

# St. Paul Teachers' Retirement Fund Association

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April 3, 2023

Chair Her, Vice Chair Frentz, and Members of the Legislative Commission for Pensions and Retirement,

On behalf of the St. Paul Teachers' Retirement Fund Association (SPTRFA), I commend the LCPR for its thoughtful and diligent work during the 2023 legislative session. The 2023 Pension Budget Omnibus Bill; HF 3100, SF 3162, as amended by amendment H3100.S3162-DE1; is a reflection of that work.

SPTRFA outlined four legislative objectives at the outset of this year's session: 1) Provide inflation relief for retirees, especially basic plan members; 2) Allow career teachers to retire earlier; 3) Address historic underfunding of the plan, and 4) Align the assumed rate of return with the plan actuary's recommendation of 7.0%. The omnibus bill addresses all three of these objectives despite the budgetary constraint of not being able to commit state funds beyond the current biennium. All retirees will receive a 2.5% cost of living allowance (COLA), with basic plan members receiving a 4.0% COLA. Career SPTRFA teachers will now be able to retire without penalty at age 62 with 30 years of service. One-time state aid to partially offset the cost of adopting the 7.0% rate of return assumption addresses historic underfunding.

Additionally, the drafting process for this bill allowed all four of the Minnesota pension plans to craft a plan that best addressed the needs of their members. The \$600 million budget target was equitably allocated based on actuarially accrued liabilities, after providing for targeted priorities. The LCPR then worked constructively with each plan to develop targeted improvements based on the individual plans' priorities.

The 2023 Pension Budget Omnibus Bill improves the value of the SPTRFA to its members. The LCPR's collaborative approach allowed SPTRFA to meet its legislative objectives, focused on increasing retirees' purchasing power, rewarding career teachers with earlier retirement options, and funding actuarial assumption changes.

Very Respectfully,

Phillip Tencick  
Executive Director and Chief Investment Officer