

From: [Kimberley McDonald](#)
To: [Lisa Diesslin](#)
Subject: Tier 2 Reform
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February 23rd, 2023

Members of the LCPR,

As I continue to follow the retirement issues for Minnesota teachers it is my understanding that you have bills in front of you that reform the benefits for Tier 2 TRA members. My colleagues and I ask that you carefully consider and promote reform, with many colleagues showing preference to TRA's proposal as getting us close to average.

Minnesota Tier 2 is grossly behind when compared with the benefits offered by surrounding states and the nation when it comes to teacher retirement. We have one of the highest retirement ages with some of the most punitive penalties for retirement before that age. I find this to be quite disturbing when the expectation for high quality education and all the boasting being done is that Minnesota provides some of the best education in our country. Does it make sense to offer the best education by high quality teachers and punish their hard work and dedication to our most precious resource with a second class retirement? Absolutely not! It is shameful.

It is so disheartening to know that a tier 1 teacher hired in the spring of 1989 and a tier 2 teacher hired in the late summer of 1989 have contributed the exact same amount to TRA yet a tier 1 teacher can retire as young as age 56 with 34 years of service at a benefit level unobtainable by the tier 2 teacher until age 63 (in terms of percent per year worked of benefit). 7 more years of paying into TRA or deferring.

TRA treats tier 2 teachers like the stepchild nobody cares about, but expects them to work much harder and longer for the same earnings. TRA's rough calculations extending tier 1 to all would cost roughly \$1.5 billion in infusion to catch up those hired in fall of 1989 and later - that is to make up for a contribution deficiency even though tier 1 and tier 2 have made the same contributions. That says it all.

Is the work of a tier 1 teacher more valuable than the work of a tier 2 teacher? In every aspect of their career their benefits (in the same district) have been identical except for retirement. If both of these teachers retired at age 56 with 34 years of service, the tier 1 teacher would draw over 2 times the benefit as the tier 2 teacher making the same contributions.

Averaged out, without separating tier 1 and 2, TRA has concluded that the cost of a member's retirement is 9.5% of their salary. As of this summer employees pay 7.75% of that 9.5% with the state only giving a true value of a 1.75% match, where does the rest go? Now you know. To subsidize the better retirement of tier 1 and to offset the lack of funding that the state has consistently provided, especially in the 90s and 00s - in addition to inflation beating COLAs. The state never remedied its failures to adequately fund and regulate - burdening tier 2 alone. Consistently making tier 2 worse since its creation while protecting and enhancing tier 1.

60/30 is a step in the right direction to bring us to average and close to tier 1. Removal of the 2013/2018 reductions/cola removal - copying a chart that copies WI's age/service year formula would right most of the wrongs. No one deserves to have their retirement stolen and reduced beyond what someone retiring at FRA gets by life expectancy. When I think about this my heart just breaks. I went into teaching in 1990 to work with children and for health and retirement benefits. We planned our entire life around the expected benefits. I felt it was a promise, a promise that was stolen from me and my family.

Please, reform tier 2. I have spent my entire adult life providing the very best for our nation's greatest resource, our children, often at the expense of my own family. I have given my life to education, knowing that my career choice would allow me to retire in my late 50's and have enough money to modestly enjoy my golden years. Now I worry if I will be alive to enjoy any of my well deserved years of retirement. My father passed at 69 and I have all of his health issues. I'm sad, scared and so very disappointed that the career I love so dearly will prevent me from the retirement I deserve.

On a final note, Minnesota teachers stood up for children, families and their communities during the pandemic. We continue to stand up as we support our families during the post pandemic educational losses. Stand up for us!

Please, support your teachers, those who have supported you and the many Minnesota families.

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