff for your local. These postcards can act as a great tool for members to write to their legislators.

