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**Minnesota Teachers Retirement Association**

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<https://www.minnesotatra.org/>

**AT A GLANCE**

**Who We Serve:**

- 138,000 active/inactive teachers
- 69,000 benefit annuitants
- 609 employer units

**Revenue sources: (Over last 30 years)**

- 73% investment income
- 13% member contributions
- 14% employer unit contributions

**Direct Aid and Supplemental Employer Contributions:**

- State General Fund annual appropriation of approximately \$16.5 million for merger of Minneapolis Teachers Retirement Fund Association (MTRFA) in 2006.
- \$2.25 million from the City of Minneapolis and \$2.25 million from the Minneapolis School District in direct annual contributions related to the MTRFA merger.
- State General Fund annual appropriation of \$14.4 million for the merger with the Duluth Teachers Retirement Fund Association in 2015.

**Staff:**

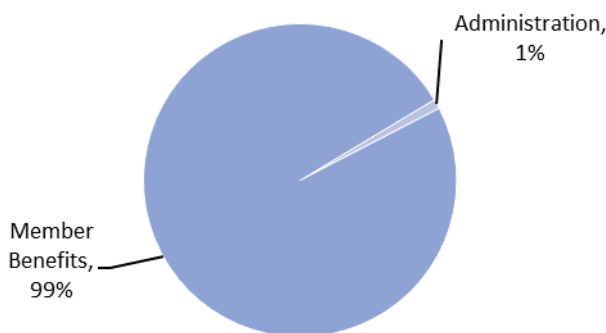
- 90 FTE

**PURPOSE**

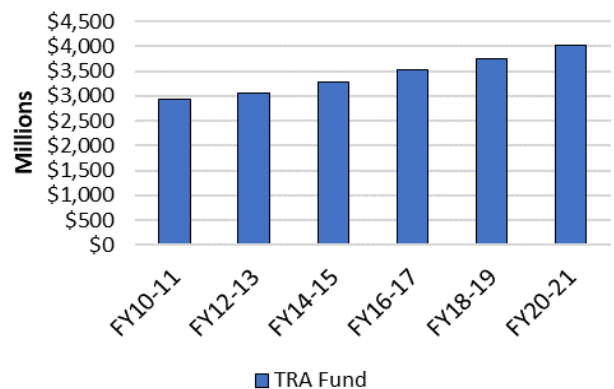
- Provides retirement, disability, and survivor benefits to Minnesota public educators, assisting them in achieving future income security.
- Strives to provide benefits that attract and retain competent teachers who serve communities throughout the state, building a stronger education system.
- Commits to safeguarding the financial integrity of the fund and takes pride in providing exceptional, innovative services to our members.
- Contributes to these statewide outcomes: a thriving economy that encourages business growth and employment opportunities; Minnesotans have the education and skills needed to achieve their goals; and government services are efficient, available, and accountable.

**BUDGET**

**Spending by Program  
FY 2021 Actual**



**Historical Spending**



Source: TRA Comprehensive Annual Financial Reports (FY 2008-2021)

TRA was established by the Minnesota legislature in 1931 and is primarily governed by Minnesota Statutes Chapter 354 and 356. The Association is administered by an eight-member board of trustees. TRA is funded through member contributions, employer contributions, and investment earnings on fund assets. Over the thirty years that ended in 2021, approximately 73% of fund revenues occurred through investment earnings. The remaining 27% was funded through member and employer contributions. TRA members contribute 7.5% of their covered salary to TRA. The member contribution rate is scheduled to increase from 7.50% to 7.75% of member pay on July 1, 2023. July 1, 2021, the employer contribution increased from 8.13% to 8.34%. The employer contribution rate will continue to increase annually in stages, and on July 1, 2023, will be 8.75% of member covered salary.

The TRA expenditure budget consists largely of (over 99%) monthly retirement, survivor, and disability payments to members or other benefit recipients. In fiscal year 2023, TRA expects to pay \$166 million per month in benefits to over 69,000 individuals.

TRA's main office is in St. Paul. Satellite offices are located in Duluth, Mankato and St. Cloud.

## **STRATEGIES**

The TRA Board of Trustees and the Management Team are committed to safeguarding the financial integrity of the fund requiring continual monitoring of actuarial condition. Core operational functions include: collecting, recording and maintaining the accounting of retirement contributions; collecting and managing member information; issuing benefit and refund payments; and educating members and employers about TRA plan features.

## **RESULTS**

During fiscal year 2021, 3,373 members were served with individual pre-retirement counseling services. Another 345 members were served during group counseling and 244 in additional recorded sessions of our presentation. Our video library was established receiving 1,973 views.

In fiscal year 2021, TRA generated 25,710 benefit estimates for members preparing for retirement. TRA members may also securely generate benefit estimates online. TRA members requested 47,790 benefit estimates online during fiscal year 2021.

During COVID pandemic office closures, members were served through phone, email and Webex secure meetings. Additionally, TRA active, inactive and retired members can establish a secure online account at "My TRA." As of June 30, 2021, 70,194 members can access important member account services online. During 2021, members sent us 7,927 secure messages from their online accounts and we sent out 15,255.

The 2018 Legislature enacted significant pension reform by increasing member and employer contribution rates and reducing benefits including the lowering of the annual post-retirement adjustment to 1.0% for five years through 2023. Thereafter the post-retirement adjustment will increase each year until it reaches 1.5% on January 1, 2028. The legislation also modified TRA's investment earnings assumption from 8.5% annually to 7.5% annually. Other economic assumptions such as total covered payroll, inflation, and individual salary increases were also modified. Incorporating all these reforms, TRA's 30-year projected funding ratio in 2048, is 100%.

The funded ratio of the plan, is an indication of the ability to meet current and future benefit obligations.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous 6/30/2020</i>	<i>Current 6/30/2021</i>
Quality	TRA Plan Funding Ratio (Market Value)	75.5%	92.0%
Quality	TRA Plan Unfunded Actuarial Liability (Market Value)	\$7.4 billion	\$2.5 billion
Quality	TRA Plan Contribution Sufficiency (percent of covered payroll- Market Value and after full implementation of contribution rate increases)	-0.54%	5.05%

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Legal authority for the Teachers Retirement Association comes from Minnesota Statutes Chapter 354 (<https://www.revisor.mn.gov/statutes/?id=354>).

# Teachers Retirement Association

# Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base		Governor's Recommendation	
					FY24	FY25	FY24	FY25
<b><u>Expenditures by Fund</u></b>								
7300 - Teachers Retirement	1,930,221	1,966,040	2,002,643	2,141,336	2,113,258	2,164,342	2,113,258	2,164,342
<b>Total</b>	<b>1,930,221</b>	<b>1,966,040</b>	<b>2,002,643</b>	<b>2,141,336</b>	<b>2,113,258</b>	<b>2,164,342</b>	<b>2,113,258</b>	<b>2,164,342</b>
Biennial Change				247,718		133,621		133,621
Biennial % Change				6		3		3
Governor's Change from Base								0
Governor's % Change from Base								0

## **Expenditures by Program**

Teachers Retirement Assoc	1,930,221	1,966,040	2,002,643	2,141,336	2,113,258	2,164,342	2,113,258	2,164,342
<b>Total</b>	<b>1,930,221</b>	<b>1,966,040</b>	<b>2,002,643</b>	<b>2,141,336</b>	<b>2,113,258</b>	<b>2,164,342</b>	<b>2,113,258</b>	<b>2,164,342</b>

## **Expenditures by Category**

Compensation	9,281	9,343	9,610	12,927	14,543	15,040	14,543	15,040
Operating Expenses	5,332	5,927	5,266	7,566	7,896	8,466	7,896	8,466
Grants, Aids and Subsidies		23		30	30	31	30	31
Capital Outlay-Real Property	38			55	75	77	75	77
Other Financial Transaction	1,915,570	1,950,748	1,987,767	2,120,758	2,090,714	2,140,728	2,090,714	2,140,728
<b>Total</b>	<b>1,930,221</b>	<b>1,966,040</b>	<b>2,002,643</b>	<b>2,141,336</b>	<b>2,113,258</b>	<b>2,164,342</b>	<b>2,113,258</b>	<b>2,164,342</b>

## **Full-Time Equivalent**

	83.41	80.74	80.66	90.00	95.00	95.00	95.00	95.00
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Teachers Retirement Association

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base FY24 FY25		Governor's Recommendation FY24 FY25	
<b>7300 - Teachers Retirement</b>								
Open Appropriation	1,930,972	1,966,796	2,003,400	2,142,094	2,113,963	2,164,717	2,113,963	2,164,717
Transfers Out	751	756	757	758	705	375	705	375
<b>Expenditures</b>	<b>1,930,221</b>	<b>1,966,040</b>	<b>2,002,643</b>	<b>2,141,336</b>	<b>2,113,258</b>	<b>2,164,342</b>	<b>2,113,258</b>	<b>2,164,342</b>
Biennial Change in Expenditures				247,718		133,621		133,621
Biennial % Change in Expenditures				6		3		3
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	83.41	80.74	80.66	90.00	95.00	95.00	95.00	95.00

(Dollars in Thousands)

	FY23	FY24	FY25	Biennium 2024-25
<b>Open</b>				
<b>Fund: 7300 - Teachers Retirement</b>				
FY2023 Appropriations	2,142,093	2,142,093	2,142,093	4,284,186
Base Adjustments				
Forecast Open Appropriation Adjustment	1	(28,130)	22,624	(5,506)
Forecast Base	2,142,094	2,113,963	2,164,717	4,278,680
<b>Total Governor's Recommendations</b>	<b>2,142,094</b>	<b>2,113,963</b>	<b>2,164,717</b>	<b>4,278,680</b>
 <b>Revenue Change Summary</b>				
<b>Non-Dedicated</b>				
<b>Fund: 7300 - Teachers Retirement</b>				
Forecast Revenues	2,874,674	2,986,261	3,074,585	6,060,846
<b>Total Governor's Recommendations</b>	<b>2,874,674</b>	<b>2,986,261</b>	<b>3,074,585</b>	<b>6,060,846</b>