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Detroit Lakes, MN 56501

February 6, 2024

Chair Kaohly Vang Her
LCPR Committee
75 Rev. Dr. Martin Luther King, Jr. Blvd
St. Paul, MN 55155

Chair Her and LCPR committee members,

Many of Minnesota's educators have shared testimonies, whether written or in person, about the shortfalls of the non-voluntary retirement plan we (and our employers) are forced to contribute to. In contrast, TRA and its executive director, have shared the advantages of the current retirement system for Tier II educators.

While you and the committee continue to sift through testimonies and statistics, I urge your committee to ask themselves these questions: Whom should we believe? Which statistics are factual? What motives do different groups of people have when sharing data and what could be gained or lost?

As a math teacher approaching thirty years of teaching in Minnesota, I can confidently say that data can be skewed to fit anyone's agenda or narrative. A deep dive into statistics requires an "apples to apples" approach, which means holding all things (variables) equal. To be more specific, it means accounting for 'the 5 W's of data analysis: who, what, where, when, and sometimes why the data was collected.' Comparing retirement plans, whether it be between Tier I and Tier II MN educators, or among the plans in the surrounding states, it must be noted that one can easily skew or misrepresent the data by not using an apples to apples approach. I believe that is what has been happening regarding Tier II educator pensions, whether intentionally or not, I dare not say.

Those who deem Tier II pensions to be stellar compared to other groups' pensions might state the following "facts" to support their claim: high-five salaries are much higher and thus the monthly retirement benefits will be much higher, the state or employer contributions are higher, the NRA is on par or lower in comparison, the vesting period in MN is much lower, etc. Those statements, while on the surface may appear to be true, are lacking the 5W's and can easily be challenged with other "facts," such as: income and pension taxes are higher in MN, the majority of the employer/state contributions are paying for Tier I unfunded liabilities and will never be part of my personal benefit, our (Tier II) personal contributions are higher than ever, and the NRA is somewhat arbitrary when penalties for retirement before NRA are not actuarially fair, etc.

Here is what it boils down to for me and many others in Tier II. I am a 50 year old career educator with 27 years of classroom experience in MN, looking at having to teach a minimum of 12 more years in order to obtain a retirement that *closely resembles* being actuarially fair (the cost of my retirement benefit equals the contributions that my employer and I paid in plus interest). Yes, if I could teach 15 years longer, my retirement might be better than a Tier I retiree - but keep in mind that I had to teach 15 more years in order to obtain it. However, I have never intended on teaching beyond my mid to late 50's at any point in my career. I want the option of retiring WHEN I am ready and I am only asking for a pension that is ACTUARIALLY fair. Losing over half of my retirement benefit by choosing to retire in my late 50's with well over 30 years in the classroom, doesn't even start to compare with Tier I educators nor educators in nearby states. Most, if not all, have or had much better options from ages 55 to 62. I am not asking for a better retirement package - I am pleading with you for a retirement package that allows me to choose when the time is right and at the same time does not peel away my employer's contribution, some of my very own contributions, and interest accrued over the span of over 30 years. That option is not possible with the penalties that are in place and the removal of augmentation should I retire and choose not to draw until a later date.

NRA is not the problem - the unfair penalties incurred before reaching the NRA, along with the stripping of augmentation, are the problem and what needs to be changed. I would urge you to make this your mission, not just for me, but for 80,000 educators in MN who would like to simply be treated fairly in terms of pension benefits.

The implications of doing little to nothing in terms of pension reform are many; none of which are good. If the state of MN believes we have a teacher shortage now, watch what happens as more and more mid-career and even late career teachers continue leaving, while new teachers continue to see the writing on the wall, go into career fields that pay more (20% plus) and offer much better insurance and retirement packages.

This is not an "us" versus "them" problem. It is our collective reality and soon to be destiny if something significant isn't done soon. I implore you all to make Tier II pension reform a priority.

Sincerely,

Lisa Jepson
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