

To: Lisa Diesslin

From: Steve Clouse

Date: February 8, 2024

Written Testimony for the February 12, 2024, LCPR committee hearing.

My name is Steve Clouse and I have been teaching Career and Technical Education classes for the past 32 years, of which twenty-nine were in Minnesota. I am a Tier II non-rule of 90 teacher who is asking you to eliminate the harsh penalties associated with early retirement compared to Tier I teachers who qualify for the rule of 90, and to create a legislative retirement rule for Tier II teachers.

Tier II Teachers are forced to work 10 years longer than Tier I teachers who retire under the Rule of 90. Tier I and Tier II teachers have contributed the same amounts to their TRA pension plan and have the same teaching responsibilities and roles, yet Tier I benefits are greater than Tier II and their penalties are lower or eliminated altogether. When I am 60 years old, I will have 31.5 years of service credits in Minnesota. If I retire then, I will still have a 42% penalty, while a Tier I teacher would have 0% penalties. I propose a rule of 60 or 30 for Tier II teachers with unreduced retirement benefits.

The two-tier pension system has forced Tier II teachers to bail out a mismanaged system that started back in 1998, while Tier I members have not had to bear any of the financial burden for this mismanagement. This is also pushing the financial problem onto Minnesota local school districts, by increasing the number of teachers forced to teach longer and keeping them on the on the highest side of the pay scale. This will burden local school districts with steep increases in salaries and can also increase medical expenditures to support the aging workforce.

I am considering leaving teaching when I have 30 years vested in the Minnesota TRA pension system and waiting until 62/30 to collect a benefit. If I leave teaching and do not collect a retirement benefit until I reach 62 or 65 years old, my benefit is frozen in that year's dollars, while TRA collects full interest on all my contributions that I will not receive. In the past with deferred augmentation my benefit grew by an amount close to or a little better than the inflation rate until the day I collected. This must be changed.

I have cash savings, 403B, and Social Security benefits to draw on when I retire. I should not be burdened by MN TRA's harsh and unfair penalties and interest loss that is taken from my own contributions in retirement. A pension is a "promise", that if you dedicate your life and career to Minnesota public education and service, you will be rewarded with a fair and equitable pension. I fear that I will not be able to retire when I choose to.

Sincerely,

Steve Clouse

32-year career CTE teacher

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