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# Pension Updates



THE VOICE FOR PROFESSIONAL  
EDUCATORS AND STUDENTS

## Update No. 55

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

**NEW:** [Easy Call to Action Email](#) to ask your legislators to attend the Pension Rally!

### **Education Minnesota announces 2024 penalty reduction proposal -- info session Monday**

The 2024 legislative session starts Monday! Education Minnesota is hosting a virtual informational session for members this **Monday, Feb. 12 from 7-8 p.m.**

Sign up [here](#) for the virtual session, and please forward this to your local colleagues who are interested in pension advocacy this session.

The Pension Advisory Group has been working for the past several months discussing priorities and options for legislative action. The penalty reduction bill that will be discussed at this virtual informational session and detailed in the sections below is a result of their work.

To learn about the bill, the 2024 legislative session and how you can raise your voice, please join us on Monday. Registration closes 30 minutes before the meeting, and the recording will be posted on [MEA Online](#).



### **What pension bills are still in play this session?**

The Minnesota Legislature runs on a two-year bill cycle, including a “budget” and “policy” session. Bills from last year that did not pass or were not delete-all amended are still alive for the 2024 session.

[HF2222/SF1938](#): This bill contains the large, overall recommendations from the first Pension Advisory Group, including a Normal Retirement Age of 62 or 35 years of service, COVID-service credit for the 2020 and 2021 school years, and an increase to 3% for COLAs, tied to inflation. This is still a long-term goal, but it's unlikely for the state budget to cover it this year. It was heard by the Legislative Commission on Pensions and Retirement.

[HF3294/SF3314](#): This bill contains the a Normal Retirement Age of 64. The bill as introduced was heard by the Legislative Commission on Pensions and Retirement. A modified version of this bill was passed as part of the taxes conference committee, and will continue to be discussed this year.

### **The Penalty Reduction Bill -- Lowering Penalties, Increasing Flexibility**

Current teachers, regardless of how long they've worked, face over-penalization of their retirement benefits before age 62.

This bill lowers penalties in the TRA Tier 2 pension plan, dropping penalties to 3% between ages 58-62. This is a targeted approach to restore some equity between Tier 1 and Tier 2, allowing educators the flexibility to retire early if they need to without losing a significant amount of their pension. A Tier 2 member retiring at age 58 after 2025 would lose 17% less to penalties if this bill passes, compared how the plan works now with NRA 65. This targeted approach allows us to address this problem effectively with less state investment needed, reflecting the budget this policy session. This is a step in the right direction that we can do this year, while the work continues in the future.

Educators who have worked decades in service to our state deserve a pension benefit that takes care of them in retirement. More than half of all licensed

teachers in Minnesota have left the profession, and many mid-career teachers and licensed staff concerned about this issue are considering leaving to the private sector to build a retirement plan. If we want to combat the educator shortage, we need legislators to consider improving benefits, like pensions.

The chart below compares the base penalty structure in place, with NRA 65 in 2025 for Tier 2 members, with the structure this bill would put in place.

Age	4% 55-58 7% 59-64 (Current penalty structure w/ NRA 65)	NRA 65 7% 55-57 3% 58-62 7% 63-64 (Penalty structure with this bill)	Penalty per year with this bill
55	58%	50%	+7%
56	54%	43%	+7%
57	50%	36%	+7%
58	46%	29%	+3%
59	42%	26%	+3%
60	35%	23%	+3%
61	28%	20%	+3%
62	21%	17%	+3%
63	14%	14%	+7%
64	7%	7%	+7%
65	0%	0%	+0%
66	0%	0%	+0%

The chart below reflects the percentage that an educator would multiply by the average salary of their highest-five earning years. You can see in the chart that the

penalty changes, targeted at 58-62, restores up to 11% of earnings around age 58 and 59.

		How it is now	How it is now with NRA 65	Benefit with this bill and NRA 65	% Benefit Improvement	% Benefit Improvement
		Tier 2	Tier 2	Tier 2	Tier 2	Tier 2
Age	Service Credit	1990 NRA 66	1990 NRA 65	1990 NRA 65 7% 55-57 3% 58-62 7% 63-64	Final Benefit improvement from NRA 66	Final Benefit improvement from NRA 65
55	33 yrs	20.8%	25.0%	29.8%	+8.9%	+4.8%
56	34 yrs	23.9%	28.2%	35.0%	+11.1%	+6.8%
57	35 yrs	27.2%	31.7%	40.5%	+13.3%	+8.9%
58	36 yrs	30.6%	35.2%	46.3%	+15.6%	+11.1%
59	37 yrs	34.2%	38.9%	49.7%	+15.4%	+10.7%
60	38 yrs	40.0%	44.9%	53.1%	+13.1%	+8.3%
61	39 yrs	46.1%	51.0%	56.7%	+10.6%	+5.7%
62	40 yrs	62.3%	65.2%	65.2%	+3.0%	0.0%
63	41 yrs	66.9%	69.7%	69.7%	+2.8%	0.0%
64	42 yrs	71.5%	74.2%	74.2%	+2.7%	0.0%
65	43 yrs	76.0%	78.5%	78.5%	+2.5%	0.0%
66	44 yrs	80.4%	80.4%	80.4%	0.0%	0.0%

*This chart reflects the percentage a member would multiply by their high-five salary to calculate their yearly benefit, calculated for a hypothetical teacher starting at 22 in 1990.*

The chart below gives a fuller picture, comparing penalties with an NRA of 66, with an NRA of 65 and the penalty structure if this bill is passed.



Penalties by age in 2024, 2025 and with the proposed bill:

	2024 NRA 66			2025 NRA 65			Bill NRA 65		
Age s	4% 55- 58 7% 59- 65			4% 55-58 7% 59-64			NRA 65 7% 55- 57 3% 58- 62 7% 63- 64		
55	65%			58%			50%		
56	61%			54%			43%		
57	57%			50%			36%		
58	53%			46%			29%		
59	49%			42%			26%		
60	42%	62/30		35%	62/30		23%	62/30	
61	35%	pre 2006	Post 2006	28%	pre 2006	Post 2006	20%	pre 2006	Post 2006
62	28%	14.46%	16.11%	21%	10.40%	11.70%	17%	10.40%	11.70%
63	21%	10.40%	11.70%	14%	6.64%	7.55%	14%	6.64%	7.55%
64	14%	6.64%	7.55%	7%	3.18%	3.65%	7%	3.18%	3.65%
65	7%	3.18%	3.65%	0%	0%	0%	0%	0%	0%
66	0%	0%	0%	0%	0%	0%	0%	0%	0%

If you have questions about what this bill does, please join us on Monday for a more in-depth discussion and Q&A session on this proposal.



Photo from Senate Media Services.

## **Congratulations to new Senate Majority Leader Erin Murphy!**

On Tuesday, the Senate DFL Caucus announced [their election](#) of a new majority leader in the wake of Sen. Kari Dziedzic stepping down from leadership because of recurring health concerns.

We send our best thoughts and strength to the incomparable Majority Leader Dziedzic, who held the one-vote majority caucus together last year to accomplish historic policy achievements for Minnesota.

Majority Leader Murphy spent time with the Pension Advisory Group at their in-person January meeting. She's also the author of the Rule of 90 bill and served on the Legislative Commission on Pensions and Retirement last year. We appreciate Sen. Murphy's work on pensions, and look forward to working with her in this new role.

As the Majority Leader doesn't serve directly on committees, we're expecting a DFL senator to take her place for the upcoming session on the LCPR. We'll detail that change in next week's pension update.

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

NEW: [Pension Rally Countdown Flyer!](#) Please feel free to use it and pencil in how many weeks are left in the clock graphic!

NEW: Members will have access to [free t-shirts](#) on the day of the rally.

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

Education Minnesota is reimbursing the cost of two full-day subs per local, or four 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. Reimbursement forms will be available at the event.

Some locals have even planned buses from their region for their members to attend! Check in with your local president to see if this is an option for you.

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

## **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 Updates e-newsletter and read previous newsletters [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 [members-only Pension Advocacy Network private Facebook group](#), which is the best place to get updates, stay involved and ask questions.
- Watch our Pension 101 and Informational Update sessions 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.

