

From: [Paul Peterson](#)
To: [Lisa Diesslin](#)
Subject: Written testimony for January 11th, 2024 listening session.
Date: Tuesday, January 9, 2024 10:35:50 AM

January 9th, 2024

Dear LCPR,

Thank you for taking the time to listen to members of the TRA (as that is my focus, I know the meeting isn't limited). I have sent much of my information before as you are all very much aware. When working towards improvements I would ask that you work hard to find a way to:

- Open options before 62 for long-career educators
- Reduce penalties at 62 for mid-career/all educators
- Remove the UAL portion of employer TRA contributions from the "benefit" portion of an employee paycheck as to not show a false benefit associated with that member of TRA (it should only be the remaining portion of the normal cost)
- Steps in these goals are wonderful, and work towards 62/30 is appreciated

A strong retirement available at age 60 or younger would be a recruitment tool during the teacher shortage, and I believe would outweigh early retirements - assuming it is guaranteed and not a limited option for people starting out.

Please do not use the following numbers as facts for any argument as it is simply me using a spreadsheet I made, but I would like to draw your attention to the following fact.

TRA in summer of 2022 had decided that the normal cost of our benefit (averaged with tier 1 which is a much better benefit) was ~10.5%.

In 2013 if a tier 2 member retired from age 55-66, (trusting the TRA number) their normal cost would have been 10.5%.

After 2013 a tier 2 member retiring from age 62-65 would roughly maintain the normal cost of 10.5%

However, anyone that retires at, for example, age 55, because of the current penalty of

65% the normal cost of their pension benefit would be about 5.7%. That's not right at all, considering that our current employee only contribution rate is 7.75%. (I derived this number based on a life expectancy draw of 54% of the actuarial value at NRA.

Have a wonderful day, and I look forward to seeing Minnesota have a robust, funded, and amazing teacher retirement system in the future. (Please invite WI over to show what a well oiled machine in the pension universe looks and runs like).,

Paul Peterson
International Falls, MN
Teacher

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