

March 2, 2023
Testimony for TRA Pension Reform

Members of the LCPR:

I am in FAVOR of the 62 OR 35 companion bills HF2222 (Wolgamott); SF1938 (Frentz): Teachers Retirement Association (Education Minnesota proposal).

Currently, the MN law requires an educator to teach until the age of 66 to receive full pension benefits. ONLY THREE OTHER STATES HAVE SUCH A DRACONIAN RULE FOR TEACHER RETIREMENT. Forty seven other states have found a way to financially afford and allow their teachers to retire with full pension benefits prior to the age of 66. That is an embarrassing statistic that only the Minnesota Legislature can correct. Please help reform the current laws that guide the MN Teacher Retirement Association Pension.

I am currently 53 years old and have been teaching in MN for 22 years. I recently explored 3 retirement scenarios. What would my TRA monthly pension benefit be at age 60, 62, and 66? According to the TRA Benefit Estimate Calculator, if I retire at age 60 (28 years of service), I will receive an estimated monthly pension check in the amount of \$2544. If I live until 82, the total TRA pension payout will be an estimated \$671,000 after 22 years (\$30,528/year x 22 years). If I wait until age 62 (30 years of service) with the lower deduction/penalty, I will receive an estimated monthly payment of \$3682. Again if I live until age 82, that will be a estimated total lifetime pension benefit of \$883,000 (\$44,184/year x 20 years) after collecting a pension for 20 years. If I teach until age 66 (FULL RETIREMENT BENEFITS w/ no deduction/penalty), I will receive a pension check of about \$4800/month. If I live until 82, I would have received a total lifetime pension of \$926,000 in benefits for 16 years. Retiring before the age of 66 is a lose - lose scenario. Retire at age 60 and lose a considerable amount of money. Retire at age 66 and hate every minute of teaching because I'll be just grinding away to collect my full pension. I believe the age 66 requirement is holding me hostage to my pension.

The current employer contribution rate = 8.55%; employee deduction rate 7.5%. That will change on 7/1/2023 and after: employer contribution rate = 8.75%; employee deduction rate= 7.75%. THESE ARE SOME OF THE HIGHEST CONTRIBUTION RATES IN THE COUNTRY!!!!

I am fully aware that my TRA Pension is a defined benefit and not a defined contribution. Can the state of MN afford to change the current statute and the age 66 requirement? I believe they can. HOW DO 47 OTHER STATES ALLOW THEIR TEACHERS TO RETIRE WITH DIGNITY BEFORE THE AGE OF 66? For me, teaching until 66 is simply not going to happen & leaving hundreds of thousands of dollars on the TRA table does not seem to be ethical.

I appreciate any time you can put towards this critical issue. You have an important role with the advancement of reform to the state statute and the TRA Pensions.

THANK YOU for all of your time and energy.

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