

**From:** [Shelly Streich-Simondet](#)  
**To:** [Lisa Diesslin](#)  
**Subject:** HF3100 Teacher Pension Reform Testimony  
**Date:** Sunday, April 2, 2023 11:57:22 AM

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Dear Chair Her and LCPR Committee Members

I would like to share my story as a Tier 2 teacher and why I support teacher pension reform with HF3100. I am considered a Tier 2 teacher because of an arbitrary date set by the legislature for the Teacher Retirement Fund (TRA). Anyone hired prior to July 1, 1989 is considered a Tier 1 Teacher and can retire based upon the combination of their age and years of service adding up to 90 (Rule of 90). I started teaching in January 1991 and have been required by law to put a portion of my pay into TRA. That amount has been determined by our elected officials and the opportunity to invest those dollars into a retirement account of my choice has not been an option due to state law. As I near an age where I would like to consider retiring, I am learning I have the following three options determined by the legislature and TRA:

1. Stay in the classroom and teach until I am 66 years old to qualify for full monthly payouts of my pension. When I started my teaching career, never in a million years would I have thought I would be required to teach 43.5 years to get to my full pension.
2. Retire from teaching at Age 58, draw on my pension and swallow a 53% penalty for taking my pension early. Didn't think 58 was too early as others in private industry have the ability to retire at 58 with pensions available to them or they have been given the choice in how to invest their retirement dollars.
3. Retire from teaching at Age 62, draw on my pension and swallow a 14.5% penalty for taking my pension early. It is possible and not equitable to a Tier 1 teacher.
4. Retire from teaching and defer my retirement until I am age 66.

I point out these ages because I have peers who are Tier 1 teachers (Rule of 90) and are able to retire between the ages of 56-62 and receive their full pension without the significant penalties I would incur if I were to retire with the same years of service. Instead, I will need to teach 10 additional years and pay into TRA 10 additional years to collect the same pension being provided to my Tier 1 peers. A Tier 1 teacher earns \$542,640 more in their retirement by the age of 80 than a Tier 2 teacher with the same years of service only because of an arbitrary date set by the legislature 34 years ago. Thirty-four years have passed and the inequitable Minnesota Teacher Pension is still not fixed.

How do you fix this to make it equitable? How do you undo 34 years of misappropriations in one year? You have to start somewhere and there is no better year than this year to reform teacher pensions. There are several bills currently provided

1. 62/35 (HF2222/SF1938) Education Minnesota Proposal
2. 60/30 (HF3100/SF3162) TRA Proposal with Funding Recommendations
3. Rule of 90 (HF3181/SF3177) Equitable for ALL Teachers

Currently the LCPR Committee has \$145,046,800 as a one-time lump sum payment to the TRA fund which does not address the reform needed for equitable pension for all teachers whether in the profession or thinking about becoming a teacher. This issue is beyond what the LCPR can provide for reform with the current funds allocated in the governor's budget. The current funding does not support the needs for Minnesota pension reform and by not

addressing this during this legislative session, an additional financial burden will be put on school districts whose budgets will need to support older teachers for a longer period of time (10 years).

Typically, I don't get involved in politics or legislation. I leave it up to the elected officials. However, as a career teacher who wasn't paying attention to how the Minnesota Teacher Pension is structured, I now must share my thoughts with you and be heard. The current structure of the Minnesota Teacher Pension is not one that will encourage young teachers to stay in the profession or encourage anyone to enter the profession. The bordering states to Minnesota offer much better pension options for those wanting to go into teaching as a career. The normal retirement age set at 66 years old and the severe penalties for retiring earlier are inequitable to those of a Tier 1 teacher. This is not a Democratic or Republican Party issue. It is a bipartisan issue that needs to be addressed sooner than later by our elected officials. We need teacher pension reform in Minnesota and it cannot wait another 34 years. The recruitment and retainment of teachers relies on teacher pension reform to happen in this session. My ask is to think beyond what is available to the LCPR Committee this year and get creative in starting to reform Minnesota Teacher Pensions to retain and attract teachers.

Sincerely

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