



# Cavanaugh Macdonald

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April 5, 2024

Mr. Jay Stoffel  
Executive Director  
Teacher Retirement Association of Minnesota  
60 Empire Drive, Suite 400  
St. Paul, MN 55103

**Re: Proposal to Implement Normal Retirement Age of 65 Effective July 1, 2024**

Dear Jay:

As you requested, we are summarizing some of the key items for the Teacher Retirement Association of Minnesota for the proposal to implement the scheduled change in Normal Retirement Age from 66 to 65 effective July 1, 2024 rather than the July 1, 2025 date previously passed.

We previously performed an analysis of this proposal in a letter to you dated January 12, 2024. You should refer to that letter for the details regarding our methods, data, assumptions, plan provisions, caveats, etc. There are two items from that letter we wish to note:

- 1) The Present Value of Benefits if the implementation date was moved forward one year was approximately \$24.4 million as of July 1, 2023. With the passage of time, the Present Value of Benefits increases to approximately \$26.1 million as of July 1, 2024. This means that if an amount of at least \$26.1 million was added to the fund, the Normal Retirement Age of 65 provision could be implemented one year earlier (as of July 1, 2024) without the need for any future additional contributions, assuming all assumptions are met in the future.
- 2) In our prior letter, we noted that we had reflected the legislative provision that extended the amortization period from 2048 to 2053 for purposes of illustrating the impact of the various items being studied, even though this provision is not yet effective. It should be noted that the amortization period has no affect on the cost of an early implementation of changing the Normal Retirement Age to 65. The \$26.1 million cost we note in the prior paragraph is not dependent on the amortization period.

It is our understanding that the earlier implementation of the change to the Normal Retirement Age is being contemplated without any change in the scheduled contribution rates. Instead, a direct one-time appropriation from the State of Minnesota would provide the necessary advance funding at least equal to the amount described above.



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We, Patrice A. Beckham, Brent A. Banister, and Ben Mobley are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein. We are available to answer any questions on the material in this letter or to provide explanations or further details as appropriate. Ms. Beckham and Dr. Banister also meet the requirements of “approved actuary” under Minnesota Statutes, Section 356.215, Subdivision 1, Paragraph (c).

Sincerely,

A handwritten signature in blue ink that reads 'Patrice Beckham' in a cursive script.

Patrice A. Beckham, FSA, EA, FCA, MAAA  
Consulting Actuary

A handwritten signature in blue ink that reads 'Brent A. Banister' in a cursive script.

Brent A. Banister, PhD, FSA, EA, FCA, MAAA  
Chief Actuary

A handwritten signature in blue ink that reads 'Ben Mobley' in a cursive script.

Ben Mobley, ASA, FCA, MAAA  
Consulting Actuary