

## LCPR23-029: Teachers Retirement Association (TRA) 60-30 Benefit Improvement, COLA Increase, Rate of Return Assumption to 7%, and Funding

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### Introduction

**Affected Plan:** Teachers Retirement Association (TRA)

**Laws Amended:** Sections of Minnesota Statutes, Chapters 354 and 356  
Section 126C.10

**Brief Description:** The bill makes the following changes:

- Increases the pension adjustment revenue for school districts beginning in fiscal year 2024 to 3.85% from the 1.25% under current law and adds a 3% annual increase for assumed payroll growth (Section 1);
- Increases employer contributions from 8.75% to 11.35% and employee contributions from 7.75% to 8.62% beginning July 1, 2023 (Sections 2 and 3);
- Extends the amortization date from 2048 to 2053 and makes conforming changes to state aid statutes (Sections 4, 5, and 8);
- Adds a new benefit: a full unreduced annuity upon retirement at age 60 or older with at least 30 years of service (Section 6);
- Reduces the actuarial assumption for investment rate of return from 7.5% to 7% (Section 7) and makes conforming changes to interest rates (Section 10);
- Provides a one-time COLA of 2.5% for retirees (Section 9);
- Provides an appropriation of \$315.8 million to TRA to pay for the one-time COLA (Section 11); and
- Provides appropriations to Department of Education and other public employers to fund the employer contribution increases (Sections 12 and 13)—dollar amounts are left blank.

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