

# TEACHERS RETIREMENT INFORMATION BULLETIN

Retiree Edition ■ Winter 2022



## TRA ON TRACK TO FULL FUNDING

### Annual Comprehensive Financial Report paints strong outlook for TRA

The 2021 fiscal year proved a banner year for TRA's financial outlook. The healthy year-end return was driven by a stronger U.S. economy paired with a reversal of the pandemic-induced economic downturn.

The TRA investment portfolio earned a return of 30.3 percent for the 12-month period ending June 30, 2021. Total TRA assets increased during the period from \$22.7 billion to \$28.4 billion.

#### FUNDING STATUS:

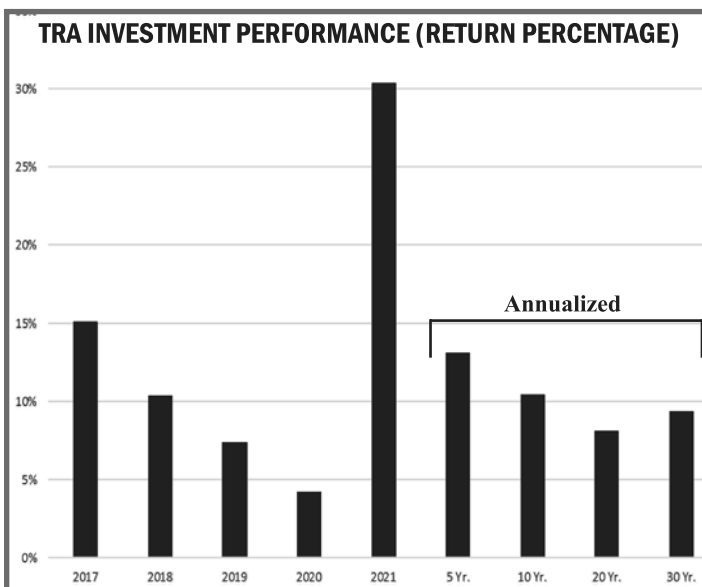
A key measure of the health of a pension plan is the funding ratio, which is the ratio of assets to liabilities.

Due to investment performance in fiscal year 2021 that was significantly higher than the 7.5 percent assumed return and the contribution rate sufficiency, TRA currently expects to be fully funded well before the statutory deadline of June 30, 2048, if all actu-

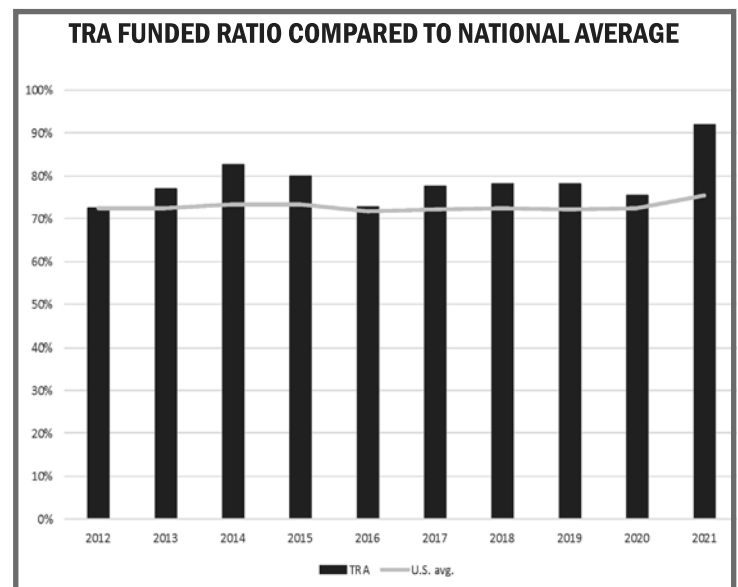
arial assumptions are met in the future.

The market value of assets as of June 30, 2021 was \$28.4 billion. TRA's actuarial accrued liability increased to \$30.8 billion during that period, leaving an unfunded liability of \$2.5 billion. As of June 30, 2021, the funding ratio for TRA was 92.0 percent, an improvement from 75.5 percent the previous year.

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Investment returns shown are for the last five years and annualized over different time periods.



Using market value, the TRA funded ratio is higher than the national average for public pension funds. (Source for U.S. Average: PublicPlansData.org)

For up to date information, follow us on Facebook and Twitter at MinnesotaTRA



The TRIB is a publication of the Teachers Retirement Association (TRA) of Minnesota.

[www.MinnesotaTRA.org](http://www.MinnesotaTRA.org)

# President's c o r n e r

*Maitha Lee Jones*  
TRA Board



## Planning for the future

**T**he weather has gotten cold, as we Minnesotans are familiar with this time of year. With that knowledge we prepare, bracing ourselves for the winter months knowing that the warmth of spring and summer will eventually come.

TRA operates the same way, founded in 1931 during the economic hardships of the Great Depression. Planning for sustainability has kept us afloat, and now it is nice to take a moment knowing the sun is shining on TRA.

It's no secret by now that the last fiscal year returned a 30.3 percent increase, but it is also important to know that that money is not sitting idly and unaccounted for.

Many members have reached out to us requesting that the new gains be distributed to members as a change to annual increases for retirees and return of the "Rule of 90" for active members. It is important to understand; these increases are written into statute and can only be changed by the legislature. Also, this strong return serves an equally important purpose: to pay off liabilities and create a strong, reliable and sustainable pension fund not only for retired educators of today, but also for retired educators for generations to come.

The 2018 pension reform bill continues to guide TRA and allows us to keep every payment flowing to every well-earned retirement. In that bill, some parts are still being phased in.

Per the bill, the post-retirement increase will remain at 1 percent for two more years, and then increase by 0.1 percent per year for five years until it reaches 1.5 percent where it

will remain thereafter.

With our great year, TRA remains committed to its fiduciary duty to ensure the financial stability of the plan while working toward fairness in benefit structure and contribution rates.

TRA continually monitors the plan's financial health and recommends adjustments to stabilize the fund while upholding the board's guiding principles of shared commitment, intergenerational equity, long-term financial sustainability, and maintaining the recruitment and retention value of a TRA pension.

The long-term financial health of TRA, like all retirement funds, is heavily dependent on two key items: future investment returns and contributions (member and/or governmental). Due to the long-term nature of defined-benefit plans, we must look at the financial performance of TRA over a longer period of years and not at any one point in time. Markets change like the seasons, and TRA is prepared for that. Right now, we are doing well, and that money will secure TRA to ensure that we remain reliable for generations.

For a pension fund founded during one of the harshest economic disasters of the last century, we should be excited that the seeds planted 91 years ago are bearing fruit. It may be cold outside, but TRA is already seeing hints of spring.

TRA is strong, healthy and growing. With that, we can continue with our mission of providing reliable service to our educators for decades to come.

## TRA news briefs

### Tax withholding changes

There will be changes to Pension tax withholding by Jan. 2023. TRA is not offering or accepting a new form at this time. Please watch for the change in the future.

### Still getting a paper check?

Electronic direct deposit is convenient and provides protection against theft and the uncertainties of postal delivery. It also ensures safe, accurate and timely direct deposit of payments to your account on the first banking day of the month. Direct deposit may be made to an individual account or a joint account. You can make your direct deposit designation any time by logging in to your My-TRA account or by requesting the form from TRA via email, chat, or phone.

### About power of attorney in Minnesota

If you ever reach a point where you feel you are no longer comfortable handling your own financial transactions, it may become necessary to execute a power of attorney. The person appointed as "attorney-in-fact" does not need to be a practicing attorney, but should be someone you trust to act in your best interest.

To designate a power of attorney, you must submit a Minnesota statutory short form to TRA. The form must be either the original or a certified copy of the original. The Minnesota statutory short form can be found at the state attorney general's website: [www.ag.state.mn.us/consumer/Handbooks/Probate/PowerOfAtty.pdf](http://www.ag.state.mn.us/consumer/Handbooks/Probate/PowerOfAtty.pdf).

Properly executed Minnesota powers of attorney previously accepted by TRA remain in effect even if the short form was not used.

# TRA ON TRACK TO FULL FUNDING

(Continued from page 1)

## INVESTMENTS

All TRA assets are invested by the Minnesota State Board of Investment (SBI). During fiscal year 2021, public equities returned 42.4 percent. The fixed income (bonds) portfolio returned -1.3 percent.

The private markets class,

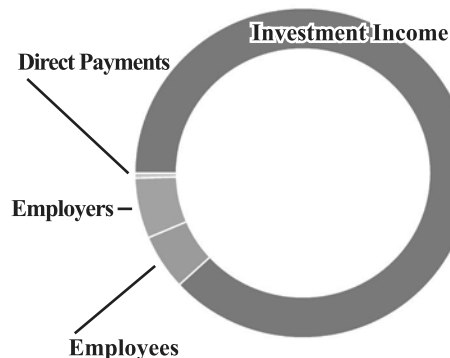
including real estate and private equity, posted a return of 37.8 percent for the fiscal year.

The TRA investment portfolio produced a net income of \$6.7 billion for the 2021 fiscal year.

## FISCAL YEAR 2021 RETURNS

|                      |       |
|----------------------|-------|
| PUBLIC EQUITIES      | 42.4% |
| FIXED INCOME (BONDS) | -1.3% |
| PRIVATE MARKETS      | 37.8% |

## ADDITIONS



Fiscal year 2021 additions to net position saw investment returns of \$6.7 billion to the fund. Employee contributions totaled \$410,162,000 with employers adding \$448,829,000. Additional direct payments (state/city/school district) were \$37,840,000.

## BY THE NUMBERS

**ACTIVE MEMBERS: 81,821**

**RETIREES: 62,367**

**AVERAGE MONTHLY  
BENEFIT:**

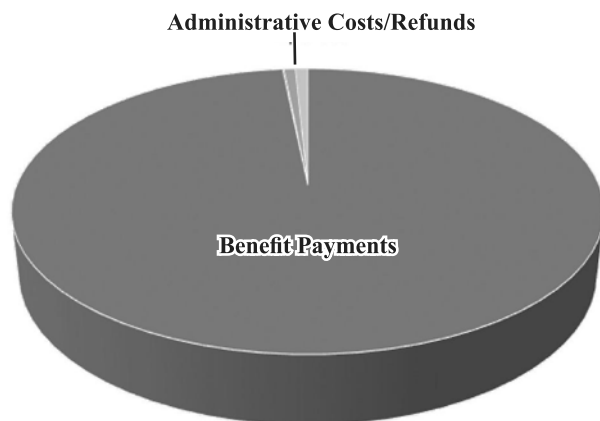
**\$2,315**



## DEDUCTIONS

Pension benefits paid to retirees and beneficiaries during the fiscal year totaled \$1.9 billion, an increase of \$34.9 million from the previous year. Additionally, TRA paid \$14.4

million in refunds to members who left teaching service and chose to withdraw their contributions. Total administrative expenses for the fiscal year were \$16.0 million.



## BACK TO MINNESOTA

**ANNUAL BENEFITS PAID  
TO MN RESIDENTS OUT  
OF TOTAL PAYMENTS:**

**\$1.7  
BILLION  
OF  
\$1.9  
BILLION**

More information is available in TRA's 2021 Annual Comprehensive Financial Report. View it at [MinnesotaTRA.org/financial/annual-reports](https://MinnesotaTRA.org/financial/annual-reports).



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Please check all boxes that apply: ☐ Name change ☐ Address change ☐ Email address addition/change

|                                  |            |               |                   |
|----------------------------------|------------|---------------|-------------------|
| Present Last Name (Please Print) | First Name | Middle Name   | Birth Name        |
| Address                          |            |               | TRA Member Number |
| City, State and Zip Code         |            | Email Address |                   |



## Keep your TRA data safe

**C**riminals do not take time off for a global pandemic. Fraudsters are out in force and may actually be increasing their activity. Criminals know that they can leverage uncertainty in order to steal money and data.

TRA takes seriously its responsibility for protecting your personal information. But you need to do your part by setting up your account, using strong passwords, enabling two factor authentication and not sharing your TRA number. For more information about protecting your data, we urge you to read up on the issue at [www.identitytheft.gov](http://www.identitytheft.gov).

In addition, no one is authorized to receive information about your account unless you do one of the following:

- If someone is present with you and you consent to them hearing your information from our phone counselors, we're happy to help.
- Another option is granting someone a power of attorney allowing them to handle your account. Call 1-800-657-3669 for assistance.
- You may submit a release of information form that allows another person access to specified data for a limited period of time, up to one year

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*The TRIB is published three times a year. If differences develop between the information provided and the laws governing TRA, the laws prevail.*

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