

Hello LCPR members,

I have one request for you. Reduce the TRA penalties by lowering the reduction factors as defined in Minnesota Statute 354.44 subdivision 6(e)2(i)(ii). I'm not one to get into personal narratives to share the dire state of public education in Minnesota. I'm about numbers, data, and facts. This is why I'm so disappointed with the "report" that has been shared by TRA that paints a rosy picture of pension benefits for Minnesota Educators. Maybe there is more to the "report" than the one page graphic that has been circulating, but I would like to point out the deep flaws in the "Regional Comparison" graphic that has been shared with you.

First, the Minnesota data is referencing retired educators who are by a vast majority Tier 1 educators who have a completely different benefit structure than tier 2 educators. If the benefit structure would not have changed in 1989 and in 2013, there would be no issues with the TRA pension benefits. The average benefit payment on that graphic does not represent the benefits that Tier 2 educators are going to get because of the reduction factors as defined in Minnesota Statute 354.44 subdivision 6(e)2(i)(ii). It is unjust to use data that does not reflect the projected pensions of 95% of active Minnesota educators.

Second, the average high salary data is suspect to say the least. The table below compares the relationship between the average high-five salary and the State's average salary as reported by NEA in April of 2023.

	Relationship Between Average High-Five Salary and Average Teacher Salary By State				
	Iowa	Minnesota	North Dakota	South Dakota	Wisconsin
Average High-Five Salary	\$41,208	\$73,209	\$64,916	\$43,489	\$52,475
Average Teacher Salary	\$59,581	\$64,184	\$55,666	\$50,592	\$60,724
Percentage of High-Five Salary to Average Teacher Salary	69.16%	114.06%	116.62%	85.96%	86.42%

My point of this table is that there are clearly other factors that the information provided in the "regional comparison" graphic is leaving out. Even if it is accurate, it doesn't take into account many other variables, like cost of living, years of service, or age at retirement. All which are important factors that must be considered.

Third, the average benefit is also cherry picking data points. Based on the benefit multipliers provided on the "regional comparison" graphic, the following chart shows the percentage of high five salaries in each state at 58 years old and 33 years of service.

Which state is the worst to for educators retiring in 2025?

Percentage* of high five salary at age 58 with 33 years of service

Iowa	Minnesota	North Dakota	South Dakota	Wisconsin
63%	34%	66%	59%	53%

*Data rounded to the percent

High five salary multiplied by the percent is a person's annual pension benefit

If you are wondering why Minnesota's is such an outlier, it is because the graphic includes benefit multipliers, but it does not include the reduction factors. In each of the surrounding states, educators hit career thresholds and do not have any penalties reducing benefits. As of July 2025, Minnesota Statute 354.44 subdivision 6(e)2(i)(ii) reduces the benefit by 46% (It is currently a 53% reduction.) Using the percentages of high-five salaries above and the average benefit payment from the graphic, the high five salary needed to make the average benefit can be calculated.

	High-Five Salary Needed To Get The Benefit Listed On The "Regional Comparison" Graphic (Age 58 With 33 Years Of Service)				
	Iowa	Minnesota	North Dakota	South Dakota	Wisconsin
Average Benefit Payment	\$1,563	\$2,781	\$1,722	\$1,447	\$1,700
Average Annual Benefit Payment	\$18,756	\$33,372	\$20,664	\$17,364	\$20,400
High-Five Salary Needed for Benefit*	\$30,000	\$98,000	\$31,000	\$29,000	\$38,000

* Rounded to the nearest \$1,000

Again, the "regional comparisons" graphic is misrepresenting the plight of Minnesota's Tier 2 educators.

I recommend to you that the most accurate way to compare the value of a pension benefit is to compare the percent of high-five salary within each state at given ages and years of experience. Viewing the data in this way removes other factors that can muddy the waters and make it difficult to see how a pension benefit can grow, change, and be compared across states.

I have the calculations for Minnesota's neighboring states and they all have better pension benefits for career educators who are most harmed by the reduction factors as in Minnesota Statute 354.44 subdivision 6(e)2(i)(ii). I would be more than happy to share the data with you

and walk you through the state comparisons. If you do, you will likely agree that the solution to the pension inequality for Minnesota educators is by lowering the reduction factors.

I ask you to do everything you can to lower the reduction factors as in Minnesota Statute 354.44 subdivision 6(e)2(i)(ii).

Thank you for your time and service,

Jim Olson

506 W 5th St.

Duluth, MN 55806

James.Olson@ISD709.org

218-576-7602

Regional Comparison



Regional Teacher Pension Plan Comparison – Benefit Factors

	Minnesota	North Dakota	South Dakota	Iowa	Wisconsin
Vesting	3 Years	5 Years	3 Years	7 Years	5 Years
Benefit Multiplier	Pre-1/7/2006: 1.7% Eff 1/7/2006: 1.9%	2%	1.8%	Years 1 - 30: 2% Years 31 - 35: 1% 65% limit	Pre-2000: 1.765% Eff 2000: 1.6% 70% limit
Average high-five salary	\$73,209	\$64,916	\$43,489	\$41,208	\$52,475
Average Benefit Payment	\$2,781	\$1,722	\$1,447	\$1,563	\$1,700

TRA: Comparisons

