

From: [Paul Peterson](#)
To: [Lisa Diesslin](#)
Subject: Written testimony for February 27th, 2023. TRA Tier 2 Reform.
Date: Thursday, February 23, 2023 2:12:05 PM

Subject: TRA Tier 2 Reform
February 27th, 2023

Members of the LCPR,

You have bills in front of you that reform the benefits for Tier 2 TRA members. I ask that you carefully consider and promote reform, with my preference being TRA's proposal as getting us close to average.

Minnesota Tier 2 is not in line with the benefits offered by surrounding states nor 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.

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.

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. TRA has a class of haves and a class of have nots. Did you know that by 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.

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 by death. 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 - creating 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.

Reform tier 2. Teaching is physically and mentally draining. The stress will kill us in our 60s.

Paul Peterson
International Falls, MN 56649