

**From:** [Todd R](#)  
**To:** [Susan Lenczewski](#); [Lisa Diesslin](#)  
**Cc:** [Rep. Kaohly Her](#); [Sean Kelly](#)  
**Subject:** Re: LCPR Written Testimony  
**Date:** Wednesday, February 7, 2024 10:10:20 AM

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Here's my story, I am a counselor at Roseville Area Middle School and have 32 years of experience. This spring would be my Rule of 90 year if that still existed and I would receive an unreduced pension. If I retire this year, my pension will be reduced by 53%! Think about that...after 32 years to the state, the legislature believes that I am not worth anything. My entire employer contribution will be gone and I will have self-funded my total pension.

This is not fair and it is not my problem to fix. The Minnesota Legislature needs to correct the mess that they made on the backs of Tier 2 educators. You have heard the pleading of Tier 2 educators for the last 2 years. We are not the problem and we will not contribute more to the system that the legislature created that only rewarded Tier 1 educators and only penalized Tier 2.

Here is some education on why Tier 2 needs to be improved immediately:

1. Tier 1 with 'rule of 90' and Tier 2 with no rule of 90 were created by the Legislature in 1989. That **created a generational inequity** because ALL teachers contributed the same into the pension fund but received very different benefits. Rule of 90 was extended to all teachers hired before 7/1/89 in 1994. Excluding an entire group of already working Tier 2 teachers hired pre 1993.
2. **EVERYONE in BOTH Tiers had the SAME early retirement conditions/reductions (3% reduction per year/immediately COLA eligible) from 1989 until 2013.**
3. The 2013 Legislation recommended by TRA created a slightly better pension reduction at age 62/30... **AT the considerable expense of for the first time imposing non-actuarially equivalent extreme penalties and NO COLAs until NRA for retiring before age 62 to Tier 2 teachers only.** Tier 1 conditions remained the same. Thus significantly exacerbating the already existing generational inequality between the Tiers IF you do not remain in the classroom until age 62 or beyond.

4. The harmful extent of these extreme penalties on an individual pension benefit even at the 60/30 age & service level, (42% reduction) essentially **erases your entire career's worth of employer contribution from your benefit**. The effect of these "reductions" on your benefit gets worse from there. In every neighboring state, that same level of age and service (60/30) would result in FULL unreduced pensions.

5. 2018 Legislation **removed 'augmentation' for Tier 2 teachers...** meaning if you retire before age 62/NRA your benefit does NOT grow with interest growth. You lose buying power to inflation every year as you wait until later to start to collect your benefit.

6. Since the averaging of the two Tiers together in the TRA fund, **the vast majority of your employer TRA contribution listed on your paycheck, actually is usurped to pay down the unfunded liabilities created by the level of benefits promised to Tier 1 employees** among other things. Combined with your mandatory contribution, IF that same employer contribution actually went into normal costing of a Tier 2 benefit, Tier 2 would be able to enjoy much improved conditions/benefits.

What I am asking today is that legislation be championed by the LCPR and legislators that brings parity between the two Tiers. **The best way to accomplish this is to reduce the non-actuary based penalties created by the 2013 legislation. The excessive penalties are not what early retirement costs the TRA or member. Reduce the penalties to a flat 3-4%. It is an EXCESSIVE penalty!**

TRA is going to present numbers of the average retirement for TRA Members. You are all smart, dig a little deeper. These numbers represent 90+% Tier 1 educators who do have a good pension...it does not reflect the wave that is coming with Tier 2 who will be cheated out of their pensions, with TRA keeping those penalties to pay for its unfunded liabilities of Tier 1.

**Please do your research and uncover what is really happening to Tier 2 educators' pensions in TRA!!!**

Todd Richter  
651-442-5665  
32 years of service to the state