

## Teachers Retirement Association Legislative Session 2023

### 1. Benefit Reforms

- a. Objective – for active members, a lower normal retirement age, currently set at age 66

**Solution: full unreduced benefits for members who are at least age 60 AND have at least 30 years of service.**

- b. Objective - for retirees, relief from high inflation

**Solution: one-time 2.5% COLA on 1/1/24, permanent, then revert back to 1.2% on 1/1/2025.**

### 2. Assumption Changes

- a. Lower the investment return assumption from 7.5% to 7.0%
- b. Extend the date to amortize the unfunded actuarial accrued liabilities from 2048 to 2053.

### 3. Financing

- a. Funding through contribution rate increases to employees and employers, or a combination of contribution rate increases and one-time funding from the State.
- b. Any contribution rate increases, whether or not there is one-time funding from the State, will be borne 25% employee and 75% employer. Any increase in the employer contribution rate would be funded by the State.

### 4. Other Items

- a. Administrative Bill – changing qualifications for hiring TRA Executive Director
- b. Moving investment return assumption from Minnesota statutes to LCPR Standards.

# 2023 TRA Legislative Benefit Proposal

## Benefit Reforms

- Full benefits for members who are at least age 60 AND have at least 30 years of service
- A one-time 2.5% COLA on 1/1/24, compounded, then revert back to 1.2% on 1/1/2025

## Assumption Changes

- Lower the investment return assumption from 7.5% to 7.0%
- Extend the amortization date from 2048 to 2053

## Funding Proposal

### State Cost, Year 1

One-time enhanced COLA	\$315,814,766
Contribution increases for new benefits	<u>\$153,105,000</u>

<b>Total State Cost, Year 1</b>	<b>\$468,919,766</b>
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## On-going Costs

	<u>Employee</u>	<u>Employer</u>
Payroll Contribution Rates effective 7/1/2023	7.75%	8.75%
Contribution increases for new benefits, employer share funded by the State	0.87%	2.60%
New Payroll Contribution Rates	<b>8.62%</b>	<b>11.35%</b>
<b>Annual Cost, increasing 3% per year and ongoing until 2053</b>	<b>\$51,035,000</b>	<b>\$153,105,000</b>