

**From:** [Amy Allram](#)  
**To:** [Lisa Diesslin](#)  
**Subject:** my testimony  
**Date:** Wednesday, February 7, 2024 3:05:59 PM  
**Attachments:** [image.png](#)

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Hello,

I am a dedicated educator of 22 years so far in the state of Minnesota. I began my career here when my coworkers were benefiting from the rule of 90 for their retirement. While I knew I didn't have that benefit at the time of my hire, I was told, "Don't worry, they'll extend it when the time comes." Well, the time has come, and now there is absolutely no benefit to teach in Minnesota, unless I want to teach for 42 years to reach age 65. As a physical education teacher, I can guarantee my students will not get the best education they deserve when I have over 40 years on the job.

I have friends and children of friends that are looking into careers in education. My only advice to them is NOT to teach in MN, unless they want to teach until they cannot teach anymore. They can go to ANY other state and enjoy a fair retirement 7-10 years earlier than I can. People entering the field now have choices, and they are NOT choosing to teach in MN under these circumstances.

Our penalties for retiring before age 66, (or age 65 starting in 2025) are unfairly harsh.

- Extremely high penalties are compounded for each year of early retirement.
- The money lost in penalties comes primarily from the employees own contributions.
- Because the penalties are extreme and the financial loss of penalties is taken from the employees' own contributions, educators cannot afford to retire.
- If you leave teaching before collecting your retirement, your benefit is frozen in that year's dollars making the decision to cash out (employee portion only at a much reduced interest rate from what the State has actually earned) a difficult decision. In the past with deferred augmentation your benefit grew by an amount about equal to or a little better than inflation until the day you collected (for example due to inflation if you stop teaching at 52 and collect at 65, your benefit has lost roughly 32% of its purchasing power with regular inflation over that time while TRA made full interest on all of your contributions)

I am not allowed to choose if I would like to invest my hard earned money into the TRA. I am forced to, and I am not happy with how my money is handled. Tier 1 enjoys a fair retirement, while I am trapped into my late 60's. My mom had early onset dementia. If I follow in that route, I will not make it to age 65, and will lose the money I invested. I will also not be able to enjoy a single year of retirement. I wish I could invest my money on my own, and not be forced into an unreasonable TRA plan.

Most states offer a career rule, rewarding teachers after a full career of service. Minnesota is one of the few states that does not. It is maddening, sad, and frustrating to feel trapped in a job that I've done well, but have to do for over 20 more years, even after 22 years of service. It is NOT best for kids, teachers, or school districts. Keeping teachers at the top of the payscale for an additional 10 years will cripple school budgets.

The contribution rate is unfair. The employer contribution rate is 8.75%. The national average

is 14.83% Tier 2 teachers are forced to bail out a system that was not responsibly managed. Shockingly, Tier I members have not had to shoulder any of the financial burden for TRA's mismanagement.

A higher retirement age of 65 means fewer teachers will be willing to sub. We are already severely lacking in subs, with many days having classrooms without a sub, so students get split up into other classrooms, which disrupts the learning for all.

PLEASE, look over this chart. The information from Jay at TRA is skewed to help himself and the rest of Tier 1. PLEASE take the time to educate yourself on the REALITIES of what has happened. WE ARE LITERALLY BEGGING YOU. If nothing changes, I am terrified to see what becomes of education in our beloved state of MN.

## RESTORING VALUE

30 days of pension comprehension & discussion points for MN educators

### *Reality Check*

**Comparing a MN pension to surrounding states' at Age 60 & 30 Years**

State	Average Teacher Salary	Employee Contribution	Normal Retirement Eligibility w/o Reduction (Age + Yrs of Service)	Multiplier Used in Calculating High 5 At Age 60	Percent of High 5 Retained for Individuals Retiring at Age 60 and 30 Years	COLAS	Income Tax Rate (at retirement)	Annual Year 1 Benefit Based on Extrapolated High 5 (20% higher than Avg) including taxes and COLAs
IA (DBP)	\$59,581	6.29%	Rule of 88 Rule of 62/20	2.00	60.00%	None	- 0 -	<b>\$42,898</b> <small>(60% of \$71,497 = \$42,898)</small>
MN (DBP – Deferred Benefit Plan)	\$64,184	7.75% (2023) 8.00% (2025)	Rule of 90 (Tier I) Age 66/3 (Tier II) (no career rule)	1.2 – 1.9* (Tier I) 1.7 – 1.9* (Tier II) 1.10 (2024) 1.24 (2025) <small>*Varies w/ hire date &amp; age</small>	48.60% (Tier I) 33.00% (Tier II NRA 66) 37.05% (Tier II NRA 65)	1.1% ('24) 1.2% ('25) 1.3% ('26) 1.4% ('27) 1.5% ('28-'47) (Tier I) None until 66 then 1.5% (Tier II)	5.35% (0-\$31,690) 6.80% (\$31,691-\$104,090)	<b>\$35,298</b> (Tier I) <small>(48.06% of \$77,021 = \$37,432 @ 6.8% tax rate &amp; 1.1% COLA)</small> <b>\$24,057</b> (Tier II – '24) <small>(33% of \$77,021 = \$25,417 @ 5.35% tax rate)</small> <b>\$27,009</b> (Tier II – '25) <small>(37.05% of \$77,021 = \$28,536 @ 5.35% tax rate)</small>
ND (DBP)	\$55,666	11.75%* (Districts pay all or a portion of the employee contribution & contribution is reduced to 7.75% when fully funded)	Rule of 85 (member prior to 7/1/08) Rule of 90 @ age 60 (member after 6/30/08)	2.00	60.00%	None	0% (if single and < \$44,725) 1.95% (\$44,725 - \$225,975)	<b>\$39,298</b> <small>(60% of \$66,799 = \$40,079 @ 1.95% tax rate)</small>
SD (Hybrid Plan w/ pension and 401K)	\$50,592	6.00%	Rule of 85 (Tier I - member prior to 7/1/08) 67/3 (Tier II - member after 7/1/17) (no career rule)	1.80	48.60% (Tier I)	2.10% (for 2023, but varies with inflation up to 3.5)	- 0 -	<b>\$30,125*</b> <small>(48.6% of \$60,710 = \$29,505 @ 2.10% COLA not including 401K)</small> <small>*Tier I only because Tier II applies only to people hired after 7/1/2017 &amp; would include few 2024 retirees</small>
WI (DBP)	\$60,724	6.90% (2024)	57/30	1.60	48.00%	3.1% (9 year avg)	5.30%	<b>\$34,150</b> <small>(48% of \$72,869 = \$40,079 @ 5.3% tax rate &amp; 3.1% COLA)</small>

Thank you to Bob Laine, Jim Olson, and Paul Peterson for sharing their expertise

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