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Sent: Monday, February 5, 2024 7:29 PM
To: Lisa Diesslin
Subject: Testimony for LCPR meeting 2/12/24

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February 5, 2024

Dear Esteemed LCPR Members,

Thank you so much for the opportunity to submit written testimony regarding teacher pensions. As you are all aware, the Minnesota educator pension system needs reform. Currently, Minnesota's teacher retirement system lags behind our Midwestern counterparts not only in benefits paid, but in lack of a career rule and excessive penalties for early retirement.

Unfortunately, our own retirement organization, TRA, is distributing inaccurate, unsourced information to your committee. I know Chair Her has asked for an "apples to apples" comparison of teacher pensions. TRA has NOT provided that to your committee. Their deliberate methods of providing you with skewed data is not only infuriating, it is unethical.

I will share what is accurate, so that you, our elected officials, can make good decisions with reliable data. Please refer to the following information:

If we compare Minnesota teacher pensions at the age of 60 with 30 years of experience, here is what is true:

In **Iowa**, the average teacher salary is \$59,581/year. Employees contribute 6.29%. The multiplier used to calculate a retiring teacher's average "high five" is 2.00. Iowa teachers receive 60% of their high five. They do not receive COLAs, but they also don't pay income tax upon retirement. The average yearly benefit they receive is **\$42,898**.

In **North Dakota**, the average teacher salary is \$55,666/year. Employees contribute 11.75% (but districts pay all or a portion of that). The multiplier used to calculate a retiring teacher's average "high five" is 2. North Dakota teachers receive 60% of their high five. They do not receive COLAs, but they also don't pay income tax upon retirement if they are single or make under \$44,725. If they make over \$44,725, they pay 1.95%. The yearly benefit they receive is **\$39,298**.

In **Wisconsin**, the average teacher salary is \$60,724/year. Employees contribute 6.9%. The multiplier used to calculate a retiring teacher's average "high five" is 1.60. Wisconsin teachers receive 48% of their "high five". They receive a COLA of 3.1%, and pay an income tax of 5.3%. The yearly benefit they receive is **\$34,150**.

For **Minnesota Tier II educators**, the average teacher salary is \$64,184/year. Employees contribute 7.75% (increasing to 8% in '25). The multiplier used to calculate a retiring teacher's average "high five" varies with age and date of hire. The multiplier at age 60 is 1.1%. Tier II teachers in MN currently

receive 33% of their benefit at the age of 66 (since we are the only state without a career rule for most of our active teachers). Retired teachers receive NO COLA until the age of 66. Income tax at retirement varies between 5.35% for those earning under \$31,690 and 6.8% for those earning above that. The yearly benefit a Tier II teacher would receive if they retired this year is **\$24,057**. If they retire in 2025, that number is **\$27,009**.

So, to summarize, while a Tier II teacher in Minnesota may make a somewhat larger average, high five salary than surrounding states, we also contribute a much larger percentage from our paychecks (more than anyone else), pay more income tax, and receive a smaller percentage of our benefit.

When I was a kid and would fight with my sister, she sometimes used to taunt me by saying “How do you like them apples?” after she did something really mean.

Chair Her: you wanted an "apples to apples" comparison. Here are the apples, and I have to say, I don't like these apples either.

Please fix this broken system. We need your help desperately. If we are to continue to offer a sound public education to Minnesota students, we need reform. We need a reduction in penalties for educators under the age of 62. This penalty reduction should be comparable to other Midwestern states. Please help us.

Most sincerely,

Margaret (Maggie) Temple
Hopkins High School

Sources:

Educator Pay: https://www.nea.org/resource-library/educator-pay-and-student-spending-how-does-your-state-rank?utm_medium=paid-search&utm_source=google&utm_campaign=rankings-estimates-report&utm_content=&ms=ads-rankings-estimates-report-se&qad_source=1&qclid=Cj0KCQiAnrOtBhDIARIsAFsSe50cl1ml3qR8EvjqR4q9r5nGxd5sxeTAH9WxfaPqtJd1wbJ5ExzUrdsaAvDJEALw_wcB&qclsrc=aw.ds

Iowa Data:

Career Rule: [What is the Normal Retirement Age? | Iowa Public Employees' Retirement System](#)



What is the Normal Retirement Age? | Iowa Public Employees' Retirement S...

To avoid an early retirement reduction, Regular members must meet a normal retirement age. IPERS often refers to...

Employee contribution: [Contribution Rates | Iowa Public Employees' Retirement System.](#)



Contribution Rates | Iowa Public Employees' Retirement System

Minnesota Data

Employee contribution: [Employers : Teachers Retirement Association \(TRA\)](#)



Employers : Teachers Retirement Association (TRA)

Income tax: [Minnesota income tax brackets, standard deduction and dependent exemption amounts for 2024 | Minnesota Department of Revenue](#)

Minnesota income tax brackets, standard deduction and dependent exemptio...

ST. PAUL, Minn. - The Minnesota Department of Revenue announced the adjusted 2024 individual income tax brackets...

North Dakota Data:

Career rule:

<https://www.rio.nd.gov/sites/www/files/documents/PDFs/TFFR/Publications/tffremployerguide.pdf>

Employee contribution:

<https://www.rio.nd.gov/sites/www/files/documents/PDFs/TFFR/Publications/tffrfastfacts.pdf>

Income tax: [https://www.efile.com/north-dakota-tax-brackets-rates-and-](https://www.efile.com/north-dakota-tax-brackets-rates-and-forms/#:~:text=North%20Dakota%20Tax%20Brackets%20for,2.50%25%20for%20Tax%20Year%202023.&text=Taxes%20Due%3A%243%2C534.38%20%2B%202.50%25%20over%20%24225%2C975.&text=Taxes%20Due%3A%243%2C906.83%20%2B%202.50%25%20over%20275%2C100.&text=Taxes%20Due%3A%241%2C953.41%20%2B%202.50%25%20ove)

[forms/#:~:text=North%20Dakota%20Tax%20Brackets%20for,2.50%25%20for%20Tax%20Year%202023.&text=Taxes%20Due%3A%243%2C534.38%20%2B%202.50%25%20over%20%24225%2C975.&text=Taxes%20Due%3A%243%2C906.83%20%2B%202.50%25%20over%20275%2C100.&text=Taxes%20Due%3A%241%2C953.41%20%2B%202.50%25%20ove](https://www.efile.com/north-dakota-tax-brackets-rates-and-forms/#:~:text=North%20Dakota%20Tax%20Brackets%20for,2.50%25%20for%20Tax%20Year%202023.&text=Taxes%20Due%3A%243%2C534.38%20%2B%202.50%25%20over%20%24225%2C975.&text=Taxes%20Due%3A%243%2C906.83%20%2B%202.50%25%20over%20275%2C100.&text=Taxes%20Due%3A%241%2C953.41%20%2B%202.50%25%20ove)

Wisconsin Data:

Career rule: [When Can I Retire?](#)



When Can I Retire?

Learn how your age at retirement may affect when you may retire and the amount of your benefit. Includes informa...

Employee contribution: <https://wief.prod.acquia-sites.com/benefits/wrs-contribution-rates>

Income tax: [DOR Tax Rates](#)

DOR Tax Rates