

2/6/24

Dear Chair Her and Members of the LCPR,

My name is Holly Paschke, and I am a speech/language pathologist at Clover Ridge Elementary School in the Eastern Carver County Schools district. I am currently in my 33<sup>rd</sup> year of teaching and I am 57 years old. I am writing to express my concerns and disappointment about the current Tier II educator pension system.

I missed the Rule of 90 by one year because I went to graduate school upon completing my bachelor's degree. It seemed like the right thing to do since Minnesota was requiring a master's degree in the near future in order to be a practicing speech/language pathologist in the public school system. Many of my classmates chose to find jobs and work on their master's degrees slowly, and they now qualify for Rule of 90. Had I known then what I know now about the inequity of Tier I and Tier II pensions, I would have made a different choice.

I have many concerns about the current Tier II pension system. First and foremost, are the harsh penalties that we must take if we need to retire before the NRA of 66 (65 next year). Tier II educators are being held in the classroom nearly a decade longer than our Tier I counterparts, even though both groups contribute the same amounts to the plan and have the same professional roles. Why are our benefits and penalties vastly different?

Tier II penalties are making retirement unaffordable for many educators. Yes, I have a 403B and Roth IRA to subsidize my retirement. However, I have done the exact same job and made the same forced contributions to TRA as my Rule of 90 colleagues but will draw far less in retirement. If I decide to retire in three years at age 60, my benefit will be 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, my benefit would have grown by an amount equal to or a little better than inflation until I decided to collect.

My second concern is that we do not have a retirement "rule". Currently, regardless of years of service, Tier II educators must wait to retire because of this. Surrounding states do have career rules that allow educators to fulfill their careers and make the decision to retire when it's right for them, versus when they reach an elderly age (too old to be teaching children, in my opinion). **Please reinstate a career rule (60/30) that reduces penalties for career teachers and a mid-career rule (60/15) for teachers coming to the profession later. Please consider reducing penalties at these thresholds to 3%.**

**Please realize that NRA is not the problem! The penalties are the problem!** The shift down one year in the NRA from 66 to 65, DOES NOT BENEFIT CAREER TEACHERS! This was actually the most expensive move that helped all teachers the LEAST.

Third, I would like to express my disappointment in the history of legislative and TRA decisions that put us in this inequitable position. As a summary:

- In 1989, a law divided teacher into Tier I and Tier II

- By 1997, TRA had reached their full funding ratio
- Between 1998-2001, contribution rates were cut and COLA's were increased to 40% during those 4 years (10 times the current COLA rate of 1%)
- To make up for the deficit created by this, Tier II has been funding Tier I's shortage
- Two educators, one a Tier I and the other Tier II, working side by side today will receive vastly different pensions despite performing the same job

I realize that the money must come from somewhere to reform the Tier II pension system. I also realize that this current LCPR had nothing to do with the poor decisions of the past. However, you do have the responsibility to investigate this broken system and recommend to Minnesota's legislators and governor that this system must be improved. Teachers are leaving the profession, we don't have enough substitutes, college students are not going into the field. The State of Minnesota needs to decide that educators are valuable. The time is now.

Please help us!

Thank you for your service on the LCPR, and thank you for taking time to read my letter.

Sincerely,

Holly C. Paschke

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